



Q1 FY14 Analyst Presentation

August 13, 2013



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.

Q1FY14 Performance

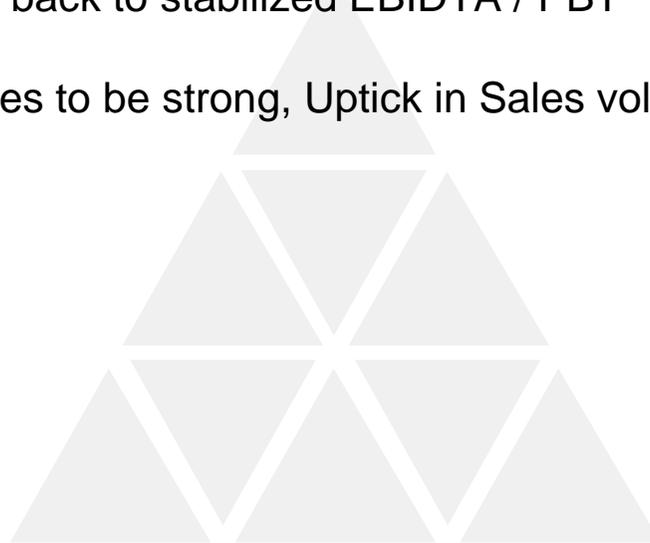


Summary: Milestones during the Quarter ...

- The Company successfully completed one of the largest Institutional Private Placements “IPP” having raised Rs. 1,863 crore
- Achieved gross sales bookings of ~ Rs. 2430 crore during Q1FY14 against Rs. 3,800 crore for the full FY13.
 - Launched ‘Crest’ in DLF 5, Gurgaon to an extremely strong response
 - Test marketing of ‘Camellias’ met with an encouraging response. All contracts with respect to the project already finalized and awarded
 - MyPad Lucknow – More than 60% stock sold at the launch
 - Sales as per strategy in other micro-markets such as Lucknow, Panchkula, Mullanpur, Bangalore, etc.
- Mall of India, NOIDA is under final stage of completion and is expected to open by the end of FY14.
- Completed the closing of Wind Energy Portfolio w.r.t. Gujarat & Tamil Nadu circles.
- Signed the agreement to sell Insurance business. Expect IRDA approval in 3QFY14. Upon completion, this will result in positive impact of Rs 100 + crore on annual basis

Summary: Milestones during the Quarter ...

- Sequentially, the net debt has declined from Rs. 21,700 crore to Rs. 20,369 crore. Given the pipeline of divestitures already executed, we maintain the FY14 guidance of net debt of Rs. 17,500 crore
- EBIDTA Margin – Returning back to stabilized EBIDTA / PBT
- Liquidity – Cashflow continues to be strong, Uptick in Sales volume will further improve cash in hand



Business Segment Performance – Q1FY 2014

■ DevCo:

- 1.81 msf gross sales of Rs 2430 crore booked in Q1FY14 vs 2 msf & Rs 1240 crore in Q4FY13
 - Phase V Gurgaon – 1.08 msf (Rs 1990 crore)
 - New Gurgaon – 0.06 msf (Rs 50 crore)
 - Delhi / Rest of India – 0.67 msf (Rs 390 crore)

■ RentCo:

- 0.39 msf of net leasing in Q1FY14 vs 0.18 msf in Q4FY13
- Rental income of Rs. 435 crore out of Rs. 480 crore of annuity income

■ Completions: ~ 5 msf handed during the Q1FY14 vs 9 msf in Q4FY13

■ Projects under Construction : 52 msf

■ NON CORE :

- Cashflow from Closure of Sale of Wind Business: Rs. 215 crore during Q1 and Rs 525 crore in July-13
- IPP Rs 1863 crore

Summary: Operating Performance

	Q1FY14		YTD FY14	
	Sales (msf)	Avg Rate (psf)	Sales (msf)	Avg Rate (psf)
Sales				
Gurgaon				
Phase V	1.07	18500	1.07	18500
Garden City	0.06	8200	0.06	8200
Delhi/Mumbai/ROI				
Luxury	-	-	-	-
Premium	0.67	5775	0.67	5775
	Q1FY14		YTD FY14	
	Net Leasing (msf)	Avg Rate (psf pm)	Net Leasing (msf)	Avg Rate (psf pm)
Leasing				
Office	0.19	54	0.19	54
Retail Malls	0.20	140	0.20	140

Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	92.35
Gurgaon (SEZ's)	Office	4.86	41.55
Others	Office	0.83	88.82
DAL (Chennai)	Office	5.67	87.06
DAL (Hyderabad)	Office	2.91	96.36
Kolkata/Chandigarh	Office	2.93	79.81
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	100.00
Chandigarh	Retail	0.19	96.66

Gross Annuity Income would grow to Rs 2,000 crore by end of FY14

Our Development Potential

Geography	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	117	33	150
Bengaluru	31	0	31
Delhi Metropolitan Region	19	5	24
Chennai	16	5	22
Hyderabad	19	1	19
Chandigarh Tri-City	23	0	23
Kolkata	4	2	5
Other Indian Cities	36	9	45
Total	265	55	320

Approx. 5 msf completed during Q1FY14 (i.e. Gurgaon, Chennai & Delhi)

Q1FY14 Financials



Disclaimer on account of change in Accounting Policy

- Cash shall precede earnings, as accounting recognition gets pushed out by 4-6 quarters
- Y-o-Y comparisons will be difficult, hence focus on operational parameters to gauge performance
- CREST - Impact of the change in Revenue / EBIDTA for Q1 FY14
 - Would have been higher by Rs 725 crore / 300 crore approximately
- New accounting policy will result in lag of recognition of revenue and profits by 12-18 months. “ Cash shall precede earnings ”

Consolidated P&L – Q1FY14

Sl.No.	Consolidated Financials	Q1 FY14 (Reveiwed)		Q4 FY13 (Audited)		Q1 FY13 (Reviewed)		Year ended FY13 (Audited)	
		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	2,314		2,226		2,198		7,773	
	Other Income	139		93		131		1,323	
	Total Income(A1+A2)	2,453	100%	2,319	100%	2,329	100%	9,095	100%
B)	Total Expenditure(B1+B2+B3)	1,399	57	1,500	65	1,131	49	5,147	57
1	Construction Cost	1,021	42	1,051	45	644	28	3,356	37
2	Staff cost	145	6	145	6	141	6	596	7
3	Other Expenditure	233	9	304	13	346	15	1,195	13
C)	Gross Profit Margin(%)		58%		55%		72%		63%
D)	EBITDA (D/A1) *	1,055	43	819	35	1,198	51	3,948	43
E)	EBIDTA (Margin)		43%		35%		51%		43%
F)	Financial charges	591	24	588	25	623	27	2,314	25
G)	Depreciation	178	7	186	8	179	8	796	9
H)	Profit/loss before exceptional items	285	12	45	2	396	17	838	9
I)	Exceptional items - Profit/(loss) (net)	6	0	(33)	1	-	0	(33)	0
J)	Profit/loss before taxes and after exceptional ite	291	12	12	1	396	17	805	9
K)	Taxes expense	91	4	(20)	-1	114	5	125	1
L)	Prior period expense/(income) (net)	1	0	21	1	1	0	17	0
M)	Net Profit after Taxes before Minority Interest	197	8	9	0	281	12	662	7
N)	Minority Interest	(24)	-1	(18)	-1	7	0	44	0
O)	Profit/(losss) of Associates	7	0	3	0	4	0	4	0
P)	Net Profit	181	7	(4)	0	293	13	712	8

* EBIDTA is after Exceptional provisions of Rs 108 crs

Consolidated Balance Sheet – Q1FY14

Balance Sheet	As on June 30, 2013 (Rs crs)	As on March 31, 2013 (Rs crs)
A. Equity and Liabilities	(Reviewed)	(Audited)
1 Shareholders' funds		
(a) Share capital	2155	2,139
(b) Reserves and surplus	27406	25,389
Sub-total - Shareholders' funds	29561	27,528
2. Share application money pending allotment	0	0
3. Minority interests	444	402
4. Non-current liabilities		
(a) Long-term borrowings	14420	15,542
(b) Other long-term liabilities	2308	2,242
(c) Long-term provisions	66	63
Sub-total - Non-current liabilities	16794	17,847
5. Current liabilities		
(a) Short-term borrowings	3253	3,536
(b) Trade payables	2590	2,698
(c) Other current liabilities	13831	11,947
(d) Short-term provisions	897	669
Sub-total - Current liabilities	20571	18,850
Total – Equity and Liabilities	67370	64,627

Consolidated Balance Sheet – Q1FY14

Balance Sheet	As on June 30, 2013 (Rs crs)	As on March 31, 2013 (Rs crs)
B. Assets		
1. Non-current assets		
(a) Fixed assets	26187	26,121
(b) Goodwill on consolidation	1627	1,562
(c) Non-current investments	994	1,011
(d) Deferred tax assets (net)	757	656
(e) Long-term loans and advances	3929	3,659
(f) Other non-current assets	60	86
Sub-total - Non-current assets	33554	33,095
2 Current assets		
(a) Current investments	1318	323
(b) Inventories	17937	17,646
(c) Trade receivables	1663	1,653
(d) Cash and cash equivalents	1958	1,844
(e) Short-term loans and advances	1799	1,672
(f) Other current assets	9141	8,394
Sub-total - Current assets	33816	31,532
Total – Assets	67370	64,627

Consolidated Cashflow

Particulars		Rs in crs	
		Period ended 30-Jun-13	Year ended 31-Mar-13
A.	Cash flow from operating activities:		
	Net profit before tax	291	806
	Adjustments for:		
	Depreciation	178	796
	Profit on sale of Wind Mill, net	(73)	-
	Loss / (profit) on sale of fixed assets, net	(4)	(19)
	Provision for doubtful debts/unclaimed balances written back/ exchange fluctuations and others	(13)	159
	Amortisation cost of Employee Stock Option	10	32
	Profit on sale of investments, net	(1)	(892)
	Prior period items	(0)	(4)
	Interest / gurantee charges	591	2,314
	Interest / dividend income	(92)	(275)
	Operating profit before working capital changes	887	2,918
	Adjustments for:		
	Trade and other receivables	(1,033)	(594)
	Inventories	(151)	(816)
	Trade and other payables	648	1,441
	Taxes paid (net of refunds)	(59)	(940)
	Net cash from operating activities	293	2,009
B.	Cash flow from investing activities:		
	(Purchase) / Sale of fixed assets (Including CWIP), net	(292)	(1,150)
	Proceeds from sale of Wind mill assets, net	185	-
	Interest/Dividend received	72	242
	Movement in share/debenture application money paid (net)	(50)	15
	Movement in fixed deposits with maturity more than 3 months (net)	(56)	(286)
	(Purchase) / Sale of Investment(net)	(992)	3,143
	Net cash used in investing activities	(1,133)	1,964
C.	Cash flow from financing activities:		
	Proceeds / (repayment) from borrowings (net)	(181)	(265)
	Increase in share capital / securities premium - IPP receipt	1,855	139
	Interest paid	(722)	(3,243)
	Dividend Paid (including dividend tax)	(47)	(583)
	Net cash used in financing activities	904	(3,951)
	Net increase / (decrease) in cash and cash equivalents	64	22
	Opening cash and cash equivalents	954	932
	Closing cash and cash equivalents	1,018	954
	Net Increase / (decrease)	64	22

Net Debt Position

Net Debt Position	Q4 13	Q1 14	Net Change
	Rs Crs	Rs Crs	Rs Crs
Gross Debt as per Balance Sheet	24801	24620	
Less : Equity shown as Debt / JV Co Debt	1197	1073	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	23604	23547	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	23806	23749	
Less : Cash in hand (Opening)	-2075	-3175	
Less : Increase due to Exchange fluctuation		-205	
Net Debt Position	21731	20369	-1362

Liquidity Outlook

F.Y.2013-14	(Rs crs)	
Total Debt Repayment		6200
Less :		
Signed Divestments, Awaiting Closure	2850	
IPP	1863	4713
Fresh Borrowings envisaged		1487
- Loan already Disbursed	1300	
- Loan already Sanctioned (Under Disbursal)	700	
- Fresh Limits under Sanction	3000	
- Cash in Hand	3175	

Will Achieve Targeted Net Debt Reduction irrespective of Aman

	Target	Rs. In crs
Net Debt (June 30 2013)		20,369
Less:		
Wind Assets	625	
Land Divestitures	1,770	
Business Divestitures (IDFC+Insurance+Star+Noida)	475	
		2,870
Targeted Net Debt (March 31, 2014)		17,500

Our guidance for Net Debt at the end of FY14 continues to be Rs. 17,500 crore

- Once Aman happens, we should better the net debt reduction target of Rs 17,500 crore
- As Mr. Zecha could not close the MBO on June 30, 2013, we have removed the exclusivity on the transaction and are currently in negotiations with more than 5 bidders/investors. Mr. Zecha continues to have the opportunity to close the transaction.
- We are confident of closure of the transaction in a short period of time at targeted valuations



Progress in Medium Term Strategy articulated in Feb-13

Performance Scorecard

Sl. No.		Target	Achieved Q1FY14	Details
I.	Sales Volume			
	"DLF 5"	1.5 msf/ yr	1.1 msf	Strong demand for Crest; Successful test marketing of Camellias
	New Gurgaon	2.5 msf/yr		
	Delhi/Mumbai/ROI	3.5 msf/yr	0.67 msf	Sales as per targets achieved in various micro markets such as Lucknow, Panchkula, New Chandigarh
II.	Leasing			
	Office	1-1.5 msf	0.39 msf	
III.	Non-Core			
	Wind Energy			Contracted on 3 circles ; Closure on 2 circles
	IPP			Completed in volatile market conditions; the largest IPP till date;
	Aman			Multiple bids under various stages of discussions; confident of a closure in a short period of time
	Insurance			Not part of the plan; closure subject to IRDA approval
IV	Net Debt	17500 crs	20,369 crs	On target to achieve Rs. 17,500 crs by March 2014
V	Improvement in interest rates			Reduced interest costs on fresh disbursements by 50ps; new sanctions at 12.5%
	Credit rating			Outlook revised from negative to stable
VI	Improvement of quality of debt			First CMBS from DLF stable finalized.



Thank You