

DLF LIMITED
48TH ANNUAL GENERAL MEETING
DLF CHAIRMAN'S SPEECH BY DR. K. P. SINGH
GURGAON, AUGUST 12 , 2013

Ladies and Gentlemen.

It gives me great pleasure in welcoming you all to the 48th Annual General Meeting of the Company.

On behalf of the Board and on my own behalf, I would like to place on record my deep sense of appreciation and gratitude to you, our esteemed shareholders, for your continuing support and cooperation.

The Annual Report for the year ended 31st March, 2013 along with the Directors' Report and audited Annual Accounts of the Company have been circulated to you and I request your kind permission to take them as read.

I am sure you would have noted that the consolidated revenues of Your Company in FY '13 were Rs.9095.74 crore as compared to Rs 10,223.85 crore the previous year, a decline of 11%. The gross operating profit, on consolidated basis, amounted to Rs. 3949.11 crore as against Rs 4498.79 crore, a decrease of 12%. The profit after tax, minority interest and prior period items, was Rs.711.92 crore as compared to Rs.1200.82 crore in the previous year.

There come times in the life of a nation when every responsible corporate enterprise, and indeed every citizen, needs to take stock of certain momentous changes sweeping swiftly and simultaneously through the political, social and economic systems of the country and to look beyond the immediate short term effects towards the long term ramifications.

In the face of the challenging economic environment, we have remained focused in divesting the non-core assets and reducing the debt position. The Company was successful in placing further equity shares under the Institutional Placement Programme (IPP) to achieve the minimum public shareholding at 25% of the paid-up share capital and thereby complying with the regulatory directives. In spite of the tight financial position, we are pleased to maintain a constant dividend payment and this year also we have announced 100% dividend per share.

As we are all aware, the country's economy is currently passing through a difficult phase. The overall macroeconomic environment is not very inspiring. GDP growth rate slipped to 5% in the last fiscal, inflation remains high, industrial growth is flat, investments have fallen sharply and the external payments position has become adverse.

Added to this is the slow pace of reforms and the surcharged socio-political atmosphere. With elections to Parliament and certain State Assemblies due over the next several months, the stormy conditions can be expected to persist for some time more.

The paradox is that the Indian economy, which showed remarkable resilience in the initial years of the global crisis, is experiencing a slowdown at a time when there are hopeful indications that the euro zone may be moving out of recession later this year, growth in the United States is beginning to pick up, and growth in China is expected to pick up as well.

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India, once considered a potential powerhouse for the global economy, has lost its sheen of late. Not only has GDP growth touched its lowest level in a decade, there has been a decline in agriculture, industry and services.

This has led to a sense of pessimism and skepticism about whether India can ever get its act together again. It has dampened investor confidence, both within the country and abroad and led to a cut back in investment as well as private consumption, the basic drivers of growth for an economy.

It is vital to break free from the "All talk but no do" mindset and take bold decisions and pragmatic measures to revive business confidence and to once again make India an attractive destination for FDI, FII's and also individual investors.

To my mind, even after the recent relaxations in certain sectors, India's foreign investment policy is still riddled with unnecessary restrictions. In a globalising world, seeking to protect Indian business from FDI-led competition is self-defeating -- it can neither encourage global competitiveness nor meet the growing expectations of consumers.

As the Prime Minister himself emphasized at his last meeting with industrialists, it is of paramount importance to increase investment levels, particularly in infrastructure and other development projects, which in turn will bring the economy back to the path of high growth.

Another major impediment to faster growth is the plethora of bureaucratic controls which persists even in the reforms era. Project implementation, whether in infrastructure, real estate or manufacturing sector, continues to be hampered by red tape.

To take the example of the real estate industry, the number of approvals that are required to be obtained is over 40 – that too from a multiplicity of different government agencies and departments.

A new challenge is looming large in the wake of the proposed changes in the regulatory environment. Although the Real Estate Bill itself is a welcome measure, it would be beneficial for all to introduce a mechanism for time-bound Single Window Clearance, which would help in expediting project completion time and which should also be made applicable to all stakeholders in the Private Sector, Public Sector as well as Government bodies and agencies.

It is equally important to resolve the "Inflation versus Growth" debate. Over the past two years, in the garb of controlling inflation, a tight monetary policy regime has been imposed within the domestic economy. This has proved to be counter-productive. Far from reining in the rise in prices, which is largely due to factors beyond the government's control like high fuel import costs, it has crippled industrial growth and led to severe liquidity problems for Indian companies.

As the US example has shown, in order to revive growth, it is necessary to provide industry with easier access to capital and enable companies to repay their debts and finance new projects. The appointment of Dr. Raghuram Rajan as the new Governor of the Reserve Bank comes as a breath of fresh air and arouses hopes that a growth-oriented economist like him will be able to devise out-of-the-box remedies to control inflation without stifling growth and to make available much-needed funds to industry at substantially reduced and economically viable rates, particularly for the Real Estate sector.

Revival of growth and business confidence also depends on the ability of the policy makers to diagnose the

under-currents in the economy in real time and take sure-footed and quick decisions. However, in a vibrant multi-party Democracy like India, the decision-making process is prone to be hampered due to lack of political consensus.

But it must be realized by all concerned that the future of India and the fate of millions of young job-seekers depends on faster growth and creation of more employment opportunities.

I would therefore like to take this opportunity to issue a humble appeal to all political parties, irrespective of their individual ideologies, to rise above vote-bank considerations and compulsions despite the proximity of elections, to facilitate passage of vitally needed reforms legislation in the national interest so that the country can overcome this current phase of economic slowdown. Let us not forget that whatever may be the outcome of the next elections, and whichever combination of parties comes to power, the biggest challenge confronting the new Government will be to put the economy back on the rails.

The road ahead in the next year or two is bound to be bumpy, but I would like to assure all our stakeholders that Your Company is fully prepared to withstand the stormy weather and to surge successfully forward once stability returns to the economy.

Having anticipated much in advance that the Indian economy would be going through a lean period, your Management, under the dynamic stewardship of the Vice Chairman, Mr. Rajiv Singh, and his highly qualified and dedicated team of professionals, has already put into place the strategy of organizational restructuring for greater efficiency and divesting of non-core assets to reduce the debt burden.

I am very confident that when the Indian economy emerges from the present rough patch, the real estate development industry will be one of the biggest beneficiaries of revival of investment and growth.

Due to the far-sighted vision of your Management, Your Company has assembled a healthy land bank at strategic locations, the like of which perhaps no other real estate company in India can boast of. On the strength of such valuable asset, Your Company is uniquely positioned to continue to lead the pack and reap the benefits of resurgent demand for high quality products.

I would now like to turn to Your Company's dedicated efforts towards not only fulfilling its corporate social responsibility but also actively focusing on sustainable development and improving the lives of the underserved communities in certain geographies.

Focusing on holistic growth and quality education, the DLF Foundation's Talent Nurturing Programme has brought smiles to a large number of poor and needy children through DLF-sponsored schools and through scholarships. The Foundation is also supporting meritorious students from government schools at the primary and secondary school levels, by enrolling them in private schools and providing for their educational expenses. Several scholarships have been awarded during the academic session 2012-2013 in disciplines such as Engineering, IT, MBBS, MBA, MSW and Fine Arts.

The ongoing Skills Development programme has focused on setting up of Skill Training Institutes and Training Centres across various states and enhancing income levels of deserving youths by enabling them with industry specific skills in trades like sales and marketing, information technology, electronics, hospitality and construction.

The DLF Foundation is also expanding its Village Cluster Development Programme aimed at ensuring holistic development of village clusters focusing on necessary elements of healthcare, education, sanitation, infrastructure and community development.

I would like to report to you that in the wake of the recent devastating natural disaster in the State of

Uttarakhand, a DLF Foundation team camped in the upper reaches of Uttarkashi and Rudraprayag distributing food, medicines and other relief material to flood-hit people in over 20 villages in the region. All DLF employees voluntarily contributed one day's basic salary towards the relief effort, Your Company made a matching grant which has been donated to the Prime Minister's Relief Fund.

As you are all aware, your Management is deeply committed to the concept of corporate involvement in socially-relevant projects and causes to achieve the national goal of inclusive growth by going beyond basic CSR activities. An integral part of our corporate credo of "Building India" is the mission of "Building Lives", which is the core philosophy behind the establishment of the DLF Foundation.

In conclusion, I would like to assure all our stakeholders that we remain committed to adding value to the quality of assets by continuing to create the world class brand value that has been our main strength and proven USP. Our focus remains on improving the infrastructure in certain select, strategic locations to ensure the high quality of commercial and retail portfolio properties as well as certain residential developments.

I believe that this strategic approach will not only enable Your Company to retain its pre-eminent status in the country's real estate industry but also help to tide over the present recessionary trends.

I take this opportunity to thank all the stakeholders, including our customers, employees and suppliers, Central and State Governments, Regulatory Authorities, investors, bankers and financial institutions, for their continued faith and trust in all our endeavours.

I thank all my colleagues on the Board for the value addition and contribution in governance of the Company.

I would like to specially acknowledge the commitment and dedication of the entire DLF team, working tirelessly to realize the corporate agenda, for meeting stakeholder's aspirations and helping us in creating and sustaining a world-class enterprise.

I seek your continued support in taking the Company to higher growth, success and innovation.

To conclude, on behalf of the Board and the employees of your Company, may I once again thank you, our valued shareholders, for your continued support and encouragement in our shared mission of Building India.

Thank you,

(Dr. K.P. Singh)
Chairman
DLF Limited
August 12th, 2013
Gurgaon.

[This document does not purport to be a record of the proceedings of the Annual General Meeting. The speech can also be accessed at www.dlf.in]