



Q4 & FY15 Analyst Presentation

May 20, 2015

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
I.	Sales Volume		
	"DLF 5"	1.5 msf/ yr	1.23 msf
	New Gurgaon	2.5 msf/yr	0.08 msf
	National Devco	3.5 msf/yr	0.94 msf
II.	Leasing		
	Office	1-1.5 msf	1.46 msf
	Malls		
III.	Completion		13.46 msf
IV.	Net Debt	18525 crs (+/- 1000)	20965 crs
	Rentco (attributable)	12000 crs	14000 crs
	Devco	6525 crs (+/- 1000)	6965 crs

Sector Specific Developments / Outlook..

- Central Government's initiative to move ahead with the economic agenda has been visible. During last few months, specifically to the real estate sector -
 - Government provides requisite clarity on MAT to facilitate creation of REITs
 - Allow Provident Funds / FII's (FEMA Amendment) to invest in REITs and CMBS
 - RE Regulatory Bill referred to the select committee of Rajya Sabha.
 - Ordinance amending the Land Acquisition Bill extended
- Demand scenario in most micro-markets continues to be muted; expected to last at least another 12 months
- Better outlook in the commercial office segment as
 - Growth in domestic services sector especially e-commerce based businesses is providing the momentum - rental rates are expected to remain firm or move northwards
 - Revival of consumer demand and expectation of experiential spaces will give further fillip to well located, well managed 'new generational' retail malls
 - Demand will grow at moderate pace. The current rentals rates, interest and construction costs do not allow for rapid capacity creation in most micro markets

Legal Update...

- SEBI Order:
 - SEBI order of banning the Company for 3 years was over turned by SAT. Subsequently, SEBI appealed in the Supreme Court, however the Hon'ble Supreme Court refused to grant any interim relief and issued notices. No date has been fixed for the next hearing.
- CCI :
 - YTD, the Company has deposited Rs. 525 crs with Hon'ble Supreme Court against a total penalty of Rs 630 crs. Balance amount shall be deposited by early July. To be listed in due course – no date been fixed by the Hon'ble Supreme Court. In continuation of earlier decisions, CCI has passed one more decision in the matter of NTH Gurgaon. Since, it pertains to same issue and period, no additional penalty has been imposed. The Company, based on legal opinion, shall appeal in due course.
- 350 acre Wazirabad Land parcel :
 - The Hon'ble Supreme Court had admitted the Company's appeal and ordered status quo. To be listed in due course.
 - Till date, the Company remains invested ~ Rs. 1,000 crs towards the land parcel. No further outflow expected till a decision by Hon'ble Supreme Court.

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 it confident of vindication of its stand in the near future

Committed to our Strategy And Goals

With the advent of REITs, the Company can move forward to achieve its medium term goals as articulated in February 2013.

- DLF envisaged setting up of REITs at the time of the IPO, like any other global real estate company. It could be a game changer as it will mitigate adverse cycles in various asset cycles and normalize cash flows and earnings
 - It intends to form 2 REIT platforms to strategically monetize almost 30 msf of commercial assets – both office and retail, thereby recycling capital for future growth, increasing ROE's and reducing debt; target first filing within fiscal year 2016, most likely in Q4FY16, subject to all approvals
 - Both strategic and financial investors have approached DLF in this regard
- The Company's strategy of creating finished product has started to yield some results especially in DLF5 projects. Buyers are willing to invest into projects which are showing continued momentum in construction and not based on promises. This is despite 'continued' soft market conditions in certain micro-markets.
- The Company plans to bring in marquee private equity investors at the project level thereby mitigating market risks whilst sharing financial returns
- Due to continued softness in most micro markets, the Net Debt attributable to Devco has increased in short term. Target remains to maintain and reduce Devco Debt through improvement in Operating/ Recovery Cashflows and Investments by PE's at the project level. Attributable Net Debt to RentCo will continue to increase as RentCo Rentals/ Capex grow. However, these shall also reduce as and when the Company establishes the REIT platforms.

RentCo Business – A Strategic Review

- The Company is on target to achieve an annuity income of Rs. 2,400 crs & steady state Run Rate Rs 2,700 crs (approx) on an asset base of 30msf (approx) by end of FY16.
- As REITs have become an imminent possibility in the near term, the Board had appointed a Committee of Independent Directors to do a strategic review of the RentCo business so that best value is extracted from the investment assets that have been created over last 6-7 years, including the resolution of the Promoter CCPS
 - The Committee of Independent Directors have appointed 2 investment banks, namely JP Morgan and Morgan Stanley to advise them of the best possible path going forward which will create sustainable, long term income for DLF and its shareholders.
 - SEBI restrictions imposed in Oct 2014 and uncertainty of tax code impacted the pace of work of these advisors. In view of this the term of Promoters CCPS was extended by one year & Dividend reduced from 9% to 0.01%.
 - With clarity on REITs, pursuant to resolution of MAT issue, we can expect a final recommendation during the course of the year.

Current Outlook ...

■ Sales

- Shall take atleast 12 months for the sales momentum to begin improving; the key factor would be in general, reduced interest rates and GDP growth and, in specific, demand/supply conditions in micro markets
- Sales volume in most geographies shall continue at a diminished pace similar to FY14 and FY15.
- Actual users continue to purchase into projects which are unique due to both location and product attributes. DLF5 is the main beneficiary. Projects which have better visibility from construction run rate will have higher customer interest
- As 'normal' sales momentum is still some quarters away, the Company is in dialogue with few PE players for part cash out in some marquee projects and mitigate cycles before launching in FY16

■ Debt

- The current attributable net debt to DevCo is Rs. 6,965 crs and to RentCo is Rs. 14,000 crs [approx]
- The Company is exploring all opportunities to further optimize the debt profile which includes issuance of CMBS's or Debentures.

Business Segment Performance....



Business Segment Performance – Q4FY 2015

■ DevCo:

- **0.90 msf gross sales of Rs 1,975 crore booked in Q4FY15 vs 0.36 msf & Rs 650 crore in Q3FY15**
 - DLF 5 Gurgaon – 0.74 msf (Rs 1,859 crore)
 - New Gurgaon – 0.02 msf (Rs 12 crore)
 - Delhi / Rest of India – 0.14 msf (Rs 104 crore)
- **Project under Construction : 46 msf**
- **Completion : 1.54 msf in Gurgaon & Chennai in Q4FY15 vs 1 msf Q4FY14**

■ RentCo:

- **Annuity Income of Rs 575 crore during Q4 FY15**

Business Segment Performance – FY 2015

■ DevCo:

- **2.25 msf gross sales of Rs 3,850 crore booked in FY15 vs 3.74 msf sales of Rs 4,070 crore in FY14**
 - DLF 5 Gurgaon – 1.23 msf (Rs 3,240 crore)
 - New Gurgaon – 0.08 msf (Rs 60 crore)
 - Delhi / Rest of India – 0.94 msf (Rs 550 crore)
- **Project under Construction : 46 msf**
- **Approx. 13.46 msf handed over during FY15 (Gurgaon, Chennai, Delhi, Bangalore, Chandigarh,) vs 4.26 msf during FY14**

■ RentCo:

- **1.46 msf Net leasing in Offices during FY15 vs 1.70 msf for FY14**
- **Annuity Income of ~ Rs 2,200 crore for FY15**

Summary: Operating Performance

	Q4FY15		FY 14-15	
	Sales (in msf)	Avg Rate (psf)	Sales (in msf)	Avg Rate (psf)
Sales Booking				
Gurgaon				
DLF 5	0.74	25036	1.23	26315
Garden City	0.02	7488	0.08	7373
National Dev Co				
Luxury	0.01	47813	0.02	43230
Premium	0.14	5041	0.92	5009
	Q4FY15		FY 14-15	
	Leasing in (msf)	Avg Rate (psf)	Leasing in (msf)	Avg Rate (psf)
Leasing				
Office	0.10	59	1.49	61
Retail Malls	-0.01		-0.03	

Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	95.60
Others	Office	0.83	96.72
DAL (SEZ's)	Office	13.44	92.10
Kolkata/Chandigarh	Office	2.93	81.46
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	92.33
Chandigarh	Retail	0.19	70.16

In FY16, annuity Income to grow to Rs. 2,400 crs, a growth of 10%

Live Projects Across India

Projects	Size (msf)	Sold till Q4-14-15 (msf)		Under Execution
Legacy				
Express Greens*	0.62	0.48		yes
Garden City-91-92-Ph-II	1.37	1.14		yes
Horizon Centre	1.17	0.73		Yes
Corporate Greens*	0.87	0.14		Yes
Capital Greens	5.20	5.20		Yes
GK King's Court	0.23	0.18		Yes
Indore*	1.69	0.47		Yes
NTH-Kolkata*	0.34	0.28		Yes
Kochi	2.58	2.31		Yes
Banglore*	4.71	4.47		Yes
Hyderabad	3.44	2.76		Yes
Lucknow	2.79	2.60		Yes
Panchkula	4.03	3.54		Yes
Mullanpur*	1.20	0.82		Yes
Shimla	0.07	0.06		Yes
Kasauli	0.57	0.24		Yes
New Projects				
SkyCourt	1.25	0.99		yes
Ultima	2.17	0.64		yes
Regal Garden	1.03	0.85		yes
Primus	1.24	1.21		yes
Crest	2.61	1.14		yes
Camillias	3.55	0.98		yes
Bhubneshwar	0.55	0.46		Yes
My Pad Lucknow	0.57	0.33		yes
* Area handed over is excluded from total size				

Our Development Potential

Cities	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	109	26	135
Bangaluru	30	0	30
Delhi Metropolitan Region	17	5	22
Chennai	16	5	21
Hyderabad	14	1	15
Chandigarh Tri-City	19	0	19
Kolkata	3	2	5
Other Indian Cities	35	9	44
Total	243	48	290

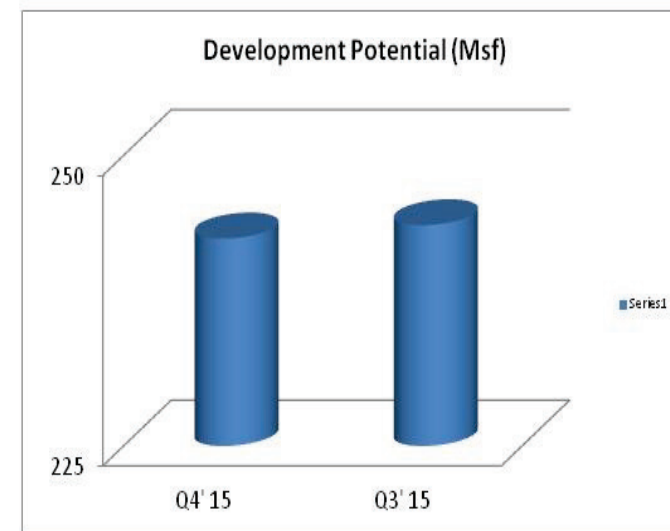
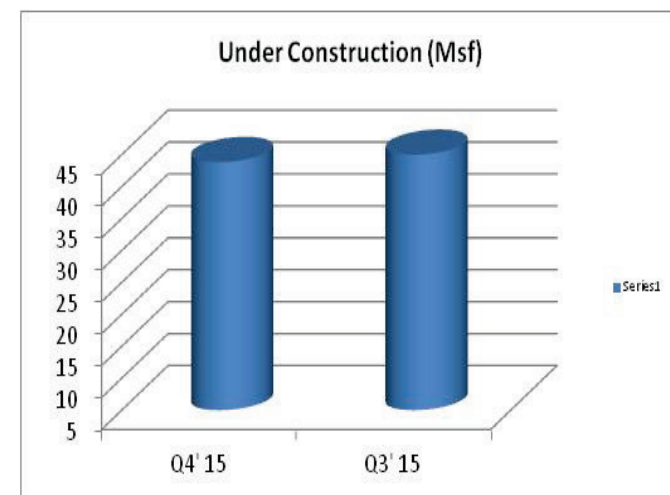
➤ “The Development Potential is the Best estimate as per the Current Zoning plans on Land owned by the company/Group companies, or lands for which the Company has entered into arrangements with third parties including Joint Development/Joint Venture Agreements/Other Arrangements for Economic Development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

DevCo Q4 FY15

Particulars	Total msf		
	Q4-15	Q4- 14	Q3- 15
<u>Sales Status</u>			
Opening Balance	37.33	47.63	39.27
Add:- Sale Booked During the Qty	0.90	0.44	0.36
Less : Completion	(1.54)	(1.01)	(2.30)
Closing Balance	36.69	47.06	37.33

<u>Under Construction</u>			
Opening Balance	45.00	56.52	46.73
New Launches / Additions / Suspended	0.00	0.00	0.57
Less:- Completion	(1.54)	(1.01)	(2.30)
Closing Balance	43.46	55.51	45.00

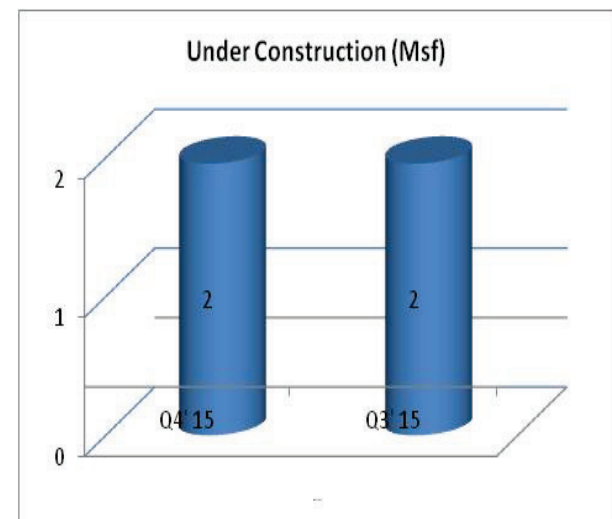
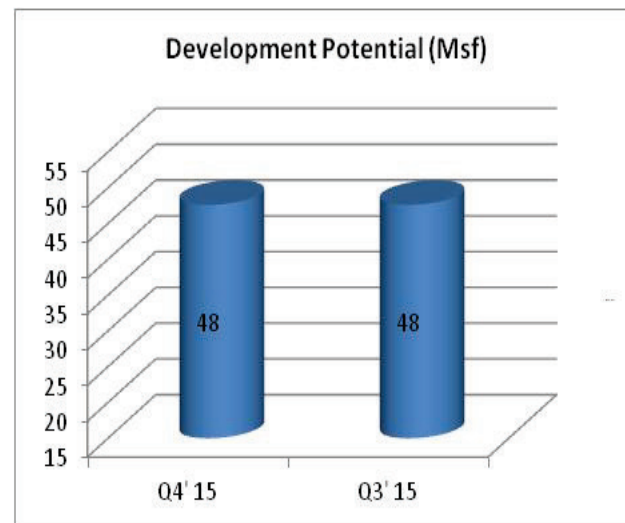
➤0.90 msf gross sales booked in Q4FY15 vs 0.36 msf in Q3FY15



RentCo Q4 FY15

Particulars	Total msf		
	Q4-15	Q4- 14	Q3- 15
<u>Lease Status</u>			
Opening Balance	27.01	25.17	26.67
Add:- Lease Booked During the Qty	0.55	0.78	0.71
Less :- Cancellation	(0.45)	(0.29)	(0.36)
Less :- Sold / Adjustment	-	-	-
Closing Balance	27.11	25.66	27.01

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



Summary Financials....



Consolidated P&L – Q4 FY15

		Q4 FY15 (Audited)		Q3 FY15 (Reviewed)		Q4 FY14 (Audited)		Year ended FY15 (Audited)		Year ended FY14 (Audited)	
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	Rs. Crs.	Percentage of Total Revenue
A)											
1	Sales and Other Receipts	1,954		1,957		1,969		7,649		8,298	
	Other Income	147		123		552		519		1,492	
	Total Income(A1+A2)	2,101	100%	2,080	100%	2,521	100%	8,168	100%	9,790	100%
B)	Total Expenditure(B1+B2+B3)	1,258	60	1,162	56	1,606	64	4,625	57	5,813	59
1	Construction Cost	887	42	847	41	1,032	41	3,285	40	3,880	40
2	Staff cost	88	4	94	5	103	4	349	4	576	6
3	Other Expenditure	283	13	220	11	471	19	992	12	1,357	14
C)	EBITDA (D/A1)	843	40	918	44	915	36	3,543	43	3,977	41
D)	EBIDTA (Margin)		40%		44%		36%		43%		40%
E)	Financial charges	494	24	648	31	630	25	2,304	28	2,463	25
F)	Depreciation	130	6	141	7	163	6	545	7	663	7
G)	Profit/loss before exceptional items	218	10	129	6	122	5	695	9	851	9
H)	Exceptional items - (net)	(0)	0	-	0	(3)	0	(68)	-1	(330)	-3
I)	Profit/loss before taxes and after exceptional ite	218	10	129	6	119	5	627	8	521	5
J)	Taxes expense	77	4	8	0	(68)	-3	158	2	(84)	-1
K)	Prior period expense/(income) (net)	(43)	-2	0	0	15	1	(41)	-1	22	0
L)	Net Profit after Taxes before Minority Interest	185	9	121	6	172	7	510	6	583	6
M)	Minority Interest	(14)	-1	15	1	44	2	33	0	57	1
N)	Profit/(losss) of Associates	1	0	(4)	0	3	0	(3)	0	7	0
O)	Net Profit	172	8	132	6	220	9	540	7	646	7

Consolidated Balance Sheet

DLF LIMITED Consolidated Balance Sheet as at March 31, 2015 Rs. Crs.		
	March-15 Audited	March-14 Audited
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	2,156	2,155
Reserves and surplus	27,013	27,039
Money received against share warrants		
	29,168	29,194
Share application money pending allotment	-	0
Minority interests	175	202
Non-current liabilities		
Long-term borrowings	17,630	13,579
Other long term liabilities	2,502	2,221
Long-term provisions	62	48
	20,194	15,849
Current liabilities		
Short-term borrowings	3,072	3,004
Trade payables	1,851	2,281
Other current liabilities	11,054	13,438
Short-term provisions	749	533
	16,726	19,257
	66,262	64,502

Consolidated Balance Sheet

Contd.....

DLF LIMITED Consolidated Balance Sheet as at March 31, 2015 Rs. Crs.		
	<u>March-15</u> Audited	March-14 Audited
ASSETS		
Non-current assets		
Fixed assets	24,181	23,617
Goodwill on consolidation	1,206	1,197
Non-current investments	520	375
Deferred tax assets (Net)	1,511	1,018
Long-term loans and advances	4,590	3,822
Other non-current assets	172	51
	32,181	30,079
Current assets		
Current investments	103	516
Inventories	17,743	18,489
Trade receivables	1,586	1,561
Cash and bank balances	2,748	2,442
Short-term loans and advances	2,014	1,983
Other current assets	9,887	9,432
	34,082	34,423
	66,262	64,502

Consolidated Cashflow Statement

Details of Cash flow for the period ended March 31, 2015		
Particulars	Rs in crs	
	Period ended 31-Mar-15	Period ended 31-Mar-14
A. Cash flow from operating activities:		
Profit before tax, minority interest and share of profit in associates	627	521
Adjustments for:		
Depreciation	545	663
Profit on sale of fixed assets, net	2	(5)
Provision for doubtful debts/ unclaimed balances written back/ exchange fluctuations & others	144	178
Exceptional items	68	330
Amortisation cost of Employee Stock Option	8	18
Loss / (Profit) on sale of investments (net)	3	(848)
Prior period items	41	(21)
Interest / gurantee charges	2,304	2,463
Interest / dividend income	(457)	(399)
Operating profit before working capital changes	3,283	2,901
Movements in working capital:		
Trade and other receivables	(1,177)	(1,822)
Inventories	1,356	(324)
Trade and other payables	(577)	1,129
Direct taxes paid (net of refunds)	(698)	(416)
Net cash generated from operating activities	2,186	1,468
B. Cash flow from investing activities:		
(Purchase) / Sale of fixed assets (Including capital work in progress /capital advances), net	(781)	309
Interest/Dividend received	333	247
Movement in share/debenture application money paid (net)	-	35
Movement in fixed deposits with banks	242	279
Proceeds from Sale of Investment(net)	274	1,693
Proceeds from exceptional items	-	1,361
Net cash generated from investing activities	68	3,924
C. Cash flow from financing activities:		
Proceeds from / (repayment) of borrowings (net)	2,160	(2,216)
Increase in share capital / securities premium (including IPP)	0	1,515
Interest paid	(3,177)	(3,225)
Dividend Paid (including dividend distribution tax)	(649)	(606)
Net cash used in financing activities	(1,667)	(4,532)
Net increase in cash and cash equivalents	588	860
Opening cash and cash equivalents	1,844	984
Closing cash and cash equivalents	2,432	1,844
Net Increase	588	860

Liquidity Update

Net Debt Position	Q3 15	Q4 15	Net Change
	Actual	Actual	
Opening Gross Debt	25054	23944	
Less : Repayment during the Qtr	-1536	-1463	
Add : New Loans	427	2013	
Gross Debt as per Balance Sheet	23944	24494	
Less : Equity shown as Debt / JV Co Debt	973	976	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	22971	23518	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	23173	23720	
Less : Cash in hand	-2836	-2755	
Net Debt Position	20336	20965	628



Thank You