



**Q1 FY15 Analyst Presentation**

**July 31, 2014**



# SAFE HARBOUR

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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	Details
I.	<b>Sales Volume</b>			
	"DLF 5"	1.5 msf/ yr	0.04 msf	
	New Gurgaon	2.5 msf/yr	0.03 msf	
	National Devco	3.5 msf/yr	0.31 msf	
II.	<b>Leasing</b>			
	Office	1-1.5 msf	0.71 msf	
	Malls			
III.	<b>Non-Core</b>		Rs 240 crs	
IV.	<b>Handing Over</b>		1.83 msf	Gurgaon Region
V.	<b>Net Debt</b>	18,500 crs	19064 crs	

- ***During Q1FY15 the outflow for Capex / Land / Govt. Charges Outflow was Rs 560 crore (approx). Non-Core inflow of Rs. 240 crore,***
- ***Rs. 240 crore of increase in Net Debt is attributable to Capex/Land/Govt Charges and the balance approx. Rs. 320 crore to Operations***

# Business Update till date ...

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## Within Q1

- Completed the first CMBS issue in India. Privately placed the CRISIL AA (SO) rated CMBS of DLF Emporio Limited and DLF Promenade Limited amounting to Rs. 900 crore with institutional debt investors such as mutual funds, insurance companies, etc.
- Other Divestments – Rs. 240 crore
- COMPAT order – appealed against the same in the Supreme Court – Supreme Court has stayed CCI for taking any cohesive action till next hearing on August 7 where respondents have been asked to file their replies

# Outlook – Slowdown Bottoming Out...

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## Government Moving Quickly into Action

- The new Government clearly articulated its fiscal policy for the FY15 and the targets going forward.
- The Government highlighted that the budget was not the only platform for policy action and that policy initiatives shall be taken with progress of time
  - Currently work is underway for industry friendly amendments in the labor and land acquisition laws
  - Recognition that real estate/housing sector is going to be a key contributor to the growth uptick story, hence special focus has been given in the current Budget proposals which not only include additional tax exemptions to the consumers but also categorizing 'affordable' housing sector as an infrastructure status, tax benefits to the REITs, etc.
- Revival of stalled projects worth more than Rs.1,00,000 crore is expected to give the necessary 'kick-start' to the economy
- Real Estate Specific Outlook
  - The ground situation continues to be challenging and demanding. It will take a few more quarters for the ground situation to improve.
  - Introduction of REITs and other tax benefits to the sector shall have a positive impact of the sector especially the commercial business.

# ■ Budget 2015: Specific Proposals for the Real Estate Sector

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## ■ REIT's – A positive move in the right direction:

- The new Governments 'speedy' move to consider tax incentives for REIT's is a positive move and a recognition that if India was to urbanize, attracting institutional capital will be key to that success.
  - Further tweaks would be required from the current proposals to make it comparable with tax laws in other nations such as Singapore
- Monetisation of rent yielding assets held by Real Estate players will allow developers to recycle capital yet control the quality of the asset
- Provide exit route for investments made by promoters/investors (subject to minimum lock-in for sponsors)
- Provide more stable equity financing as against debt financing
- Promotes real estate rental market

## ■ FDI Relaxation:

- Built-up area and capital conditions have been reduced from 50,000 sq mts to 20,000 sq mts and from US\$10m to US\$ 5m.

## ■ Affordability:

- In an effort to provide housing for all by 2022, the Govt shall provide Rs. 40 billion to NHB for low cost loans for the affordable housing
- Deduction limit for interest on housing loans has been raised from Rs. 1.5 lakhs to Rs. 2 lakhs p.a.
- Income tax exemption limit has been raised from Rs. 2 lakhs to Rs. 2.5 lakhs
- 80-C limit has been raised from Rs. 1 lakh to Rs. 1.5 lakh

# Medium Strategy And Goals...

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## Committed to our Medium Term Plan [As articulated in Feb 2013]:

- Deliver value and quality product to the customer in a timely fashion
  - Employ best in class Construction and Project Management companies
- No compromise on execution run rate despite slowdown in sales momentum
  - Create finished product thereby en-cashing market premium associated with finished product; create shareholder value through better realizations
- Continuous improvement of the quality of land by seeking licenses and payment of Govt. charges
- Net Debt expected to stay range bound in the short term, however attributable Net Debt to RentCo will continue to increase as RentCo EBITDA rises. Target is to make DevCo debt free.
- Continue to grow annuity incomes at run rate of 1.5 msf (net leasing)
  - Continue with the capex of the rent yielding projects which have already commenced
- Continuously improve the quality and pricing of debt through instruments such as CMBSs
- Continue to improve the quality of land through payment of government charges and infrastructural improvements

# Current Outlook

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## ■ Sales

- Shall take 18 months to come back to the original targets as articulated in Feb 2013
- Sales volume in most geographies shall continue at a moderate pace similar to FY14.
- As market improves, the Company shall monetize this mature stock worth Rs. 4,000 crore (approx.) Current CWIP of approved projects is more than Rs. 13,000 crore (approx)
- More focus shall be on selling more mature stock in existing projects rather than launching new projects

## ■ Debt

- Targeting more CMBSs during the current fiscal year to improve the quality of debt
- Keep the net debt range bound (+/- Rs. 500 crore across medium term) through tactical divestments of land



# Business Segment Performance....



# Business Segment Performance – Q1FY 2015

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## ■ DevCo:

- **0.38 msf gross sales of Rs 308 crore booked in Q1FY 15 vs 0.44 msf & Rs 310 crore in Q4FY 14**
  - DLF 5 Gurgaon – 0.04 msf (Rs 131 crore)
  - New Gurgaon – 0.03 msf ( Rs 24 crore )
  - Delhi / Rest of India – 0.31 msf ( Rs 153 crore )
- **Project under Construction : 57 msf**
- **1.83 msf handed over in Gurgaon during the Qtr**

## ■ RentCo:

- 0.71 msf Net leasing during Q1 15 vs 0.59 msf during Q4 14
- Annuity Income of Rs 525 crore

## ■ NON CORE :

- Received Rs. 240 crore

## Summary: Operating Performance

	Q1FY15	
	Sales (in msf)	Avg Rate (psf)
<b>Sales Booking</b>		
Gurgaon		
DLF 5	0.04	29223
Garden City	0.03	7420
National Devco		
Luxury	0.004	43199
Premium	0.30	4534
	Q1FY15	
	Leasing in (msf)	Avg Rate (psf)
<b>Leasing</b>		
Office	0.73	64
Retail Malls	-0.02	

## Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	94.73
Gurgaon ( SEZ's )	Office	4.86	68.37
Others	Office	0.83	99.25
DAL (Chennai)	Office	5.67	96.75
DAL (Hyderabad)	Office	2.91	100.00
Kolkata/Chandigarh	Office	2.93	80.41
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	93.49
Chandigarh	Retail	0.19	74.34

***In FY15, annuity Income to grow to Rs. 2,100 crore, a growth of 8%***

# Live Projects Across India

Projects	Size (msf) **	Sold till Q1-14-15 (msf)	Under Execution
<b>Legacy</b>			
New Town Heights & Express Greens	4.10	4.09	yes
Garden City-91-92	3.56	3.33	yes
Horizon Centre	1.19	0.52	Yes
Corporate Greens *	0.87	0.00	Yes
Capital Greens	5.20	5.20	Yes
Okhla	0.63	0.52	Yes
GK Kings Court *	0.23	0.16	Yes
Indore*	2.46	1.17	Yes
NTH-Kolkata*	1.68	1.65	Yes
Chennai *	3.80	3.33	Yes
Kochi	2.58	2.31	Yes
Banglore #	5.03	4.67	Yes
Hyderabad	3.44	2.74	Yes
Lucknow	3.10	2.91	Yes
Panchkula	4.03	3.55	Yes
Mullanpur #	4.23	3.80	Yes
Shimla	0.07	0.06	Yes
Kasauli	0.57	0.23	Yes
* Partly Handedover			
<b>New Projects</b>			
SkyCourt	1.25	1.17	yes
Ultima	2.17	0.63	Yes
Regal Garden	1.03	0.86	yes
Primus	1.24	1.21	yes
Crest	2.61	0.84	yes
Camillias	3.55	0.49	yes
Bhubneshwar	0.55	0.41	Yes
** Total size of the Project ; # Area Revised			

# Our Development Potential

Land Bank as on 30th June 2014			
Type of Real estate Development	Development Business	Lease Business	Total
	<b>Development Potential (msf)</b>		
Gurgaon	115	27	141
Bangaluru	31	0	31
Delhi Metropolitan Region	17	5	22
Chennai	16	5	22
Hyderabad	19	1	19
Chandigarh Tri-City	23	0	23
Kolkata	3	2	5
Other Indian Cities	36	9	44
<b>Total</b>	<b>259</b>	<b>48</b>	<b>307</b>
* 1 msf of DLF Share has been handed over during the Qtr.			

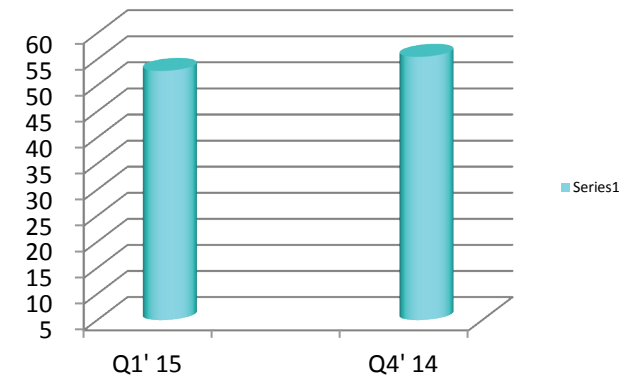
# DevCo Q1 FY15

Particulars	Total msf		
	Q1-15	Q1- 14	Q4- 14
<b>Sales Status</b>			
Opening Balance	47.06	47.47	47.63
Add:- Sale Booked During the Qty	0.38	1.82	00.44
Less : Handed over	1.83	2.49	(1.01)
Closing Balance	45.61	46.79	47.06

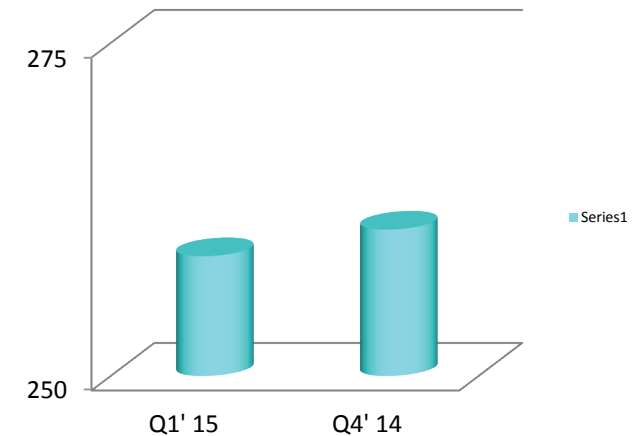
<b>Under Construction</b>			
Opening Balance	55.51	47.25	56.52
New Launches / Additions / Suspended	-	0.90	0.00
Less:- Handed over	1.83	2.49	(1.01)
Closing Balance	53.68	45.66	55.51

- 0.38 msf gross sales booked in Q1FY15 vs 0.44 msf in Q4FY14
- 1.83 msf handed over in Gurgaon Region during the Qtr

Under Construction (Msf)



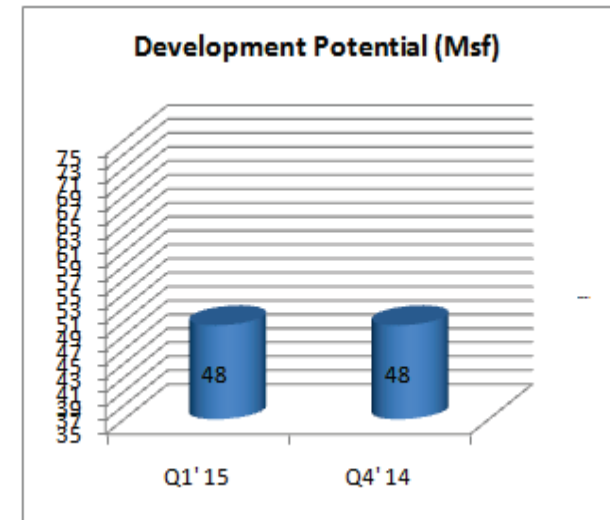
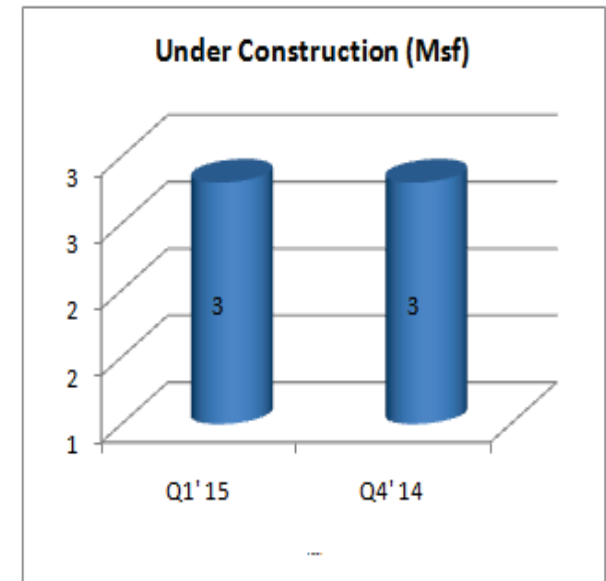
Development Potential (Msf)



# RentCo Q1 FY15

Particulars	Total msf		
	Q1-15	Q1- 14	Q4- 14
<b>Lease Status</b>			
Opening Balance	25.66	23.82	25.17
Add:- Lease Booked During the Qty	1.00	0.9	0.78
Less :- Cancellation	(0.29)	(0.5)	(0.29)
Less :- Sold / Adjustment			
Closing Balance	26.37	24.21	25.66

<b>Under Construction</b>			
Opening Balance	2.81	6.18	2.81
New Launches / Additions	0.00	0.00	0.00
Less:- Handed over	0.00	2.47	0.00
Less :- Suspension/Adju			
Closing Balance	2.81	3.71	2.81





# Summary Financials....



# Consolidated P&L – Q1 FY15

Sl.No.	Consolidated Financials	Q1 FY15 (Reveiwed)		Q4 FY14 (Audited)		Q1 FY14 (Reveiwed)		Year ended FY14 (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	1,725		1,969		2,314		8,298	
	Other Income	126		552		139		1,492	
	<b>Total Income(A1+A2)</b>	<b>1,851</b>	<b>100%</b>	<b>2,521</b>	<b>100%</b>	<b>2,453</b>	<b>100%</b>	<b>9,790</b>	<b>100%</b>
B)	<b>Total Expenditure(B1+B2+B3)</b>	<b>988</b>	<b>53</b>	<b>1,606</b>	<b>64</b>	<b>1,399</b>	<b>57</b>	<b>5,813</b>	<b>59</b>
1	Construction Cost	713	39	1,032	41	1,021	42	3,880	40
2	Staff cost	74	4	103	4	145	6	576	6
3	Other Expenditure	201	11	471	19	233	9	1,357	14
C)	<b>Gross Profit Margin(%)</b>		<b>61%</b>		<b>59%</b>		<b>58%</b>		<b>60%</b>
D)	<b>EBITDA (D/A1)</b>	<b>863</b>	<b>47</b>	<b>915</b>	<b>36</b>	<b>1,055</b>	<b>43</b>	<b>3,977</b>	<b>41</b>
E)	<b>EBIDTA ( Margin)</b>		<b>46%</b>		<b>36%</b>		<b>43%</b>		<b>40%</b>
F)	Financial charges	558	30	630	25	591	24	2,463	25
G)	Depreciation	134	7	163	6	178	7	663	7
H)	<b>Profit/loss before exceptional items</b>	<b>171</b>	<b>9</b>	<b>122</b>	<b>5</b>	<b>285</b>	<b>12</b>	<b>851</b>	<b>9</b>
I)	Exceptional items - (net)	(29)	-2	(3)	0	6	0	(330)	-3
J)	<b>Profit/loss before taxes and after exceptional ite</b>	<b>142</b>	<b>8</b>	<b>119</b>	<b>5</b>	<b>291</b>	<b>12</b>	<b>521</b>	<b>5</b>
K)	Taxes expense	30	2	(68)	-3	91	4	(84)	-1
L)	Prior period expense/(income) (net)	(0)	0	15	1	1	0	22	0
M)	<b>Net Profit after Taxes before Minority Interest</b>	<b>111</b>	<b>6</b>	<b>172</b>	<b>7</b>	<b>197</b>	<b>8</b>	<b>583</b>	<b>6</b>
N)	Minority Interest	17	1	44	2	(24)	-1	57	1
O)	Profit/(losss) of Associates	(0)	0	3	0	7	0	7	0
P)	<b>Net Profit</b>	<b>128</b>	<b>7</b>	<b>220</b>	<b>9</b>	<b>181</b>	<b>7</b>	<b>646</b>	<b>7</b>

# Consolidated Cash flow – Q1FY15

Particulars		All figures in Rs in crs	
		Period ended	Year ended
		30-Jun-14	31-Mar-14
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	<b>Profit before tax, minority interest and share of profit in associates</b>	<b>141</b>	<b>521</b>
	<b>Adjustments for:</b>		
	Depreciation	134	663
	Profit on sale of fixed assets, net	(0)	(5)
	Provision for doubtful debts/ unclaimed balances written back/ exchange fluctuations and others	26	178
	Exceptional items	29	330
	Amortisation cost of Employee Stock Option	4	18
	Profit on sale of investments, net	(1)	(848)
	Prior period items	0	(21)
	Interest / gurantee charges	558	2,463
	Interest / dividend income	(111)	(399)
	<b>Operating profit before working capital changes</b>	<b>780</b>	<b>2,901</b>
	<b>Movements in working capital:</b>		
	Trade and other receivables	(678)	(1,822)
	Inventories	198	(324)
	Trade and other payables	132	1,129
	Direct taxes paid ( net of refunds)	(56)	(416)
	<b>Net cash generated from operating activities</b>	<b>376</b>	<b>1,468</b>
<b>B.</b>	<b>Cash flow from investing activities:</b>		
	(Purchase) / Sale of fixed assets (Including capital work in progress /capital advances),	(213)	309
	Proceeds from disposal of exceptional items	-	1,361
	Interest/Dividend received	145	247
	Movement in share/debenture application money paid (net)	(0)	35
	Movement in fixed deposits with Bank	-	279
	(Purchase) / Sale of Investment(net)	(1,835)	1,693
	<b>Net cash (used in)/ generated from investing activities</b>	<b>(1,903)</b>	<b>3,924</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from / (repayment) of borrowings (net)	1,691	(2,216)
	Increase in share capital / securities premium (including IPP)	0	1,515
	Interest paid	(760)	(3,225)
	Dividend Paid (including dividend distribution tax)	(71)	(606)
	<b>Net cash generated from /(used in) financing activities</b>	<b>860</b>	<b>(4,532)</b>
	<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(667)</b>	<b>860</b>
	<b>Opening cash and cash equivalents</b>	<b>1,844</b>	<b>984</b>
	<b>Closing cash and cash equivalents</b>	<b>1,177</b>	<b>1,844</b>
	<b>Net Increase / (decrease)</b>	<b>(667)</b>	<b>860</b>

# Consolidated Balance Sheet

<b>DLF LIMITED</b>		
<b>Unaudited Consolidated Balance Sheet as at June 30, 2014</b>		
	<u>All figures in Rs. Crs.</u>	
	June-14	March-14
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	2,156	2,155
Reserves and surplus	27,107	27,039
Money received against share warrants		
	<b>29,263</b>	<b>29,194</b>
<b>Share application money pending allotment</b>	0	0
<b>Minority interests</b>	186	202
<b>Non-current liabilities</b>		
Long-term borrowings	16,636	13,579
Other long term liabilities	2,201	2,221
Long-term provisions	51	48
	<b>18,888</b>	<b>15,849</b>
<b>Current liabilities</b>		
Short-term borrowings	3,166	3,004
Trade payables	1,935	2,281
Other current liabilities	12,430	13,438
Short-term provisions	625	533
	<b>18,156</b>	<b>19,257</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>66,493</b>	<b>64,502</b>

# Consolidated Balance Sheet

Contd.....

<b>DLF LIMITED</b>		
<b>Unaudited Consolidated Balance Sheet as at June 30, 2014</b>		
	<b>All figures in Rs. Crs.</b>	
	<b>June-14</b>	<b>March-14</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	23,770	23,617
Goodwill on consolidation	1,197	1,197
Non-current investments	384	375
Deferred tax assets (Net)	1,125	1,018
Long-term loans and advances	3,876	3,822
Other non-current assets	56	51
	<b>30,407</b>	<b>30,079</b>
<b>Current assets</b>		
Current investments	2,344	516
Inventories	18,437	18,489
Trade receivables	1,513	1,561
Cash and bank balances	1,773	2,442
Short-term loans and advances	2,319	1,983
Other current assets	9,701	9,432
	<b>36,086</b>	<b>34,423</b>
<b>TOTAL ASSETS</b>	<b>66,493</b>	<b>64,502</b>
<b>Significant accounting policies</b>		
<b>The accompanying notes are an integral part of the unaudited consolidated financial statements</b>		

# Liquidity Update

Net Debt Position	Q4 14	Q1 15	Net Change
	All figures in Rs Crs		
Gross Debt as per Balance Sheet	22334	24025	
Less : Equity shown as Debt / JV Co Debt	1072	1080	
Gross Debt ( Net of Equity shown as Debt / JV Co Debt )	21262	22945	
Pref. Shares	202	202	
<b>Gross Debt Position ( Net of Equity shown as Debt / JV Co Debt )</b>	<b>21464</b>	<b>23147</b>	
Less : Cash in hand	-2861	-4021	
Less : Increase due to Exchange fluctuation	-77	-63	
<b>Net Debt Position</b>	<b>18526</b>	<b>19064</b>	<b>538</b>



**Thank You**