

CHAIRMAN'S SPEECH TO SHAREHOLDERS DLF 50th ANNUAL GENERAL MEETING AUGUST 28, 2015

Ladies and Gentlemen.

It gives me great pleasure in welcoming you all to the 50th Annual General Meeting of the Company.

Golden Jubilee year is a significant landmark in the life of any institution, and all of us can justifiably look back with pride at the momentous journey of five decades to become the premier real estate development Company in the country.

Our historic success would not have been possible without the unstinted support and cooperation of all stakeholders and on behalf of the Board and on my own behalf I would like to place on record my deep sense of gratitude to each and every one of you.

I take this opportunity to make a very special mention of the role and immense contribution to the growth and expansion of your Company of Mr. T. C. Goyal, who has taken retirement this year after 17 years as Managing Director.

As you are aware, the Indian economy is poised on the cusp of a new era of exponential growth and rapid development under the leadership of our visionary Prime Minister, Shri Narendra Modi. This will undoubtedly open up new and unprecedented business opportunities in the country.

The Hon'ble Prime Minister's vision is indeed laudable. It aims at bringing in major reforms that will make it easier to do business in a corruption-free environment, attract investments under the novel 'Make in India' model and develop 100 Smart Cities.

This multi-dimensional and targeted thrust to unleash the energies of the nation and empower India's youth, would not only ensure rapid all-round economic growth and prosperity but also generate millions of job opportunities, and lead to better living standards for our countrymen in both urban and rural areas.

Needless to say, transformation on such a gigantic scale cannot be achieved overnight and will undoubtedly call for hard work and collective endeavour. It is inevitable, particularly in a vibrant democratic system such as ours that political compulsions, conflicting ideologies and diverse socio-economic interests will tend to delay the process of legislative reforms.

However, it is my firm belief that the need of the hour is to evolve a broad consensus on national issues and strike a harmonious balance between sectoral interests and overall national development.

As far as the real estate development sector is concerned, there is an urgent need for decision-takers and opinion-makers alike to realize that the health of a nation's economy is invariably measured by the vibrancy of the housing and construction industry.

In all developed countries, the number of new housing starts is regarded as an important economic indicator because of the strong forward and backward linkages the housing and construction industry has with various other sectors of the economy.

The number of residential housing units being built and sold, the volume of home loans sanctioned during a given period not only reflect the vitality of business activity in the country but also the social well-being of its citizens, apart from having an impact on several consumer durables and investment goods sector of the economy.

The ground reality, however, is that the residential housing market today is virtually at a standstill in most major cities. Millions of half-constructed apartment buildings are lying incomplete due to regulatory issues, extensive litigation and lack of fiscal and monetary policy support. Long delays have led to cost escalation and builders are saddled with heavy financial burdens, with the result that their projects have become financially unviable.

It is my apprehension that the projects that are lying uncompleted today will continue to remain in deep freeze unless there is swift intervention by the government in the form of a stimulus package to revitalize the residential housing market and to revive banks burdened with huge volumes of toxic debts.

Similar situations have happened in the past not only in other countries but also in India itself. In 2008, the government of the day came to the rescue of industry with much-needed stimulus packages. In America, too, the federal government responded very quickly to the US mortgage crisis by coming out with a variety of emergency bail-out measures.

To my mind, the situation in India relating to the residential housing sector today is much more alarming than it was back in 2008. Building activity has virtually come to a standstill. It has become financially unviable even to complete unfinished residential housing projects. Plans for new project launches by most builders have come down substantially.

Builders are being crippled by soaring input costs coupled with a severe credit squeeze and punitive levies. Adding to the difficulties are inordinate delays in obtaining clearances due to outmoded rules and regulations, impediments caused by judicial interventions and the dampening of the entire mortgage market due to high interest rates for home loans.

It is ironical that instead of addressing the root causes of the current crisis, the banking regulatory authorities are advising builders to cut the prices of housing units in what would practically amount to distress sales. Such prescriptions are not only unreasonable and impractical but would only further aggravate the situation on the ground. Residential housing projects cannot be expected to be built and sold on a no-profit basis.

The government should take a pragmatic look at the ground realities and come forward with rational solutions that would render it financially viable for builders to complete their ongoing projects and for consumers to start buying homes again. The aim should be to strike a harmonious balance that would promote rather than dissuade growth in the housing industry.

The proposed new reform regulations for the Real Estate sector are indeed a welcome step. At the same time, some of the provisions need to be revisited because, in my view, they are likely to result in creating more hurdles and hardship and discourage the launching of new housing projects. Reform legislation must strike the right balance in safeguarding the interests of all stake-holders. But if the Bill is passed in its present form, it will have far reaching adverse implications on the growth of housing activity in the country. Consequently, I am afraid there may not be any winners but only losers, such as builders, home buyers and the banks alike.

Having sounded this warning bell, however, I am glad to reassure all our stakeholders that Your Company has been able to weather the storm and will continue to do so in future also by virtue of having adopted a very sound and strong business model based on a judicious mix of Retail, Rental, Residential and Recreational projects.

DLF's strength lies in this unique business model, with earnings arising from both development and rentals. Our exposure across businesses, segments and geographies, mitigates any down-cycles in the market.

Our chain of state-of-the-art Shopping Malls, popular recreational facilities including premium Golf courses and other rental spaces and retail businesses ensure perennial revenue flows at a time when the entire residential housing market is facing a slump.

Ladies and Gentlemen, turning to your Company's performance, the Annual Report for the year ended 31st March, 2015 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.

As you would have noted, during the year under review, despite severe external challenges, the Company recorded a net profit after tax of Rs.540 crore as against Rs.646 crore in the previous year. The earnings per share stood at Rs. 3.03 as compared to Rs. 3.65 in financial year 2013-14.

Dear Stakeholders, on the auspicious occasion of this being the 50th AGM of Your Company, I feel it would be appropriate to touch briefly on the corporate history of DLF and call to mind some of the landmark achievements over the decades. Soon after independence of the country, your company pioneered the development of 22 of the earliest planned residential colonies of Delhi including Greater Kailash, South Extension, Hauz Khas and Kailash Colony, which have since evolved into the national capital's most sought after up-market localities uptill early 1960s.

Your Company's foray in the district of Gurgaon, Haryana started with DLF Qutab Enclave, born as a small 200-acre experiment in the 1980s. Now called DLF City, it is spread over 3,000 acres and is an integrated township, with some of India's finest residential, commercial and retail properties in a modern city infrastructure, including the region's best schools, hospitals, hotels and shopping malls.

The business district of Cyber City in Gurgaon, created by DLF, houses the offices of many of the largest global and Indian business houses, including GE, IBM, Microsoft, Citibank, Cognizant and Infosys, to name just a few.

Your Company also pioneered the retail revolution in the country by redefining shopping, recreation and leisure experiences with the launch of the City Centre mall in Gurgaon in 2000.

Today, Your Company has a pan-India presence across 24 cities in 15 States. Some of our landmark projects – Mall of India, Noida and Two Horizon Centre - will become operational soon. A new DLF Cyber Park in Gurgaon having 1.9 msf is being created for office space on the lines of DLF Cyber City. Your company can proudly say that its present rental space is perhaps the largest and the best office space in the country which together with the existing stock will make the state of the art rentable portfolio of approx 30 msf. It is expected to enhance the annuity income considerably, particularly since the demand for high quality office and retail spaces has been showing an upward trend.

I would also like to mention that in the recreation segment of Your Company's business, the new Gary Player golf course will not only be the pride of India but is one of the top golf courses in the world.

Throughout our history, it has always been our endeavour to strive for excellence. We can say with justifiable pride that DLF has created the best homes, offices, malls and golf courses in the country. This emphasis on world class quality is what has enhanced our brand image, given us a unique competitive cutting edge and enabled us to become the undisputed leader in the real estate development sector in India.

I am happy to inform you that during the period under review, as in earlier years, our uncompromising adherence to excellence and high quality has earned recognition through several global and domestic awards and accolades, of which I would like to mention just a few:

Emporio Mall, Promenade Mall, DLF Place (Saket), Cyber Hub and DLF Centre have been awarded by the British Safety Council for outstanding 'Occupational Health and Safety' standards in the five-star category. The 'Sword

of Honour Award' has been conferred on DLF Gurgaon Offices for Occupational Health & Safety audit.

DLF Promenade (Vasant Kunj) has won three prestigious awards in the categories of 'Best Shopping Mall of the Year (2015)', 'Most Admired Asian Shopping Mall of the Year' and 'Retailer of the Year'. Similarly, DLF Place (Saket) has been conferred awards for 'Best Marketing Campaign', 'Best Loyalty Programme' and 'Best In-House Magazine'.

In addition, the GOLD LEED Certification has been given for achieving excellence in Operations & Maintenance from the US Green Building Council to 14 DLF Buildings in Gurgaon and Chandigarh.

Ladies and Gentlemen, as you are aware Your Company accords special importance to its CSR and social outreach responsibilities. The year gone by has been an active and deeply satisfying one for the DLF Foundation.

Responding to the inspiring call of the Hon'ble Prime Minister, the Foundation has initiated several new programmes by adopting cluster of model villages, undertaking Swachh Haryana project, opening several new skill development centres and expanding nurturing talent programme aimed at hand holding and promoting talent amongst underprivileged students.

During 2014-15, the DLF Foundation won several prestigious awards for Best Community Action, Best Corporate Social Responsibility Practices and Comprehensive Healthcare Initiative programme.

We thank all partners and stakeholders of DLF Foundation for their valuable support and seek their continued guidance in the pursuit of our mission of 'Building Lives'.

I would like to take this opportunity to thank Your Company's stakeholders, especially our valued customers, employees and suppliers, Central and State Governments, Regulatory Authorities, investors, bankers and financial institutions for their continued faith and trust.

I thank all my colleagues on the Board for helping me in creating good governance culture across the organization and fulfilling the responsibilities of Board.

I would like to place on record the sincerity, hard work, commitment and dedication of the entire DLF team.

I seek your continued support in making the Company more sustainable and resilient to external challenges.

On the occasion of Your Company's 50th AGM, I would once again like to express my gratitude to all of you - our valued Shareholders - for your continued support in our shared mission of contributing to India's growth.

Thank you,

(Dr. K.P. Singh)
Chairman
DLF Limited
28th August, 2015
Gurgaon.