



Q4 FY14 Analyst Presentation

May 29, 2014



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.

Performance Scorecard

Sl. No.		Target	Achieved FY14	Details
I.	Sales Volume			
	"DLF 5"	1.5 msf/ yr	1.28 msf	
	New Gurgaon	2.5 msf/yr	0.44 msf	
	Delhi/Mumbai/ROI	3.5 msf/yr	2.03 msf	
II.	Leasing			
	Office	1-1.5 msf	1.7 msf	
	Malls			
III.	Non-Core	5,500 crs	5,930 crs	
	Wind Energy			Completed
	IPP			Completed
	Insurance			Completed
	Aman			Completed
	DDA Transaction			Completed
IV	Net Debt	17,500 crs	18,500 crs	

Capex / Land / Govt. Charges Outflow during FY14 - Rs 1,850 crore (approx)

Business Update till date ...

Within Q4

- Closed the divestiture of Silverlink Resorts Ltd. (Aman), ex-Lodhi property, for Enterprise Value of USD358 million. All moneys received.
- Settled the dispute with DDA on the Dwarka Convention Center at Rs. 676 crore

Since April 1, 2014

- Completed the first CMBS issue in India. Privately placed the CRISIL AA (SO) rated CMBS of DLF Emporio Ltd. amounting to Rs 525 crore with institutional debt investors such as mutual funds, insurance companies, etc.
- Other Divestments . Rs 240 crore
- COMPAT order . to be appealed against in the Supreme Court

Outlook – Clear Shift Towards Growth Trajectory...

- With a decisive and a clear mandate by the Indian electorate to the Modi Government (first time since 1984), there has been a perceptible improvement in the business sentiment within the country:
 - The stock market, an early barometer, is already reflecting the positive expectations of the investor community
 - The initial economic policy pronouncements by the Government are headed in the right direction, namely low fiscal deficit, stable tax regime, unfreezing the stuck projects, pushing through key pending legislations, etc.
 - The real estate/housing sector is going to be a key contributor to this growth story. We are hopeful that the Govt will further liberalize the FDI regime and also give freer access to cheaper capital, including allowing REITs.
 - As the supply side issues get addressed, inflationary expectations are expected to decline resulting in lower interest rates. However, this is expected to happen with a lag of few quarters (2nd half of FY15 in the best scenario).
 - Given the above, the resultant uptick in consumer demand for real estate should become clearly evident within a couple of quarters.

Committed To Our Medium Term Strategy And Goals...

Medium Term Plan [As articulated in Feb 2013]:

- Committed to deliver value and quality product to the customer in a timely fashion
- No compromise on execution run rate; create shareholder value through better realizations; improve the quality of land or built-up assets
- Achieve positive cash flow (post Capex and Statutory land charges), any deficit related to Capex/ Statutory land charges to be met through divestments;
- Target Net Debt only on rental assets/income; make the DevCo debt free.
- Continuously improve the quality of debt:
 - Increase the tenure from 3.5 years (approx) to 5 years
 - Lowering the cost of debt by 150-200 bps
 - Tap capital markets through CMBS like paper; reduce exposure to the banking sector

Operations Strategy...

- Slowdown in the economic environment resulted in moderate achievement against sales volume target. This is expected to continue for atleast next 2 quarters before we see improvement on the ground. Full revival is expected early next fiscal year
- With a potentially improving market and consumer sentiment, the strategy is to be ready for the growth uptick (likely in 2nd half of FY15). In the current scenario continue with
 - ↗ Construction activity at all launched projects; focus on quality, timely delivery, safety and compliance
 - Hired best in class 3rd party construction companies and PMC's
 - ↗ Continue creating more mature stock for sale, thereby monetizing at better realizations when the sales volumes improve
 - ↗ Meet all land charges commitments & get requisite approvals . improve the quality of land
 - ↗ Infrastructure upgradation
 - ↗ Continue to grow annuity income at a run rate as in the recent past, targeting 1.5 msf (net leasing)
 - Continue with the capex of the rent yielding projects already commenced

Sales Outlook

- It will take 18-24 months to come back to the original targets as articulated in Feb 2013 for normalized market/business conditions.
- Sales volume in most geographies shall continue at a moderate pace similar to FY14. Any growth uptick shall be only in the 2nd half of FY15.
- Currently, the Company has finished stock worth Rs. 4,000 crore (approx) and launched & under construction stock in excess of Rs. 13,000 crore (approx) and new launches in pipeline worth Rs. 7,000 crore (approx). As market improves, the Company shall monetize this mature stock.
- The current approval cycle is around 12-18 months for new projects, giving the Company enough time to prepare for any future new launches

GURGAON :

Camellias, DLF5
Crest, DLF5
New City, New Gurgaon
Ultima, New Gurgaon
Sky Court & Regal Garden

DELHI / REST OF INDIA :

Capital Greens 5, New Delhi
Greater Kailash, New Delhi
Chandigarh Tri City & Lucknow,
Delhi Commercial
South India . Bangalore, Chennai, Kochi

Debt Plan Strategy...

- Given the current and future growth of annuity flows, the Company is comfortable with the level of current net debt.
 - Current run rate of annuity income in excess of Rs. 2,000 crore support Debt of 12,000 crore
 - Debt attributable to Rentco is in excess of Rs 14,000 crore(including Capex). Residual Net Devco Debt is under 5,000 crore
 - Built-up stock office spaces of 4 msf and under construction retail malls of 2msf shall take the steady state annuity flows to Rs. 3,000 crore p.a. in medium term which can easily support Self Liquidated Debt of ~ Rs. 18,000 crore
 - The net debt attributable to RentCo is now 75% (approx) which is expected to grow to ~90% in the medium term
 - Meanwhile continue to focus on opportunities to improve the quality and tenure of debt, such as through issuance of CMBS etc to:
 - Term out the liability
 - Reduce cost of debt ~ interest cost savings of 150-200 bps (approx)
 - Release banking limits
 - Create FCF
- In the near term, tactical divestments of land may continue to support capex/land related charges so that the net debt remains range bound (+/- Rs. 500 crore of the current levels)
- Any downward revision of interest rates shall directly benefit the Company with reduced financing costs

Business Segment Performance....



Business Segment Performance – Q4FY 2014

■ DevCo:

- **0.44 msf gross sales of Rs 310 crore booked in Q4FY14 vs 0.60 msf & Rs 600 crore in Q3FY14**
 - DLF 5 Gurgaon . 0.01 msf (Rs 48 crore)
 - New Gurgaon . 0.1 msf (Rs 85 crore)
 - Delhi / Rest of India . 0.33 msf (Rs 175 crore)
- Total FY14 Sale booking of Rs 4,070 crore vs Total Sales booking for FY13 was Rs 3,815 crore
- **Project under Construction : 59 msf**
- **Approx. 1 msf handed over during the Qtr**

■ RentCo:

- 1.70 msf Net leasing in Offices during FY14 vs 1.14 msf for FY13
- 0.59 msf of net leasing in Q4FY14
- Annuity Income (ex-Wind) of Rs 495 crore

■ NON CORE :

- Received Rs. 2,945 crore on account of Aman & DDA transaction during Q4

Business Segment Performance – FY 2014

■ DevCo:

- **3.74 msf gross sales of Rs 4070 crore booked in FY14 vs 7.23 msf & Rs 3815 crore in FY13**
 - DLF 5 Gurgaon . 1.288 msf (Rs 2605 crore)
 - New Gurgaon . 0.44 msf (Rs 405 crore)
 - Delhi / Rest of India . 2.03 msf (Rs 1,060 crore)
- **Project under Construction : 59 msf**
- **Approx. 4.26 msf handed over during FY14 (Chennai, Bldg. 14, Cyber Hub, NTH Kolkata, GK, Indore & OMR)**

■ RentCo:

- **1.70 msf Net leasing in Offices during FY14 vs 1.14 msf for FY13**
- Annuity Income (ex-Wind) of ~ Rs 1950 crore

■ NON CORE :

- Received Rs. 5,930 crore during FY14

Summary: Operating Performance

	Q4FY14		YTD FY 14	
	Sales (in msf)	Avg Rate (Rs psf)	Sales (in msf)	Avg Rate (Rs psf)
Sales Booking				
Gurgaon				
DLF 5	0.01	31968	1.28	20277
Garden City	0.09	8948	0.44	9142
Delhi/Mumbai/ROI				
Luxury			0.01	43738
Premium	0.33	5298	2.02	5122
	Q4FY14		YTD FY 14	
	Leasing in (msf)	Avg Rate (psf)	Leasing in (msf)	Avg Rate (psf)
Leasing				
Office	0.57	57	1.68	54
Retail Malls	-0.07		0.17	139

Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	94.72
Gurgaon (SEZ's)	Office	4.86	52.62
Others	Office	0.83	90.99
DAL (Chennai)	Office	5.67	97.28
DAL (Hyderabad)	Office	2.91	100.00
Kolkata/Chandigarh	Office	2.93	80.93
Delhi (Corporate Office)	Office	0.17	98.18
Malls			
Delhi	Retail	1.42	100.00
Chandigarh	Retail	0.19	76.97

FY 14 Annuity Income: 1,950 crore In FY15, annuity Income to grow to Rs. 2,100 crore, a growth of 8%

Live Projects Across India

Projects	Size (msf) **	Sold till Q4 (msf)	Under Execution
Legacy			
New Town Heights & Express Greens	4.10	4.09	yes
Garden City-91-92	3.56	3.37	yes
Corporate Greens	2.70	1.58	yes
Horizon Centre	1.19	0.52	Yes
Capital Greens	5.20	5.20	Yes
Okhla	0.63	0.52	Yes
GK Kings Court *	0.23	0.13	Yes
Indore *	2.46	1.12	Yes
NTH-Kolkata*	1.68	1.64	Yes
Chennai *	3.80	3.36	Yes
Kochi	2.58	2.31	Yes
Banglore	5.18	4.64	Yes
Hyderabad	3.44	2.64	Yes
Lucknow	3.10	3.10	Yes
Panchkula	4.03	3.56	Yes
Mullanpur	3.89	3.75	Yes
Shimla	0.07	0.06	Yes
Kasauli	0.57	0.23	Yes
* Partly Handedover			
New Projects			
SkyCourt	1.25	1.16	yes
Ultima	2.17	0.63	Yes
Regal Garden	1.03	0.85	yes
Primus	1.24	1.22	yes
Crest	2.61	0.84	yes
Camillias	3.55	0.45	yes
Bhubneshwar	0.55	0.36	Yes
** Total size of the Project			

Our Development Potential

Land Bank as on 31st Mar 2014			
Type of Real estate Development	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	116	27	142
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
Total	260	48	308

Summary Financials....



Consolidated P&L – Q4 FY14

Sl.No.	Consolidated Financials	Q4 FY14 (Audited)		Q3 FY14 (Revised)		Q4 FY13 (Audited)		Year ended FY14 (Audited)		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	Rs. Crs.	Percentage of Total Revenue
A)											
1	Sales and Other Receipts	1,969		2,058		2,226		8,298		7,773	
	Other Income	552		532		93		1,492		1,323	
	Total Income(A1+A2)	2,521	100%	2,590	100%	2,319	100%	9,790	100%	9,095	100%
B)	Total Expenditure(B1+B2+B3)	1,606	64	1,446	56	1,500	65	5,813	59	5,147	57
1	Construction Cost	1,032	41	949	37	1,051	45	3,880	40	3,356	37
2	Staff cost	103	4	142	5	145	6	576	6	596	7
3	Other Expenditure	471	19	355	14	304	13	1,357	14	1,195	13
C)	Gross Profit Margin(%)		59%		63%		55%		60%		63%
D)	EBITDA (D/A1)	915	36	1,144	44	819	35	3,977	41	3,948	43
E)	EBIDTA (Margin)		36%		44%		35%		40%		43%
F)	Financial charges	630	25	633	24	588	25	2,463	25	2,314	25
G)	Depreciation	163	6	156	6	186	8	663	7	796	9
H)	Profit/loss before exceptional items	122	5	355	14	45	2	851	9	838	9
I)	Exceptional items - (net)	(3)	0	(412)	-16	(33)	1	(330)	-3	(33)	0
J)	Profit/loss before taxes and after exceptional ite	119	5	(57)	-2	12	1	521	5	805	9
K)	Taxes expense	(68)	-3	(193)	-7	(20)	-1	(84)	-1	125	1
L)	Prior period expense/(income) (net)	15	1	9	0	21	1	22	0	17	0
M)	Net Profit after Taxes before Minority Interest	172	7	125	5	9	0	583	6	662	7
N)	Minority Interest	44	2	24	1	(18)	-1	57	1	44	0
O)	Profit/(loss) of Associates	3	0	(4)	0	3	0	7	0	4	0
P)	Net Profit	220	9	145	6	(4)	0	646	7	712	8

Consolidated Balance Sheet

Particulars	₹ Crs.	
	As on March 31, 2014 (Audited)	As on March 31, 2013 (Audited)
A. Equity and Liabilities		
1 Shareholders' funds		
(a) Share capital	2,155	2,139
(b) Reserves and surplus	27,039	25,389
Sub-total - Shareholders' funds	29,194	27,528
2. Share application money pending allotment	0	0
3. Minority interests	202	402
4. Non-current liabilities		
(a) Long-term borrowings	13,579	15,542
(b) Other long-term liabilities	2,221	2,242
(c) Long-term provisions	48	63
Sub-total - Non-current liabilities	15,849	17,847
5. Current liabilities		
(a) Short-term borrowings	3,004	3,536
(b) Trade payables	2,281	2,698
(c) Other current liabilities	13,438	11,947
(d) Short-term provisions	533	670
Sub-total - Current liabilities	19,257	18,850
Total – Equity and Liabilities	64,502	64,627

Consolidated Balance Sheet

Contd.....

Particulars	As on March 31, 2014 (Audited)	As on March 31, 2013 (Audited)
B. Assets		
1. Non-current assets		
(a) Fixed assets	23,617	26,121
(b) Goodwill on consolidation	1,197	1,562
(c) Non-current investments	375	1,011
(d) Deferred tax assets (net)	1,018	656
(e) Long-term loans and advances	3,822	3,658
(f) Other non-current assets	51	86
Sub-total - Non-current assets	30,079	33,095
2 Current assets		
(a) Current investments	516	323
(b) Inventories	18,489	17,646
(c) Trade receivables	1,561	1,653
(d) Cash and cash equivalents	2,442	1,844
(e) Short-term loans and advances	1,983	1,672
(f) Other current assets	9,432	8,394
Sub-total - Current assets	34,423	31,532
Total – Assets	64,502	64,627

Consolidated Cashflow

Details of Cash flow for the period ended March 31, 2014

Particulars	Rs in crs		Rs in crs
	Period ended 31-Mar-14	Period ended 31-Dec-13	Year ended 31-Mar-13
A. Cash flow from operating activities:			
Net profit before tax	521	401	806
Adjustments for:			
Depreciation	663	500	796
Profit on sale of Wind Mill, net	(154)	(152)	-
Loss / (profit) on sale of fixed assets, net	(5)	(7)	(19)
Provision for doubtful debts/unclaimed balances written back/ exchange fluctuations and others	178	47	231
Provision for CWIP	411	411	
Amortisation cost of Employee Stock Option	18	15	(39)
Profit on sale of investments, net	(417)	(42)	(902)
Prior period items	(21)	(0)	6
Interest / gurantee charges	2,463	1,834	2,314
Interest / dividend income	(399)	(301)	(275)
Operating profit before working capital changes	3,258	2,707	2,918
Adjustments for:			
Trade and other receivables	(1,545)	(1,114)	(594)
Inventories	(501)	(907)	(816)
Trade and other payables	1,050	1,413	1,441
Taxes paid (net of refunds)	(286)	(31)	(940)
Net cash from operating activities	1,976	2,067	2,009
B. Cash flow from investing activities:			
(Purchase) / Sale of fixed assets (Including CWIP), net	901	(530)	(1,150)
Proceeds from sale of Wind mill assets, net	802	777	-
Interest/Dividend received	314	219	242
Movement in share/debenture application money paid (net)	35	(65)	15
Movement in fixed deposits with maturity more than 3 months (net)	(56)	(56)	(286)
(Purchase) / Sale of Investment(net)	974	(674)	3,143
Net cash used in investing activities	2,969	(329)	1,964
C. Cash flow from financing activities:			
Proceeds / (repayment) from borrowings (net)	(2,467)	(440)	(265)
Increase in share capital / securities premium - IPP receipt	1,895	1,895	139
Interest paid	(3,225)	(2,267)	(3,243)
Dividend Paid (including dividend tax)	(606)	(559)	(583)
Net cash used in financing activities	(4,403)	(1,371)	(3,951)
Net increase / (decrease) in cash and cash equivalents	542	367	22
Opening cash and cash equivalents	953	953	932
Closing cash and cash equivalents	1,495	1,321	954
Net Increase / (decrease)	542	368	22

Liquidity Outlook

Net Debt Position	Q3 14	Q4 14	Net Change
	Rs Crs	Rs Crs	Rs Crs
Gross Debt as per Balance Sheet	24361	22334	
Less : Equity shown as Debt / JV Co Debt	1061	1072	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	23300	21262	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	23502	21464	-2038
Less : Cash in hand (Opening)	-3257	-2861	
Less : Increase due to Exchange fluctuation *	-319	-77	
Net Debt Position **	19926	18526	1400

*Sharp drop in Exchange fluctuation due to divestment of Aman

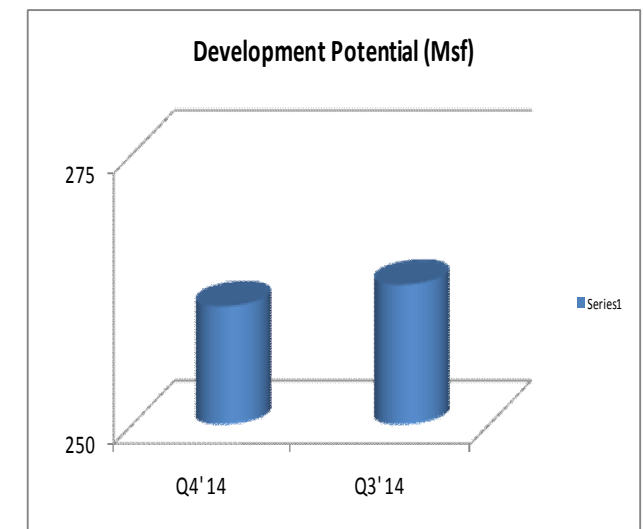
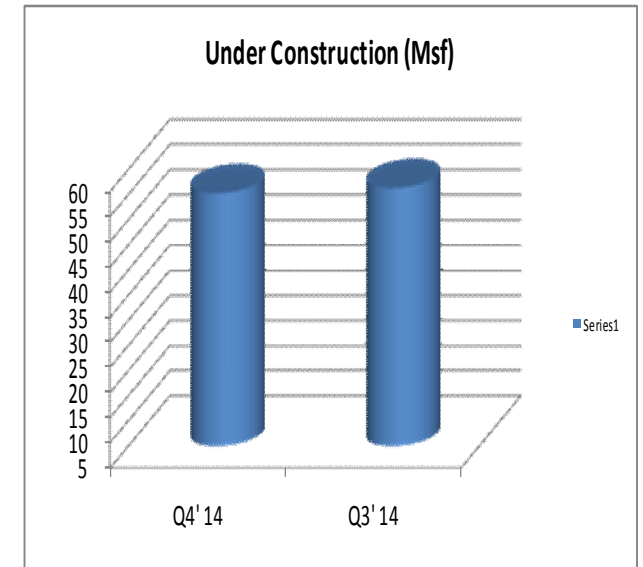
** Pursuant to RBI permission, re-entered hedge for extension of ECB upto July -2021

DevCo Q4 FY14

Particulars	Total msf		
	Q4-14	Q4- 13	Q3- 14
Sales Status			
Opening Balance	47.63	54.48	47.7
Add:- Sale Booked During the Qty	0.44	1.99	0.6
Less : Handed over / Suspended	(1.01)	(9.00)	((0.67)
Closing Balance	47.06	47.47	47.63

Under Construction			
Opening Balance	56.52	55.11	48.85
New Launches / Additions / Suspended	0.00	3.97	8.34
Less:- Handed over	(1.01)	(9.00)	(0.67)
Closing Balance	55.51	50.09	56.52

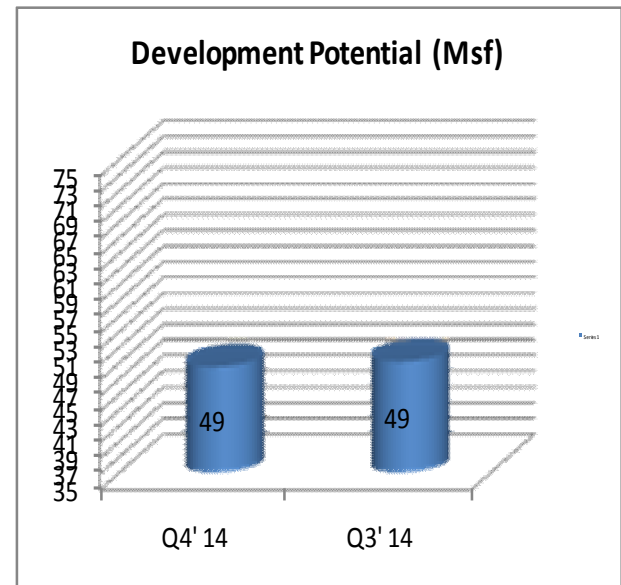
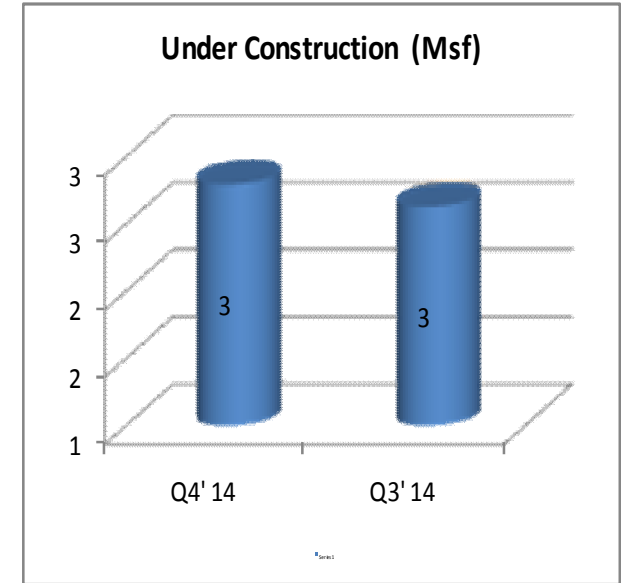
➤0.44 msf gross sales booked in Q4FY14 vs 0.60 msf in Q3FY14



RentCo Q4 FY14

Particulars	Total msf		
	Q4-14	Q4- 13	Q3- 14
Lease Status			
Opening Balance	25.17	23.64	24.82
Add:- Lease Booked During the Qty	0.78	0.52	0.62
Less :- Cancellation	(0.29)	(0.34)	(0.27)
Less :- Sold / Adjustment			
Closing Balance	25.66	23.82	25.17

Under Construction			
Opening Balance	2.81	6.12	2.64
New Launches / Additions	0.00	0.06	0.17
Less:- Handed over	0.00	0.00	0.00
Less :- Suspension/Adju			
Closing Balance	2.81	6.18	2.81





Thank You