

CHAIRMAN'S SPEECH TO SHAREHOLDERS DLF 51st ANNUAL GENERAL MEETING

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to welcome you all to the 51st Annual General Meeting of the Company. At the very outset I would like to place on record my deep sense of gratitude to all stakeholders for your continued support for our efforts to surmount the challenges facing your Company in the recent past.

You will recall that last year I had appraised you of your Management's innovative and bold strategy to expand and diversify the revenue streams of your Company by adopting a sturdy business model based on a judicious mix of Retail, Rental, Residential and Recreational projects.

I am glad to report to you that, thanks to your unstinted co-operation, abundant goodwill and abiding faith, the strategic decisions taken by your Management are beginning to show positive results in terms of providing a richer product mix, lower debt, interest rate savings, longer tenure debt, staggered repayment options and enhanced liquidity.

While seeking your permission to take as read the Annual Report for the year ended 31st March, 2016 along with the Directors' Report and audited Annual Accounts of the Company which have already been circulated to you, I would however like to draw your attention very briefly to certain salient highlights.

During fiscal 2016, the Consolidated Revenues of your Company grew by 20.21% to Rs. 9,819.15 crore from Rs. 8,168.16 crore in the previous year. Earnings before Interest, Taxes, Depreciation and Amortization (EBIDTA) rose by 24.91% to Rs. 4,425.71 crore

from Rs. 3,543.17 crore in the previous year. Net profit was at Rs 549.39 crore, an increase of 1.69% from Rs. 540.24 crore. Earnings per share (EPS) for FY'16 stood at Rs. 3.08 as compared to Rs. 3.03 for FY'15.

These figures are indicative that your Company is now better equipped to not only weather the storms besetting the Indian economy in general and the Real Estate sector in particular, but your Management's bold and far-sighted emphasis on prioritizing core competencies has been a step in the right direction.

I take this opportunity to congratulate our vice-chairman, Mr. Rajiv Singh and his dynamic team for having had the wisdom and vision to anticipate well in advance the crisis in the residential housing market and seamlessly and successfully reorienting the business model best suited to expand and diversify the revenue streams of Your Company.

Your Company is now also well positioned to meet the anticipated demand from large global funds which are beginning to show increasing interest in investing in high-end retail and commercial properties, that are either complete or are nearing completion, which as you know are assets which can yield immediate returns.

I am happy in this context to inform you that your Company has once again demonstrated its ability to deliver high quality assets with the opening of DLF Mall of India, which is the first destination mall of the country housing many international brands and reputed brands of the country. Spread across retail space of 2 million (sq. ft. GLA), the delivery of 14 msf of completed assets for the second year running further bears out the commitment and capability of your Company to deliver such

large quality assets even during these testing times of general economic slowdown.

Your Company is now poised not just to navigate with renewed confidence the numerous challenges still shackling the Real Estate sector but also to take advantage of the new opportunities that are beginning to sprout due to some of the game-changing initiatives of our visionary Prime Minister, Shri Narendra Modi.

The launch of concepts and projects such as Make in India, StartUp India, Housing For All, Smart Cities and Digital India have the potential individually and collectively to open new vistas for developers of high quality commercial spaces and galvanize greater demand for the housing sector as well. Your Company is eminently capable of providing quality real estate products by embracing innovative technology, maximizing efficiencies and delivering state-of-the-art build-to-suit products.

Undoubtedly, the task of translating the Prime Minister's vision into reality requires a mission-mode approach on a national scale to unleash entrepreneurial energies through good governance, radical reforms and prudent policy implementation.

At the same time, utmost care needs to be taken to ensure that in the process of formulating major reform legislation the crucial objective of providing a level playing field by striking a harmonious balance between the interests of all stakeholders is not lost sight of.

The passage of the Real Estate Regulation Bill is a classic instance of a reform legislation that reflects the sincerity and commitment of the Government to bring about greater transparency in the Real Estate sector by creating an institutional infrastructure to protect the interests of consumers.

However, while the intention is laudable and RERA, as it is popularly referred to, will indeed be a game-changer, there are some serious anomalies in the actual provisions of the new legislation which in my view pose certain grave concerns for developers and other risk-taking players in real estate business.

To list a few of the concerns –

1. There is no provision for Single Window clearance of approvals, which is the single-most important requirement to cut red tape and delays;
2. There is no clarity on the distinction between Occupancy certificate and Completion certificate;
3. Unless land rates are based on books of accounts all costs incurred prior to starting of projects would not be added;
4. Joint Venture agreements would be adversely impacted;
5. The stipulation that sanctioned plans must be posted on websites would raise issues of Intellectual Property Rights.

Although there are numerous other anomalies in the new law which are unmistakably weighted against the interests of developers, I have listed just a few of them in the fond hope that perhaps at the time of framing of rules by individual States, appropriate amendments and vitally required corrections will be incorporated.

Unless this is done, I am afraid RERA could dampen rather than unleash the entrepreneurial spirit in real estate development. The country can ill-afford a situation akin to the 1960s and 1970s when punitive laws and restrictive policies stifled private sector growth and investment in the housing sector and led to the serious mismatch between supply and demand for real estate products which we have still not been able to bridge.

With my decades of experience in the real estate business it is my earnest appeal and advice that the loopholes and lacunae in RERA should be addressed so that there is a harmonious balance between protecting the interests of both developers and homeowners.

I now turn to your Company's deep commitment to corporate governance. Adopting best practices plays a key role in managing our risks and opportunities and in maintaining the trust of our shareholders. Sustainability is an indispensable part of our culture and this has become more important than ever in the present challenging times.

Over the past decade, we have consistently worked to integrate corporate responsibility and sustainability across every aspect of our business. We continue to invest significantly in order to create shared value with our employees, communities, customers, consumers and shareholders. Our sustainability initiatives focus on skill development, talent nurturing, village cluster development, Swachh Bharat Abhiyan, smart village, healthcare and education initiatives.

The progress made by DLF Foundation in CSR and social outreach activities is remarkable and has attracted much deserved appreciation and recognition. Among the many awards and accolades earned by DLF Foundation are: ABP News CSR Leadership Award in the Women Empowerment Category, Pt. Madan Mohan Malaviya Award for Best CSR Practices in Education, Asia Responsible Entrepreneurship Award, Giving Back – Excellence in CSR Award and Golden Peacock CSR Award.

I am happy to share with you that one of the DLF Scholars, Shri Kartik Sawhney, supported under its flagship 'Nurturing Talent' scheme did us proud by bagging the Queen's Young Leaders' Award 2016 for his outstanding innovation, 'Project STEM

Access’ which strives to give access to education to differently-abled students like him. He received the award from Her Majesty, Queen Elizabeth II of England at a ceremony held at Buckingham Palace, London. Kartik is one of the 60 global achievers from 45 countries who have been awarded for excellence in various fields.

I am also pleased to inform you that DLF Foundation’s Skill Development Programme won the Gold Medal for ‘Skilling India’ from ASSOCHAM. The award was presented by Union Minister for Skill Development and Entrepreneurship, Mr. Rajiv Pratap Rudy in March 2016.

I would like to thank all the partners and stakeholders of DLF Foundation for their dedicated support and I seek their continued and active participation in our future endeavours of Building Lives.

In conclusion, on behalf of the Board of Directors, 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. The Company will continue to maintain highest standard of governance and compliance practices in all its business activities.

Our employees and staff are at the heart of our success and I gratefully acknowledge their commitment and contribution. I would like to place on record the sincerity, hard work, commitment and dedication of the entire DLF team.

I thank all my colleagues on the Board for helping to create good governance culture across the organization and fulfilling the

responsibilities of the Board in the ever-stringent regulatory environment.

Once again, I express my gratitude to all stakeholders, investors, partners, associates and customers for their trust and support and look forward for your continued faith and goodwill in our shared mission of playing a dynamic role in India's growth story.

Thank you.

**K. P. Singh
Chairman, DLF Ltd.**
