



Q1 FY18 Analyst Presentation

August 12, 2017

SAFE HARBOUR

This presentation contains certain forward looking statements concerning DLF's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition, economic growth in India, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions with respect to investments, fiscal deficits, regulation etc., interest and other fiscal cost generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time on behalf of the company.

Industry Update

Sector Overview:

- Impact of RERA – Positive in Medium term but slightly disruptive in Short term
 - Last quarter saw the roll out of the Real Estate Regulatory Act “RERA” across the country post notification by the Central Government in November 2016.
 - Uncertainty in the operations continued in the industry as each State Government followed a different time-table for adoption of the Central law, including the subsequent enactment of the Rules .
- GST
 - Introduction of GST from July 1, further added to the challenges of adaptation to a new regime
 - Back-end integration challenges need to be tackled to ensure complete integration with vendors
- Interest rates
 - Whilst the RBI did not reduce interest rates in April 2017, the market outlook on the interest rates continued to expect a downward trajectory given the trend line of inflation expectations
 - Despite soft rates in the debt capital markets, the translation of the same by the banks to their customers was slow during the Quarter

Continued challenges for the Sector

- Capital (of both the weaker developers & customers) stuck in unfinished projects continued to have a negative play on the sentiments . Unless the government intervenes to get the projects restarted, the adverse overhang on the demand shall continue in various micro markets

Company - General Business Update

Residential Sector :

- In compliance of RERA, the Company halted all sales from May 1, 2017. RERA rules got notified in different States at different points of time.
- Impact of Demonetisation on the consumer sentiments has abated, reflecting in increased number of secondary market transactions; Primary market sales were impacted due to the notification of RERA rules, specifically in the state of Haryana where most of the residential projects of the Company are located
- Despite the uncertainty and period of transition, the Company continued to focus on completion of projects; to create finished inventory for sale in foreseeable future when normalcy returns; the consensus expectation is that normalcy for the sector shall take 2-3 quarters
- Almost zero incremental sales coupled with outflow for construction activities to accelerate project completions continued to burn cash during the quarter
- Operating cash deficit of ~ Rs 750 crore per quarter to continue for next 2-3 quarters

Commercial Sector :

- Office: The leasing demand remains stable. However, the company maintains a cautious outlook due to uncertainties in the IT sector. BFSI and e-commerce segments companies will drive future growth.
- The demand – supply equation is positive in the medium term. Key destinations which have good transportation connectivity and social & entertainment options shall continue to thrive.
- Secondary locations shall see pressure on demand as companies focus more on productivity!
 - Construction in full swing of new office spaces:
 - Expected to deliver the first 2 towers in Chennai SEZ in Q4FY18.
 - Cyber Park, located adjacent to Cyber City, Gurgaon
- Retail Malls:
 - Normalcy has returned with sales of the retailers at premium malls having bounced back post demonetisation. Recovery in luxury sales is slow.

Outlook

■ **Company Outlook...**

- Given the complexity of issues related to the transition to the a new regime of RERA & GST, new sales booking shall get deferred for at least a quarter. However, execution shall continue at current pace leading to completion of most projects within this fiscal
- Operating shortfall shall continue due to subdued sales and collections, while construction expense continues
- Continued Capex in new office complexes and construction spend on residential spend shall result in temporary spike in net debt levels for which financing is already in place

■ **DCCDL CCPS Transaction Update...**

- The Company & Investor are in the final stages of discussion on the documentation.
- The transaction shall be put up to Audit Committee / Board for final approval.
- The transaction shall be subject to all regulatory and shareholder approvals

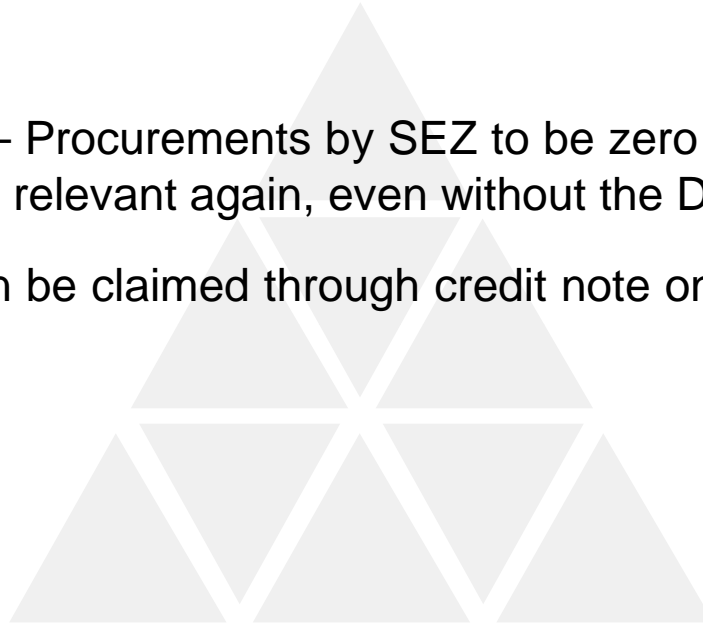
GST – Key points of consideration

- GST has subsumed majority of current Indirect Taxes (such as service tax, VAT, excise duty, luxury tax etc.)
- GST has been implemented effective from 1 July 2017
- Impact on DevCo
 - 12% ($66.67 \times 18\%$ -GST Rate) effective rate is applicable on BSP and parking charges against sale of under construction commercial/residential property (before OC/CC).
 - For PLC and other charges rate is 18% at full value.
 - Input stage GST charged by vendor/contractor/ service provider will be available as input tax credit against sale of such property.
 - Necessary changes has been made in invoicing pattern for DevCo and the demand letter has been converted into demand cum invoice.
 - Stabilization of the new process including smooth flow of all applicable Vendor credits will take sometime .

GST – Key points of consideration (contd..)

- Impact on RentCo

- No GST Credit on goods and service used for construction of leasable building
- GST rate shall be 18%.
- Benefit for SEZ to continue – Procurements by SEZ to be zero rated. Also No tax on output of SEZ units. This could make SEZs relevant again, even without the Direct Tax benefits.
- Adjustment of GST paid can be claimed through credit note only by 30th September of next Fiscal year.





Business Segment Performance

DevCo

Business Segment Performance – Q1 FY18

■ Q1 FY18:

➤ Gross sales booking: Rs 110 crore, since sales were halted from May 1 due to RERA compliance; Cancellation/upgradation Rs 235 crore resulting in Net sales booking of Rs (125) crore booked in Q1FY18. This is in comparison to Net sales booking of Rs 400 crore in Q4FY17

- DLF 5 Gurgaon – Rs 80 crore
- New Gurgaon – Rs 10 crore
- Delhi / Rest of India – Rs 20 crore

➤ Projects nearing completion : 15 msf

Live Projects Across India

<u>Projects</u>	Size (msf)	Sold till Q1 -17-18(msf)
Legacy		
Kochi	0.58	0.41
Hyderabad	3.44	2.77
Simla	0.07	0.06
Kasauli	0.57	0.21
	4.66	3.45
New Projects		
SkyCourt	1.29	1.06
Ultima	2.18	0.97
Crest	2.61	1.62
Camellias	3.55	1.83
My Pad-Lucknow	0.57	0.33
	10.20	5.81
*Area handed over is excluded from total size		

Our Development Potential

Land Bank as on 30th June 2017			
Cities	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	102	26	128
Bangaluru	13	0	13
Delhi Metropolitan Region	13	3	16
Chennai	13	5	19
Hyderabad	14	1	15
Chandigarh Tri-City	16	0	16
Kolkata	3	2	4
Other Indian Cities	29	9	38
Total	203	46	249

➤ “The Development Potential is the Best estimate as per the Current Zoning plans on Land owned by the company/Group companies, or lands for which the Company has entered into arrangements with third parties including Joint Development/Joint Venture Agreements/Other Arrangements for Economic Development of said lands owned by such third parties. *Some of these arrangements include making residual payments to the Land Owners before the development potential can be fully exploited.*”

➤ The above development potential does not include TOD potential



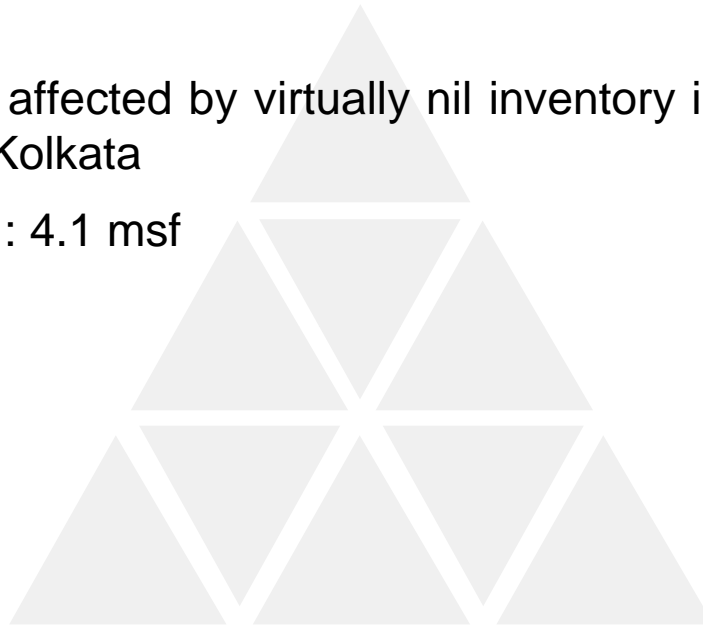
Business Segment Performance

RentCo

Business Segment Performance – Q1 FY18

■ Q1 FY18:

- Gross leasing of 1.30 msf renewed at better than budgeted rates. Net leasing of 0.20 msf post lease terminations/expiry of 1.10 msf during Q1FY17. This is in comparison to Net Leasing of 0.64 msf during Q4 FY17
- Leasing offtake also being affected by virtually nil inventory in most of the places. Primarily the inventory is in Silokhera & Kolkata
- Project under Construction : 4.1 msf



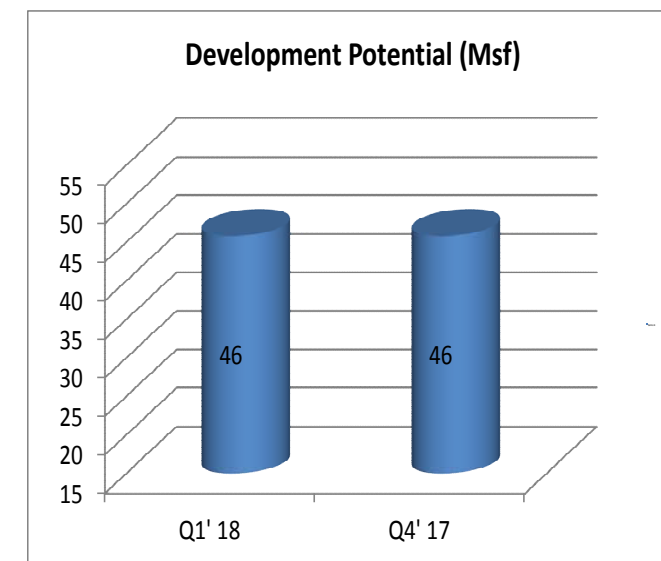
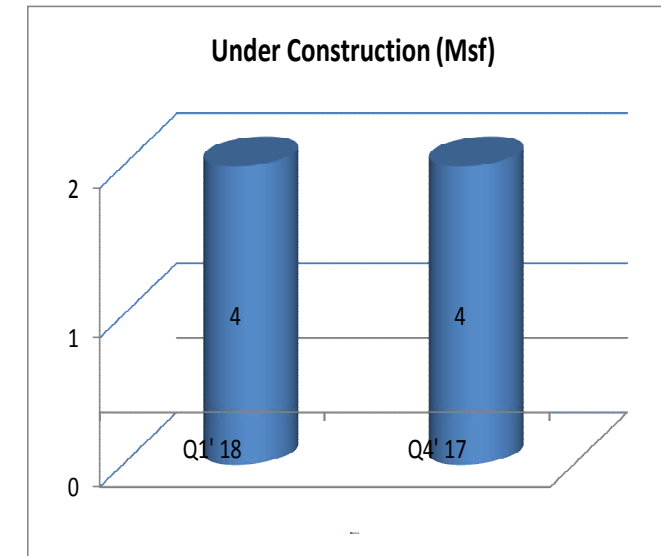
Leased Assets Across India – DLF Group

<u>Cities/Projects</u>		Leasable Area (msf)	% leased
Rent Yielding Building			
Gurgaon			
DLF Cyber City Developer *	Office	10.60	95.49
Others	Office	0.62	100.00
DAL (SEZ's)			
Kolkata/Chandigarh	Office	13.42	93.68
Delhi (Corporate Office)			
	Office	2.93	84.12
Delhi (Corporate Office)			
	Office	0.17	71.97
Malls			
Delhi	Retail	1.59	92.20
Noida	Retail	1.97	97.23
Chandigarh	Retail	0.19	89.21
* Includes Collaborator area.			
Under Construction Building			
DLF Cyber City Developer	Office	2.50	26.78
DAL (SEZ's)	Office	1.62	33.97

RentCo Q1 FY18

Particulars	Total msf		
	Q1-18	Q4- 17	Q1- 17
<u>Lease Status</u>			
Opening Balance #	30.47	29.83	29.60
Add:- Lease Booked During the Qtr	1.30	1.24	0,86
Less :- Termination	(1.10)	(0.60)	(0.91)
Less :- Sold / Adjustment	-	-	-
Closing Balance	30.67	30.47	29.54

<u>Under Construction</u>			
Opening Balance	4.29	3.13	1.73
New Launches / Additions **	0.00	1.16	0.00
Less:- Handed over	(0.17)	(0.00)	0.00
Less :- Suspension/Adju	-	-	0.00
Closing Balance	4.12	4.29	1.73



Summary Financials....



Consolidated P&L – Q1 FY18

		Q1 FY18 (Reviewed)		Q4 FY17 (Reviewed)		Q1 FY17 (Reviewed)		Year Ended March 31, 2017 (Audited)	
		Ind AS		Ind AS		Ind AS		Ind AS	
Sl.No.	Consolidated Financials	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue
A)									
1	Sales and Other Receipts	2,048		2,225		1,867		8,221	
	Other Income	164		286		158		719	
	Total Income(A1+A2)	2,211	100%	2,511	100%	2,025	100%	8,941	100%
B)	Total Expenditure(B1+B2+B3)	1,145	52	1,515	60	1,123	55	4,788	54
1	Construction Cost	864	39	1,106	44	897	44	3,466	39
2	Staff cost	78	4	79	3	74	4	328	4
3	Other Expenditure	203	9	330	13	152	7	994	11
C)	EBITDA (D/A1)	1,067	48	996	40	903	45	4,153	46
D)	EBIDTA (Margin)		48%		40%		45%		46%
E)	Financial charges	783	35	738	29	748	37	2,980	33
F)	Depreciation	145	7	140	6	146	7	572	6
G)	Profit/loss before exceptional items	139	6	118	5	9	0	600	7
H)	Exceptional items - (net)	-	0	94	4	329	16	429	5
I)	Profit/loss before taxes and after exceptional ite	139	6	212	8	338	17	1,030	12
J)	Taxes expense	18	1	54	2	55	3	229	3
K)	Extraordinary Items	-	0	-	0	-	0	-	0
L)	Net Profit after Taxes before Minority Interest	121	5	158	6	283	14	800	9
M)	Minority Interest	2	0	6	0	(0)	0	7	0
N)	Profit/(loss) of Associates	(12)	-1	(16)	-1	(21)	-1	(92)	-1
O)	Net Profit	111	5	149	6	261	13	715	8
P)	Other Comprehensive income /(loss) (net of tax)	1	0	(7)	0	(0)	0	(14)	0
Q)	Total Comprehensive income	112	5	142	6	261	13	701	8

Consolidated Balance Sheet

Particulars	As on June 30, 2017 (Unaudited)	As on March 31, 2017 (Audited)
ASSETS		
Non-current assets		
Fixed Assets (including Property, Plant, Equipment, Investment Property & Capital work in progress)	23,708	23,613
Goodwill	1,010	1,011
Other intangibles assets	169	169
Investments accounted for using the equity method	1,042	1,049
Financial assets		
Investments	125	109
Trade receivables	71	78
Loans	574	447
Other financial assets	256	283
Deferred tax assets (net)	4,491	4,358
Non-current tax assets (net)	1,319	1,426
Other non-current assets	1,800	1,798
Total of non-current assets	34,565	34,341
Current assets		
Inventories	20,136	19,949
Financial assets		
Investments	52	52
Trade receivables	3,488	3,642
Cash and cash equivalents	2,208	3,413
Other bank balances	849	687
Loans	994	552
Other financial assets	256	367
Other current assets	1,256	1,296
Total of current assets	29,239	29,958
Total of assets	63,804	64,299

Consolidated Balance Sheet

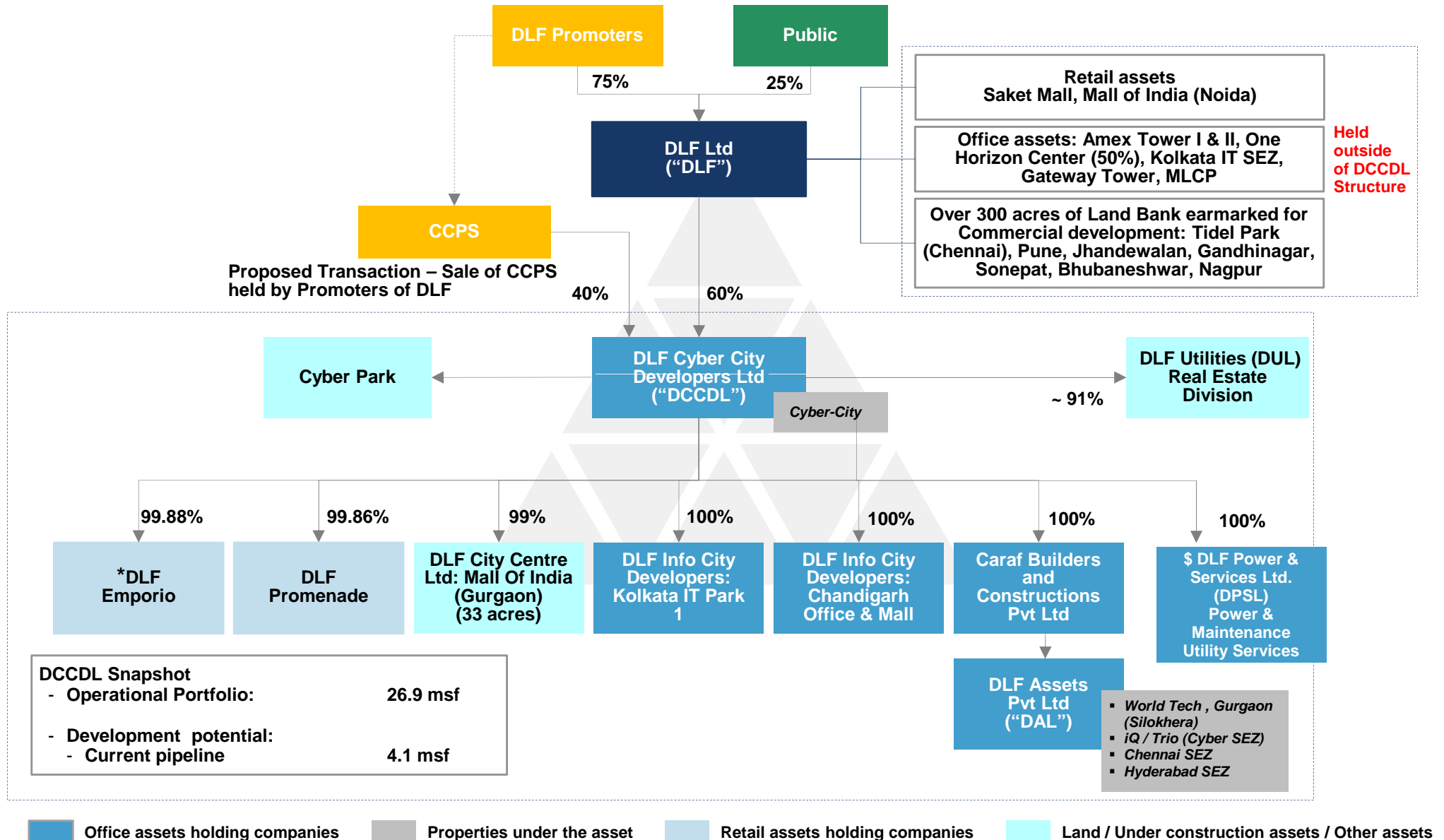
Particulars	As on June 30, 2017 (Unaudited)	As on March 31, 2017 (Audited)
EQUITY AND LIABILITIES		
Equity		
Equity share capital	357	357
Other equity	24,329	24,216
Total of equity (for shareholders of parent)	24,686	24,573
Non-controlling interest	123	124
Total of equity	24,809	24,697
Non-current liabilities		
Financial liabilities		
Borrowings	23,011	23,255
Trade payables	828	821
Other financial liabilities	1,083	1,047
Provisions	67	67
Other non-current liabilities	527	530
Total of non-current liabilities	25,516	25,720
Current liabilities		
Financial Liabilities		
Borrowings	3,158	3,408
Trade payables	1,616	1,720
Other financial liabilities	4,021	3,690
Other current liabilities	4,601	5,007
Provisions	82	58
Total of current liabilities	13,478	13,883
Total of equity and liabilities	63,804	64,299

Liquidity Update – Consolidated Net Debt

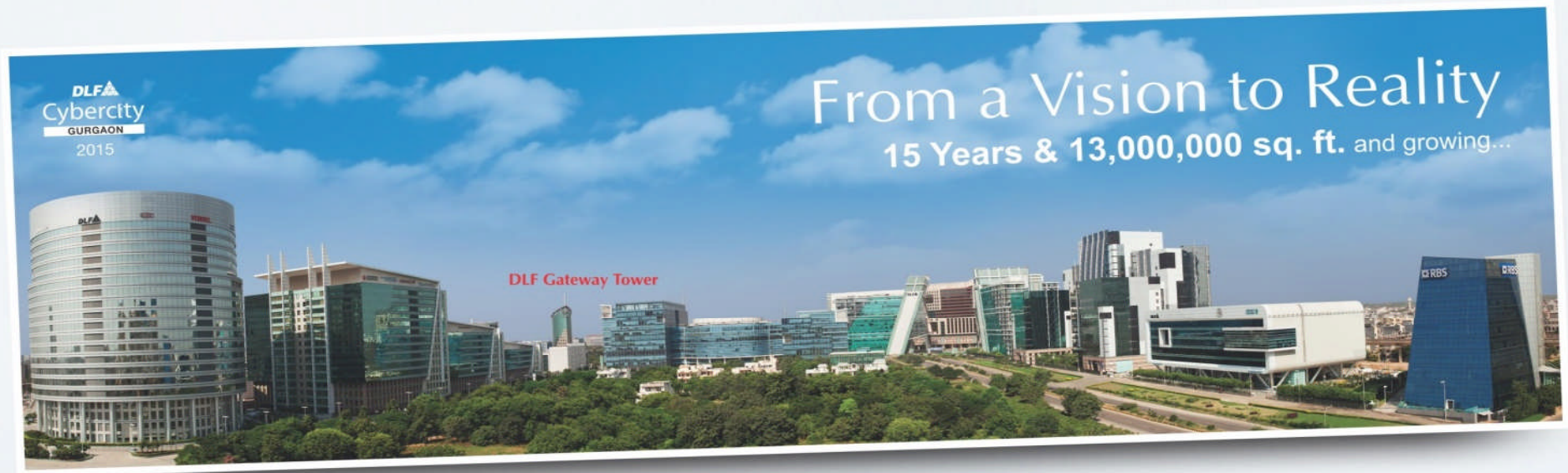
Net Debt Position	Q4 17	Q1 18	Net Change
	INDAS	INDAS	
Opening Gross Debt	27816	29640	
Less : Repayment during the Qtr	-1577	-877	
Add : New Loans	3401	648	
Gross Debt as per Balance Sheet	29640	29411	
Less : Equity shown as Debt / JV Co Debt	4	4	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	29636	29407	
Less : Ind As Impact	-437	-448	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	29199	28959	
Less : Cash in hand	-4103	-3061	
Net Debt Position	25096	25898	802

DCCDL's Rental Business

DCCDL Holding Structure



DLF Cyber City Development, Gurgaon



Consolidated P&L DCCDL – Q1 FY18

DLF Cyber City Developers Limited				
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED				
Particulars	June 17	June 16	March 17	(Rs in Crs)
	Unaudited	Unaudited	Unaudited	2016-17 Audited
Income				
Revenue from operations	1,068	899	933	3,662
Other income	228	112	160	510
	<u>1,296</u>	<u>1,011</u>	<u>1,092</u>	<u>4,172</u>
Expenses				
Cost of land, plots, constructed properties and development rights	303	214	232	864
Employee benefits expense	21	22	19	89
Finance costs	418	326	345	1,319
Depreciation and amortisation expense	102	105	102	412
Other expenses	85	83	127	385
	<u>928</u>	<u>751</u>	<u>826</u>	<u>3,070</u>
Profit before exceptional and extraordinary items and tax	368	260	266	1,103
Exceptional items	-	(328)	12	(364)
Profit from continuing operations before tax	368	588	254	1,467
Tax expense	48	97	(27)	262
Profit after tax	320	491	281	1,205
Share of profit in associates	-	9	9	37
Minority interest	(13)	(8)	(17)	(17)
Profit for the year (PAT)	307	492	273	1,225
Other Comprehensive Income for the year	(0)	-	(0)	(0)
Total Comprehensive Income for the year	307	492	273	1,225

DLF's Office Platform

Overview – Office Asset Portfolio

Cybercity, Gurgaon

- Area: 132.2 acres
- TLA: ~ 13.5 msf
- Includes Cyber Hub (0.4msf)
- Cybercity has transformed into the CBD of NCR region attracting top multinational corporates

World Tech Park, Gurgaon

- Area: 37.0 acres
- TLA: ~ 2.0msf
- Only integrated work space on NH8, Gurgaon

Other Assets(Gurgaon)

- Amex Towers (I & II)
 - TLA: 0.5msf
- One Horizon Centre
 - TLA: 0.8msf¹
- Gateway Tower
 - TLA: 0.1msf

[Gandhinagar]

- 25 acres

Nagpur IT Park

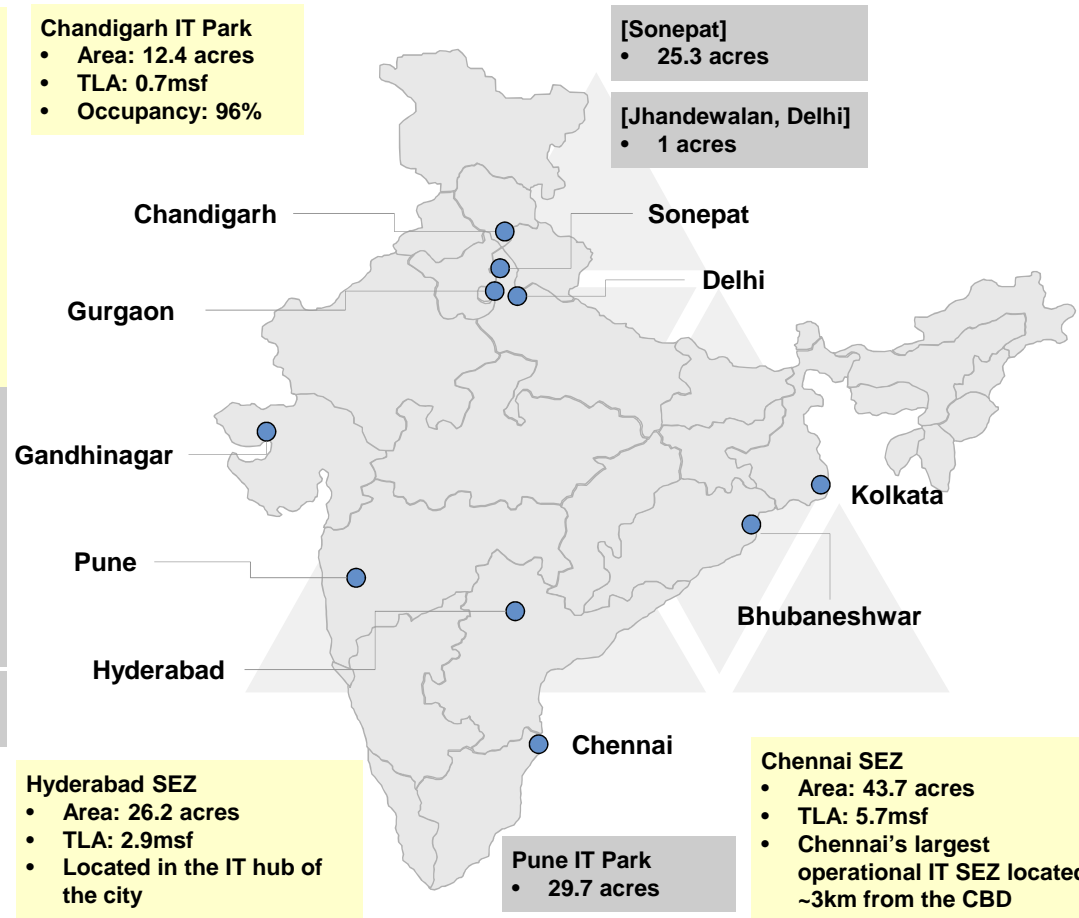
- 140.2 acres

■ DCCDL assets

■ Other assets

Chandigarh IT Park

- Area: 12.4 acres
- TLA: 0.7msf
- Occupancy: 96%



[Sonapat]

- 25.3 acres

[Jhandewalan, Delhi]

- 1 acres

Chandigarh

Sonapat

Gurgaon

Delhi

Gandhinagar

Kolkata

Pune

Bhubaneshwar

Hyderabad

Chennai

Hyderabad SEZ

- Area: 26.2 acres
- TLA: 2.9msf
- Located in the IT hub of the city

Pune IT Park

- 29.7 acres

Chennai SEZ

- Area: 43.7 acres
- TLA: 5.7msf
- Chennai's largest operational IT SEZ located ~3km from the CBD

Kolkata Park 1

- Area: 10.0 acres
- TLA: 1.3msf
- Strategically located IT

Kolkata Park 2

- Area: 25.9 acres
- TLA: 1.0msf

Tidel Park, Chennai

- 26.6 acres

Bhubaneshwar

- 54 acres

Source: Company information; TLA – Total Lettable Area; Note: Occupancy and TLA as of June-17

¹ Excluding area sold to third party

DLF's Retail Mall Platform

Overview – Retail Asset Portfolio



DLF Emporio

- Location: Vasant Kunj, Delhi
- Commission Date: Aug' 08
- TLA: 0.3msf
- Occupancy: 98%



DLF Promenade

- Location: Vasant Kunj, Delhi
- Commission Date: Jan' 09
- TLA: 0.5msf
- Occupancy: 100%



CityCentre

- Location: Chandigarh
- Commission Date: May' 08
- TLA: 0.2msf
- Occupancy: 89%

DLF Place

- Location: Saket, Delhi
- Commission Date: Nov' 08
- TLA: 0.5msf
- Occupancy: 88%

Mall of India. Noida

- Location: Noida, NCR¹
- Commission Date: 2016
- TLA: 2.0msf
- Occupancy: 97%



■ DCCDL assets

■ Other assets

Source: Company information

Note: CityCentre is part Chandigarh IT Park; Occupancy as of June-17

¹ National Capital Region

DCCDL – Overview of Key Buildings within CyberCity, Gurgaon



Building 10

- TLA: 2.2msf
- Design by renowned architect, Hafeez Contractor
- Spectacular complex with futuristic amenities



Cyber Greens

- TLA: 0.9msf
- Design by renowned architect – Mohit Gujral; DLF's first project with amenities and breakout areas



Epitome (Building 5)

- TLA: ~ 2.1msf
- Designed by renowned architect, Hafeez Contractor
- Iconic Building over 10.6 acres with 40MW captive gas power plant



Building 7A & 7B

- TLA: 0.4msf



Innov8 (Building 8)

- TLA: 1.6msf



Ericsson Forum

- TLA: 0.2msf
- Represents Ericsson's Indian corporate office



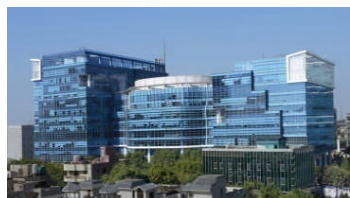
Building 9 A & B

- TLA: 1.5msf
- Elegant 16 floor mirror image twin towers



iQ SEZ (Building 14)

- TLA: 2.0msf
- Aesthetically designed architectural wonder with modern and well planned work spaces



Infinity Tower

- TLA: 1.3msf
- Design by renowned architect, Hafeez Contractor



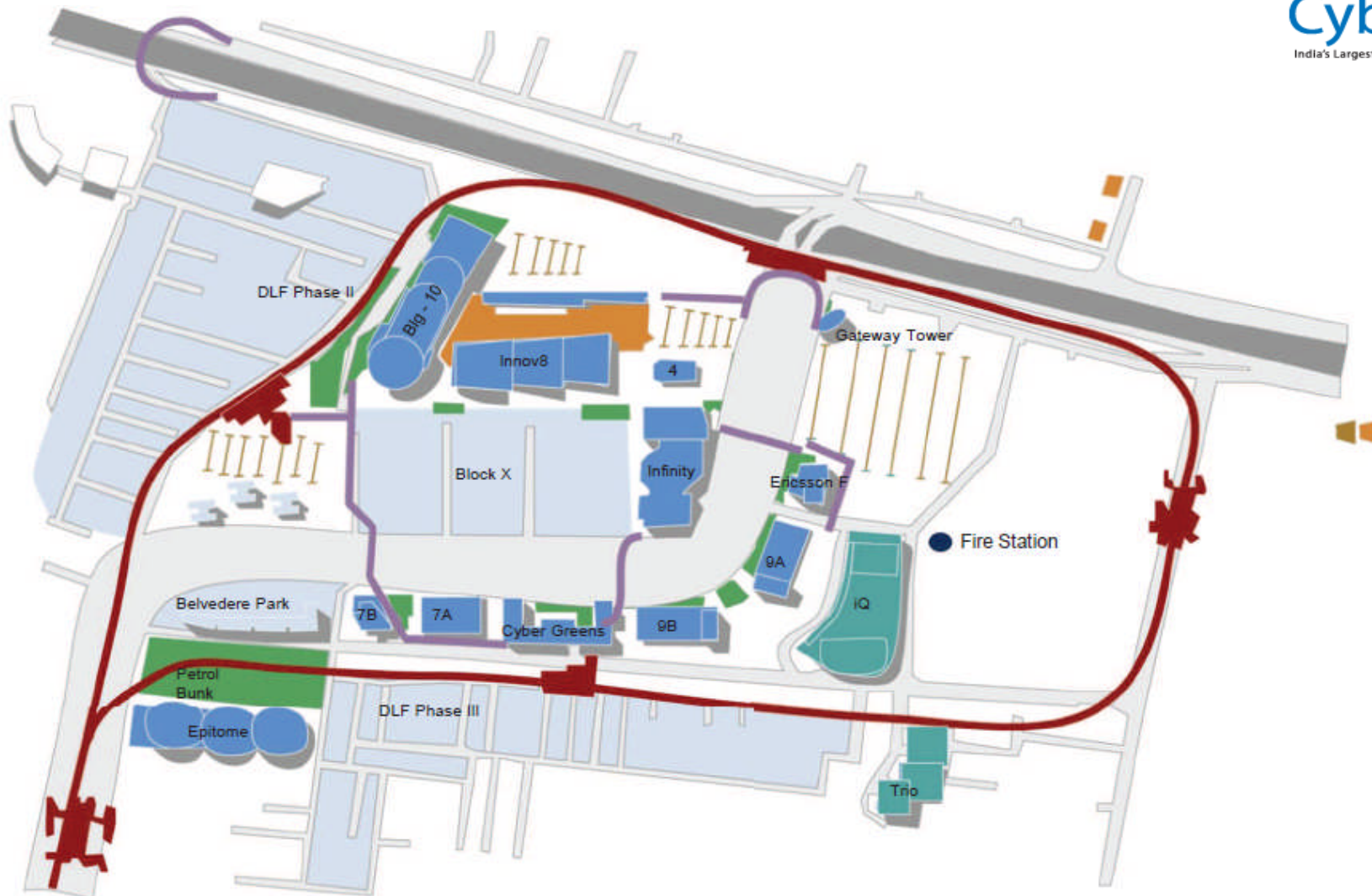
Trio SEZ (Building 6)

- TLA: 0.9msf
- One of the premier emerging technology centers in the country

Source: Company information; TLA – Total Lettable Area

SEZ Projects – Notified IT SEZ covered as part of DLF Assets Ltd.

DCCDL – Overview of CyberCity



- | | | | |
|--------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| ■ Operational Building (Non SEZ) | ■ Rapid Metro Station | ■ Hotels and Recreation | Surface Parking |
| ■ Operational Building (SEZ) | — Rapid Metro Line | ■ Open/Green Area | 16 Lane Road (coming up) |
| ■ Residential | — Skywalks (coming up) | ■ Open/Green Area | |

DCCDL – Overview of Key Buildings within DLF Assets Ltd.



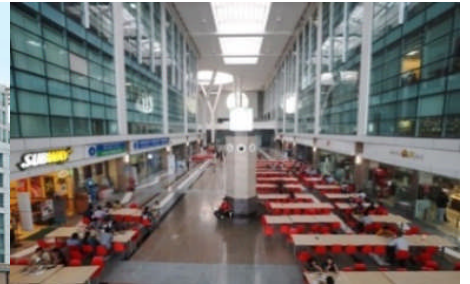
DLF Chennai SEZ

- TLA: 5.7msf



DLF Hyderabad SEZ

- TLA: 2.9msf
- Design by renowned architect – Mohit Gujral; DLF's first project with amenities and breakout areas



iQ SEZ (Building 14)

- TLA: 2.0msf
- Aesthetically designed architectural wonder with modern and well planned work spaces



DLF World Tech Park

- TLA: ~ 2.0msf
- Destination of choice for corporates in Gurgaon



Trio SEZ (Building 6)

- TLA: 0.9msf
- One of the premier emerging technology centers in the country

Source: Company information; TLA – Total Lettable Area

DCCDL – Overview of Key Developments in Kolkata



Project Statistics

Location	Kolkata
OC Date	May '11 – Jun '12
Total Lettable Area ¹	1.3msf
No. of floors	Block A: Ground + 12 + Basement 1 Block B: Ground + 9 + Basement 1 Block C: Ground + 15 + Basement 1 Block D: Ground + 11 + Basement 1 Block E: Ground + 3 + Basement 1
Architect	Mohit Gujral
Main contractor	DLF – LOR
Car parking	1,072
Occupancy ¹	75%

¹ As of June 30, 2017



NSCB Airport
Distance: 10km
Travel Time: ~15min



Chitpur Railway Station
Distance: 11km
Travel Time: ~20min



Bus Terminus
Distance: 1km
Travel Time: ~5min

Location



DCCDL – Overview of Chandigarh IT Park



Project Statistics

Location	Chandigarh
OC Date	Oct '05
Total Lettable Area ¹	0.7msf
No. of floors	Ground + 3 + Basement 1
Architect	Design Plus
Main contractor	J.J.Ram and B.L.Gupta
Car parking	669
Occupancy ¹	87%

¹ As of June 30, 2017

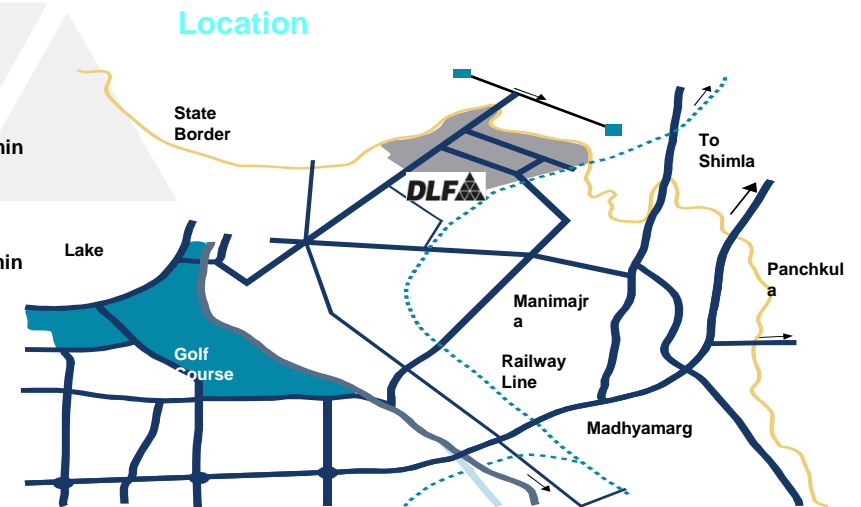
Source: Company information



Airport
Distance: 10km
Travel Time: ~20min



**Chandigarh
Railway Station**
Distance: 6km
Travel Time: ~10min





Thank You