



Q2 FY15 Analyst Presentation

November 13 , 2014



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.

Performance Scorecard

Sl. No.		Target	Achieved YTD FY15	Details
I.	Sales Volume			
	"DLF 5"	1.5 msf/ yr	0.25 msf	
	New Gurgaon	2.5 msf/yr	0.05 msf	
	National Devco	3.5 msf/yr	0.70 msf	
II.	Leasing			
	Office	1-1.5 msf	1.01 msf	
	Malls			
III.	Handing Over		9.62 msf	
IV.	Net Debt		19944 crs	

Sector Specific Update..

- The new Government at the Center has announced major thrust in the urban development sector through its vision of creating 100 'smart' cities across the country. This policy initiative can revolutionize urban India and augurs well for the future growth potential of the Company.
- In order to meet its mission, the Government has already taken the following steps specific to the Real Estate sector, namely -
 - ✓ REIT Regulations Notified by SEBI; REIT specific tax regulations have been passed in the Finance Bill of 2014
 - ✓ Relaxation in FDI norms in construction modified; notification expected shortly
 - ✓ Amendment to the Land Acquisition Bill expected in the forthcoming winter session of the Parliament
- Demand scenario continues to be muted, though seems to have bottomed out in most micro-markets
- Early signs of revival in consumer demand and economic activity leading to growth in demand for office and retail space; good outlook on rental rates. Management actively gearing up to capture the onset of a new growth cycle in the RentCo business

Legal Update

- SEBI Order:
 - Status - The Company has filed an appeal with Hon'ble Securities Appellate Tribunal "SAT", against the order of SEBI. SAT has provided an interim relief to the Company for redeeming mutual funds to the tune of Rs. 1,806 crore. The Final hearing is scheduled for December 10, 2014.

- COMPAT Order:
 - Rs 50 crore deposited with Hon'ble Supreme Court, balance to be deposited by November 25, 2014. Total amount to be kept in an interest bearing account, to be eventually settled as per the final order of the Hon'ble Supreme Court

- 350 acre parcel:
 - Our appeal against the order of Hon'ble Punjab & Haryana High Court has been filed in the Hon'ble Supreme Court. Next hearing is fixed for Nov 28, 2014

Based on the advice of independent counsels, the management believes that there is a reasonable strong likelihood of succeeding in various judicial forums. The Company and its legal advisors believe that it has not acted in contravention of law in any of the legal matters pending before various judicial forums. The Company has full faith in the judicial process and is confident of vindication of its stand in the near future.

Committed to our Medium Term Strategy And Goals...

Despite the headwinds such as weak demand and adverse regulatory/legal pronouncements, the Company remains committed to its strategy and goals as articulated in February 2013

- Despite soft market conditions in certain micro-markets, continued focus on execution run-rate and creation of finished product; in the up-cycle in market, realize better margins
- Focus on timely delivery of quality product; handed over 7.80 msf during the quarter
- Emphasis on highest quality and safety standards - received the British Sword of Honour for Safety; a recognition for highest safety management system
- Increase ROE's through increased DevCo sales (~B2C business) and sales of office/retail assets by creation of REIT platforms (~B2B business)
- As rentals increase, the Net Debt attributable to RentCo shall grow proportionately. Net Debt attributable to the DevCo shall remain range-bound. Target remains to make DevCo debt free in the medium term.

RentCo Business – A Strategic Review

- Despite turbulent times since the global financial crisis, the Company has been able to create a large annuity stream of income of a business with an asset base of 27 msf (approx) and FY15 annuity income of Rs. 2,100 crore (approx)
- As growth cycle in the office and retail segments of the RentCo business improves, it has become incumbent on the Company to review all strategic options available to it so that it not only maintains its leadership position but also harnesses the growth that the market shall offer. Such options include:
 - Create one or more sizeable REIT platform next year – one for Office and the other for Retail to recycle capital for further growth and spin-off the RentCo attributable debt
 - Create long term free cash flows for the Company in the form of dividend flows as holders of REIT units and fees from the management of the same
 - To achieve the above, the Company is exploring partnership with other global players, both strategic and financial partners, who may have an interest in participating with DLF in this foray. This could include en-cashing the Company's part investment in RentCo business. The objective would be not only to maximize the present value of the assets but also capture the immense potential of growth that a growing Indian economy has to offer in the future.

Current Outlook

■ Sales

- Shall take few more quarters to come back to the original targets as articulated in Feb 2013; the key is the demand revival for housing
 - Sales volume in most geographies shall continue at a moderate pace similar to FY14.
 - Sales in DLF5 showing early signs of improvement
 - As market improves, the Company shall monetize its finished stock worth over Rs. 4,000 crore (approx.) The unsold inventory of launched projects under construction is further valued at Rs. 13,000 crore (approx) and inventory in yet to be launched projects where approvals are fully in place is valued at Rs. 7,000 crore (approx).
 - Most micro-markets in which DLF has a presence have bottomed out; launches are targeted to begin in Q4

■ Debt

- The current attributable net debt to DevCo is ~ Rs.6,000 crore and to RentCo is ~ Rs.14,000 crore.
- Getting ready for a large CBMS offering of Rs. 3,600 crore approx; indicative ratings in place by 2 rating agencies; awaiting final rating evaluation letters; to further improve the quality of debt
- Keep the net debt of the DevCo range bound (+/- Rs. 1,000 crore across medium term) through tactical divestments (majority/minority) to or JVs with strategic or financial investors

Business Segment Performance....



Business Segment Performance – Q2FY 2015

■ DevCo:

- **0.61 msf gross sales of Rs 920 crore booked in Q2FY15 vs 0.38 msf & Rs 310 crore in Q1FY15**
 - DLF 5 Gurgaon – 0.20 msf (Rs 675 crore)
 - New Gurgaon – 0.02 msf (Rs 12 crore)
 - Delhi / Rest of India – 0.39 msf (Rs 233 crore)
- **Project under Construction : 49 msf**

■ RentCo:

- 0.30 msf Net leasing during Q2FY15 vs 0.71 msf during Q1FY15
- Annuity Income of Rs 525 crore

- **7.8 msf of DevCo and RentCo projects handed over during the Quarter.**

Summary: Operating Performance

	Q1FY15		Q2FY15		H1FY15	
	Sales (in msf)	Avg Rate (psf)	Sales (in msf)	Avg Rate (psf)	Sales (in msf)	Avg Rate (psf)
Sales Booking						
Gurgaon						
DLF 5	0.04	29223	0.20	33156	0.25	32446
Garden City	0.03	7420	0.02	7377	0.05	7406
National Dev Co						
Luxury	0.004	43199	0.01	38616	0.01	40099
Premium	0.30	4534	0.38	5290	0.69	4957
	Q1FY15		Q2FY15		H1FY15	
	Leasing in (msf)	Avg Rate (psf)	Leasing in (msf)	Avg Rate (psf)	Leasing in (msf)	Avg Rate (psf)
Leasing						
Office	0.73	64	0.30	64	1.02	64
Retail Malls	-0.02		0.00	163	-0.02	

Leased Assets Across India

Cities/Projects		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	95.24
Gurgaon (SEZ's)	Office	4.86	71.04
Others	Office	0.83	99.53
DAL (Chennai)	Office	5.67	98.34
DAL (Hyderabad)	Office	2.91	100.00
Kolkata/Chandigarh	Office	2.93	81.32
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	93.64
Chandigarh	Retail	0.19	69.67

In FY15, annuity Income to grow to Rs. 2,100 crore, a growth of 8%

Live Projects Across India

Projects	Size (msf) **	Sold till Q2-14-15 (msf)	Under Execution
Legacy			
New Town Heights & Express Greens	3.30	3.30	yes
Garden City-91-92*	3.56	3.34	yes
Horizon Centre	1.19	0.52	Yes
Corporate Greens*	0.87	0.00	Yes
Capital Greens	5.20	5.20	Yes
GK Kings Court *	0.23	0.17	Yes
Indore*	2.46	1.23	Yes
NTH-Kolkata*	1.68	1.65	Yes
Chennai *	3.80	3.34	Yes
Kochi	2.58	2.31	Yes
Banglore *#	5.03	4.71	Yes
Hyderabad	3.44	2.76	Yes
Lucknow	3.10	2.92	Yes
Panchkula	4.03	3.55	Yes
Mullanpur *	4.23	3.81	Yes
Shimla	0.07	0.06	Yes
Kasauli	0.57	0.24	Yes
* Partly Handedover			
New Projects			
SkyCourt	1.25	1.17	yes
Ultima	2.17	0.65	Yes
Regal Garden	1.03	0.86	yes
Primus	1.24	1.21	yes
Crest	2.61	0.84	yes
Camillias	3.55	0.72	yes
Bhubneshwar	0.55	0.42	Yes
** Total size of the Project ; # Area Revised			

Our Development Potential

Land Bank as on 30th Sept 2014

Type of Real estate Development	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	112	26	137
Bangaluru	30	0	30
Delhi Metropolitan Region	17	5	22
Chennai	16	5	22
Hyderabad	14	1	15
Chandigarh Tri-City	19	0	19
Kolkata	3	2	5
Other Indian Cities	35	9	44
Total	247	48	294
<i>* 7.65 mn sqft of DLF share handed over during the quarter & 5.64 mn sqft of DLf Share disposed off</i>			

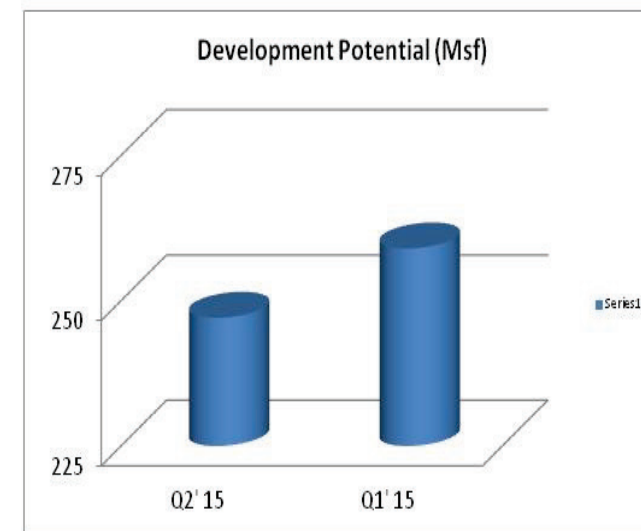
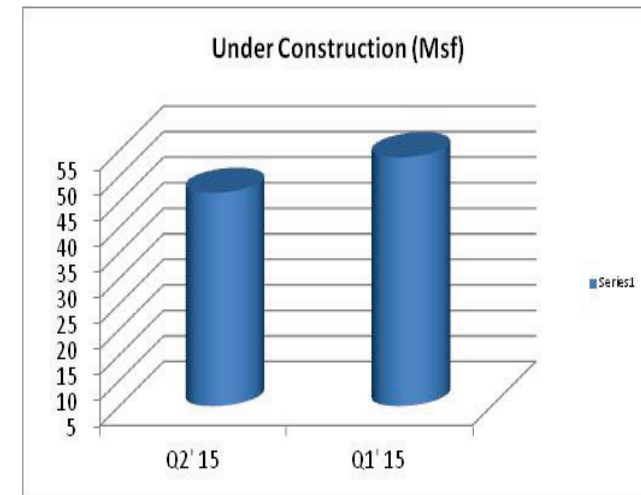
➤ "The Development Potential is the Best estimate as per the Current Zoning plans on Land owned by the company/Group companies, or lands for which the Company has entered into arrangements with third parties including Joint Development/Joint Venture Agreements/Other Arrangements for Economic Development of said lands owned by such third parties."

DevCo Q2 FY15

Particulars	Total msf		
	Q2-15	Q2- 14	Q1- 15
Sales Status			
Opening Balance	45.61	46.79	47.06
Add:- Sale Booked During the Qty	0.61	0.90	00.38
Less : Handed over	(6.95)	0.00	(1.83)
Closing Balance	39.27	47.70	45.61

Under Construction			
Opening Balance	53.68	47.60	55.51
New Launches / Additions / Suspended	-	1.25	0.00
Less:- Handed over	(6.95)	0.00	(1.83)
Closing Balance	46.73	48.85	53.68

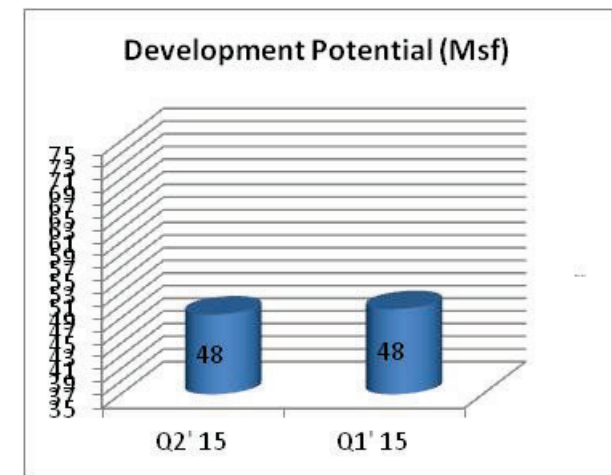
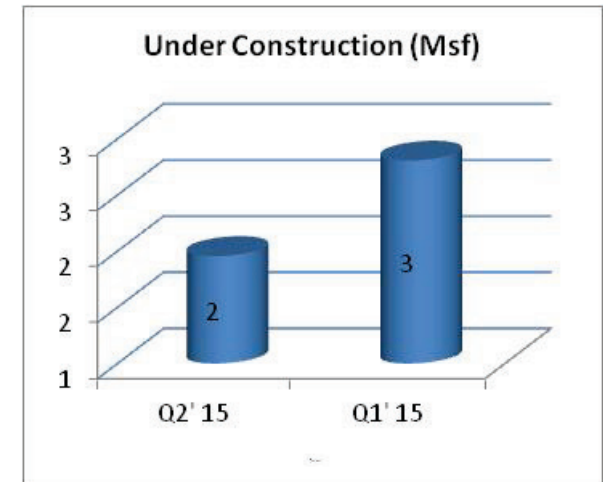
- 0.61 msf gross sales booked in Q2FY15 vs 0.38 msf in Q1FY15
- 6.95 msf handed over during the Quarter



RentCo Q2 FY15

Particulars	Total msf		
	Q2-15	Q2- 14	Q1- 15
<u>Lease Status</u>			
Opening Balance	26.37	24.21	25.66
Add:- Lease Booked During the Qty	0.58	1.02	1.00
Less :- Cancellation	(0.28)	(0.41)	(0.29)
Less :- Sold / Adjustment			
Closing Balance	26.67	24.82	26.37

<u>Under Construction</u>			
Opening Balance	2.81	3.71	2.81
New Launches / Additions	0.00	0.00	0.00
Less:- Handed over	(0.85)		0.00
Less :- Suspension/Adju		(1.07)	
Closing Balance	1.96	2.64	2.81



Summary Financials....



Consolidated P&L – Q2 FY15

Sl.No.	Consolidated Financials	Q2 FY15 (Reviewed)		Q1 FY15 (Reviewed)		Q2 FY14 (Reviewed)		Half Year FY15 (Reviewed)		Half Year FY14 (Reviewed)	
		Rs. Crs.	Percentage of Total Revenue	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	2,013		1,725		1,956		3,738		4,270	
	Other Income	122		126		269		249		408	
	Total Income(A1+A2)	2,136	100%	1,851	100%	2,225	100%	3,987	100%	4,678	100%
B)	Total Expenditure(B1+B2+B3)	1,217	57	988	53	1,361	61	2,206	55	2,760	59
1	Construction Cost	837	39	713	39	878	39	1,550	39	1,899	41
2	Staff cost	93	4	74	4	186	8	167	4	331	7
3	Other Expenditure	287	13	201	11	297	13	489	12	530	11
C)	Gross Profit Margin(%)		61%		61%		61%		61%		59%
D)	EBITDA (D/A1)	918	43	863	47	863	39	1,781	45	1,918	41
E)	EBIDTA (Margin)		43%		46%		39%		45%		41%
F)	Financial charges	603	28	558	30	609	27	1,161	29	1,200	26
G)	Depreciation	139	7	134	7	166	7	274	7	344	7
H)	Profit/loss before exceptional items	176	8	171	9	88	4	346	9	373	8
I)	Exceptional items - (net)	(38)	-2	(29)	-2	80	4	(68)	-2	86	2
J)	Profit/loss before taxes and after exceptional ite	138	6	142	8	168	8	278	7	459	10
K)	Taxes expense	43	2	30	2	85	4	73	2	177	4
L)	Prior period expense/(income) (net)	2	0	(0)	0	(4)	0	1	0	(3)	0
M)	Net Profit after Taxes before Minority Interest	93	4	111	6	85	4	204	5	285	6
N)	Minority Interest	16	1	17	1	13	1	32	1	(12)	0
O)	Profit/(loss) of Associates	0	0	(0)	0	1	0	(0)	0	8	0
P)	Net Profit	109	5	128	7	100	4	237	6	281	6

Consolidated Balance Sheet

DLF LIMITED

Unaudited Consolidated Balance Sheet as at Sept 30, 2014

Particulars	As on September 30 2014 (Reviewed)	As on June 30, 2014 Unaudited)
A. Equity and Liabilities		
1. Shareholders' funds		
(a) Share capital	2,156	2,156
(b) Reserves and surplus	27,130	27,107
Sub-total - Shareholders' funds	29,286	29,263
2. Share application money pending allotment	0	0
3. Minority interests	166	186
4. Non-current liabilities		
(a) Long-term borrowings	17,141	16,636
(b) Other long-term liabilities	2,179	2,201
(c) Long-term provisions	53	51
Sub-total - Non-current liabilities	19,373	18,888
5. Current liabilities		
(a) Short-term borrowings	3,228	3,166
(b) Trade payables	2,033	2,276
(c) Other current liabilities	12,098	12,089
(d) Short-term provisions	298	625
Sub-total - Current liabilities	17,657	18,156
Total – Equity and Liabilities	66,482	66,493

Consolidated Balance Sheet

Contd.....

DLF LIMITED		
Unaudited Consolidated Balance Sheet as at Sept 30, 2014		
Particulars	As on September 30 2014 (Reviewed)	As on 30, 2014 Unaudited) June
B. Assets		
1. Non-current assets		
(a) Fixed assets	23,867	23,770
(b) Goodwill on consolidation	1,204	1,197
(c) Non-current investments	493	384
(d) Deferred tax assets (net)	1,247	1,125
(e) Long-term loans and advances	4,160	3,876
(f) Other non-current assets	81	56
Sub-total - Non-current assets	31,054	30,407
2 Current assets		
(a) Current investments	2,038	2,344
(b) Inventories	17,279	18,437
(c) Trade receivables	1,520	1,513
(d) Cash and cash equivalents	2,403	1,773
(e) Short-term loans and advances	2,198	2,319
(f) Other current assets	9,991	9,701
Sub-total - Current assets	35,428	36,086
Total – Assets	66,482	66,493

Consolidated Cashflow Statement

Particulars		Rs in crs	
		Period ended 30-Sep-14	Period ended 30-Jun-14
A.	Cash flow from operating activities:		
	Profit before tax, minority interest and share of profit in associates	279	141
	Adjustments for:		
	Depreciation	274	134
	Profit on sale of fixed assets, net	(1)	(0)
	Provision for doubtful debts/ unclaimed balances written back/ exchange fluctuations and others	84	26
	Exceptional items	68	29
	Amortisation cost of Employee Stock Option	5	4
	Loss / (Profit) on sale of investments (net)	7	(1)
	Prior period items	(2)	0
	Interest / gurantee charges	1,161	558
	Interest / dividend income	(223)	(111)
	Operating profit before working capital changes	1,652	780
	Movements in working capital:		
	Trade and other receivables	(1,112)	(678)
	Inventories	1,532	198
	Trade and other payables	(716)	132
	Direct taxes paid (net of refunds)	(163)	(56)
	Net cash generated from operating activities	1,194	376
B.	Cash flow from investing activities:		
	(Purchase) / Sale of fixed assets (Including capital work in progress /capital advances),	(426)	(213)
	Interest/Dividend received	203	145
	Movement in fixed deposits with banks	226	0
	(Purchase) / Sale of Investment(net)	(1,651)	(1,835)
	Net cash (used in)/ generated from investing activities	(1,648)	(1,902)
C.	Cash flow from financing activities:		
	Proceeds from / (repayment) of borrowings (net)	2,720	1,691
	Increase in share capital / securities premium (including IPP)	0	0
	Interest paid	(1,540)	(760)
	Dividend Paid (including dividend distribution tax)	(515)	(71)
	Net cash generated from /(used in) financing activities	666	860
	Net (decrease) / increase in cash and cash equivalents	211	(667)
	Opening cash and cash equivalents (excluding bank deposits)	1,844	1,844
	Closing cash and cash equivalents	2,055	1,177
	Net Increase / (decrease)	211	(667)

Liquidity Update

Net Debt Position	Q1 15	Q2 15	Net Change
Opening Gross Debt	22334	24025	
Less : Repayment during the Qtr	-996	-1806	
Add : New Loans *	2687	2836	
Gross Debt as per Balance Sheet	24025	25055	
Less : Equity shown as Debt / JV Co Debt	1080	973	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	22945	24082	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	23147	24284	
Less : Cash in hand	-4021	-4340	
Net Debt Position	19127	19944	818

“ Consequent to the extension of the tenure of the ECB of USD 300 million upto 17th July , 2021 at the hedged rate of Rs 59.87, the ECB liability has been restated by Rs 293 crore (i.e. Rs 1796 crore as at 30th Sept 2014 vs. Rs 1503 crore as at 30th June 2014).”

Despite difficult business conditions, the Company is fully committed to meet its obligations to all its stakeholders



Thank You