



**Q1 FY16 Analyst Presentation**

**August 13, 2015**



# 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 FY16
I.	<b>Sales Volume</b>		
	"DLF 5"	1.5 msf/ yr	0.31 msf
	New Gurgaon	2.5 msf/yr	0.0 msf
	National Devco	3.5 msf/yr	(0.17) msf
II.	<b>Leasing</b>		
	Office	1-1.5 msf	0.21 msf
	Malls		
III.	<b>Completion</b>		1.21 msf
IV.	<b>Net Debt</b>		21598 crs
	<b>Rentco (attributable)</b>		14000 crs
	<b>Devco</b>		7598 crs

# Macro Outlook..

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- Central Government's initiatives on the economy has started to yield results. IIP is at a four month peak of 3.8% and CPI is down to a low of 3.78%. Core sectors such as Roadways, Coal and Power have started to grow. Consensus is that India will grow faster than most large economies of the world. Demand side will get spurred as interest rates start to decline, coupled with growth of incomes.
- Given the macro trends, the probability of RBI reducing the interest rates is increasing. The only spanner is rupee volatility given the devaluation of Chinese Renminbi and increasing of interest rates by the US Fed.
- From sector perspective, the Real Estate industry continues to face head winds. Developers are sitting on half finished projects. Access to liquidity is limited and costs are exorbitant.
  - Given the price at which many of these projects were sold, the developers neither have the capability nor any incentive to finish the projects. Additionally, most of the new locations are plagued with infrastructure deficits resulting in further constraints and low consumer interest
  - Whilst the Government is trying to encourage investments into the sector through policies such as 'Smart Cities'; it will, however, take years for things to play out. More pro-active steps are required, else the stress in the sector would increase.
  - The draft Real Estate Regulatory Bill in the current form, even though well intentioned, will harm the sector. It shall impact consumer adversely in the absence of clear initiative to resolve delays in regulatory approvals. Besides, an additional layer of approvals shall only cause delays in delivery and increase in pricing.

# Company Strategy....

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- Despite the head winds, the Company has met all stakeholder commitments and government obligations in a timely fashion and remains committed to do so in the future. In lieu of the same, the Company continues to focus on:
  - **Meeting Customer Commitments:** Over 20 msf is expected to be delivered during the next few quarters.
  - **Execution:** Despite muted demand conditions in most micro markets, the Company is focused on execution to create finished product. The Company believes that this is a superior strategy as compared to launching new projects. Once the demand comes back, the Company shall be able to sell completed, finished products.
  - **Create Differentiated Destinations:** Massive infrastructure investments are at an advanced stage which shall only improve the attractiveness of DLF City especially DLF5. Once the road augmentation project gets completed in next 12 months, DLF5 will offer unparalleled lifestyle to the discerning. The Company intends to follow similar strategy in the future in NCR and other cities.
  - **Debt Management:** The Company is fully committed to improving its quality of debt and also to reduce debt attributable to the DevCo. It continues to tap banking or capital markets to access long tenor debt. It is also in dialogue with a few marquee private equity investors at the project level which would reduce DevCo debt, thereby mitigating market risks whilst sharing financial returns
    - The Net Debt attributable to Devco is Rs. 7,598 crore whilst Rs. 14,000 crore is attributable to RentCo.

# Company Strategy (Contd)....

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- **RentCo Business:** The offices and retail business shall continue to show decent growth. The Company has successfully created a large platform of rental assets. The Company is exploring possibilities of partnering with large, long term investors in order to participate in this growth and create substantial shareholder value. The Company believes that it has created a large platform of rent yielding commercial office and retail assets which is now ready to be partially monetised through sale of equity. This strategy shall allow the Company to sharply reduce debt and also create growth in shareholder value
  - In lieu of the above, the Company is looking forward to begin commercial operation of Mall of India, Noida upon receipt of regulatory approvals. The Company has just initiated development of a 2 msf (approx) office complex in Cyber City Gurgaon
- By end of FY16, the Company is on target to achieve an annuity income of Rs. 2,400 crore & steady state Run Rate Rs 2,700 crore (approx) on an asset base of 30msf (approx).
- With the clarity emerging on the REITs Code and tax applicability, the Committee of Independent Directors are expected to complete their strategic review of the RentCo business and recommend the best path to the Board, not only to resolve the Promoter CCPS issue but also create a 'RentCo' platform in partnership with large, long term investors
- The Company is taking appropriate steps and initiatives to resolve the CCPS issue. We can expect a completion of the process in a short period of time.

# Business Segment Performance....



# Business Segment Performance – Q1 FY 2016

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## ■ DevCo:

- **0.16 msf sales booking of Rs 1,035 crore booked in Q1FY16 vs 0.38 msf sales of Rs 308 crore in Q1FY15**
  - DLF 5 Gurgaon – 0.31 msf (Rs 1,012 crore)
  - New Gurgaon – 0.02 msf ( Rs 20 crore )
  - Delhi / Rest of India – (0.17) msf ( Rs 4 crore )
  
- **Project under Construction : 45 msf**
- **Approx. 1.21 msf handed over during Q1FY16 ( Lucknow ) vs 1.83 msf during Q1FY15**

## ■ RentCo:

- **0.21 msf Net leasing during Q1FY16 vs 0.71 msf for Q1FY15**



# Summary: Operating Performance

	Q1FY16	
	Sales (in msf)	Avg Rate (psf) **
<b>Sales Booking</b>		
Gurgaon		
DLF 5	0.31	32355
Garden City	0.02	12017
National Dev Co		
Luxury	0.02	38248
Premium	-0.19	4149
	Q1FY16	
	Leasing in (msf)	Avg Rate (psf)
<b>Leasing</b>		
Office	0.20	55
Retail Malls	0.02	131
<i>** The Average sale rate is gross of TPR / MIR applicable</i>		

## Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
DLF Cyber City Developer #	Office	10.57	95.77
Others #	Office	0.62	98.10
DAL ( SEZ's )	Office	13.47	92.56
Kolkata/Chandigarh	Office	2.93	85.56
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	91.96
Chandigarh	Retail	0.19	70.61
# Regrouped			

***In FY16, annuity Income grew to Rs. 2,400 crore, a growth of 10%***

# Live Projects Across India

Projects	Size (msf)	Sold till Q1-15-16 (msf)	Expected handing over Next 4 to 5 Qtr
<b>Legacy</b>			
Express Greens*	0.62	0.48	✓
Garden City-91-92-Ph-II	1.37	1.13	✓
Corporate Greens*	0.87	0.14	
Capital Greens	5.20	5.20	✓
GK King's Court	0.23	0.20	✓
Indore*	1.69	0.48	✓
NTH-Kolkata*	0.34	0.28	✓
Kochi	2.58	2.31	
Banglore*	4.71	4.45	✓
Hyderabad	3.44	2.77	✓
Lucknow*	1.58	1.23	✓
Panchkula	4.03	3.54	✓
Mullanpur*	1.20	0.56	✓
Shimla	0.07	0.06	✓
Kasauli	0.57	0.22	✓
<b>New Projects</b>			
SkyCourt	1.25	0.97	
Ultima	2.18	0.66	
Regal Garden	1.03	0.86	✓
Primus	1.24	1.22	✓
Crest	2.61	1.17	
Camillias	3.55	1.24	
Horizon Centre	1.17	0.76	✓
Bhubneshwar	0.55	0.48	✓
My Pad Lucknow	0.57	0.34	

\* Area handed over is excluded from total size. In few projects handing over is already started

# Our Development Potential

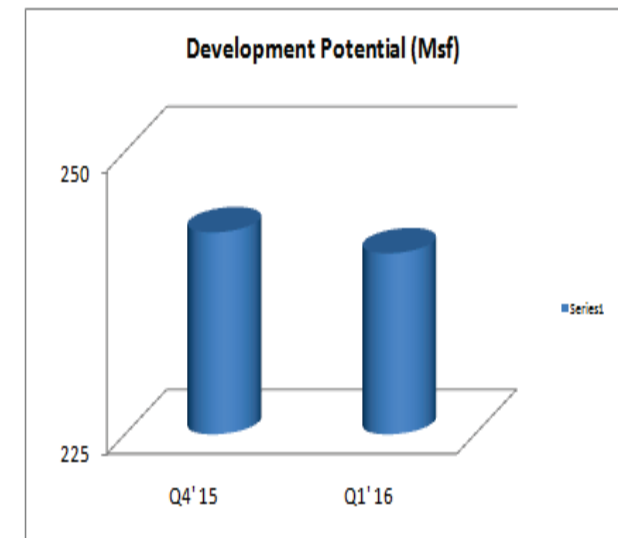
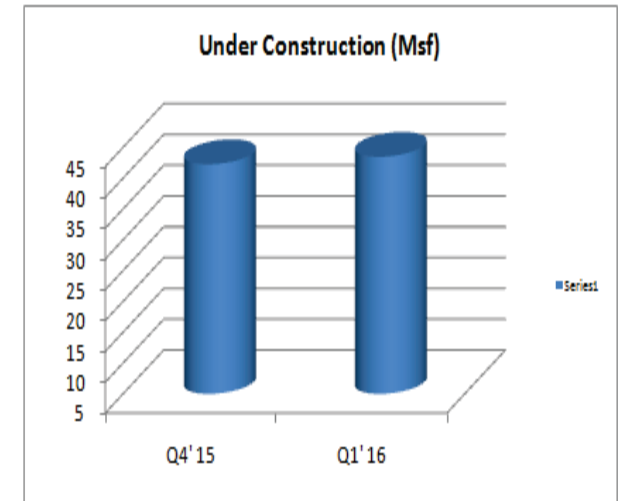
Land Bank as on 30th June 2015			
Cities	Development Business	Lease Business	Total
	<b>Development Potential (msf)</b>		
Gurgaon	109	26	135
Bangaluru	30	0	30
Delhi Metropolitan Region	17	5	22
Chennai	15	5	21
Hyderabad	14	1	15
Chandigarh Tri-City	19	0	19
Kolkata	3	2	5
Other Indian Cities	33	9	42
<b>Total</b>	<b>241</b>	<b>48</b>	<b>288</b>

➤“The Development Potential is the Best estimate as per the Current Zoning plans on Land owned by the company/Group companies, or lands for which the Company has entered into arrangements with third parties including Joint Development/Joint Venture Agreements/Other Arrangements for Economic Development of said lands owned by such third parties. *Some of these arrangements include making residual payments to the Land Owners before the development potential can be fully exploited.*”

# DevCo Q1 FY16

Particulars	Total msf		
	Q1-16	Q4- 15	Q1- 15
<b>Sales Status</b>			
Opening Balance	36.70	37.33	47.06
Add:- Sale Booked During the Qty	0.16	0.90	0.38
Less : Completion	(1.21)	(1.54)	(1.83)
Closing Balance	35.65	36.70	45.61

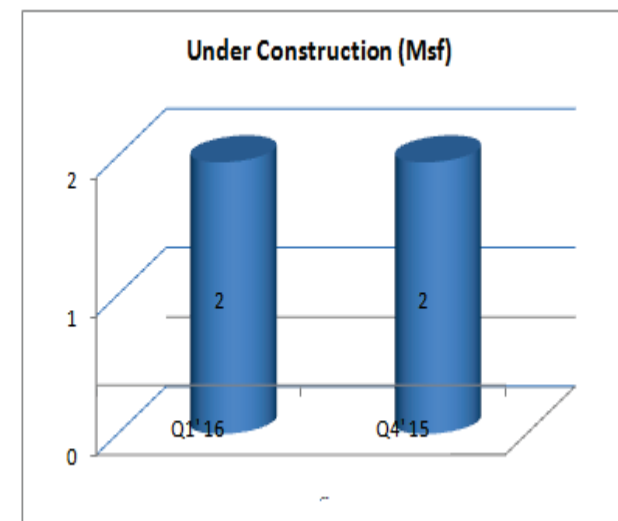
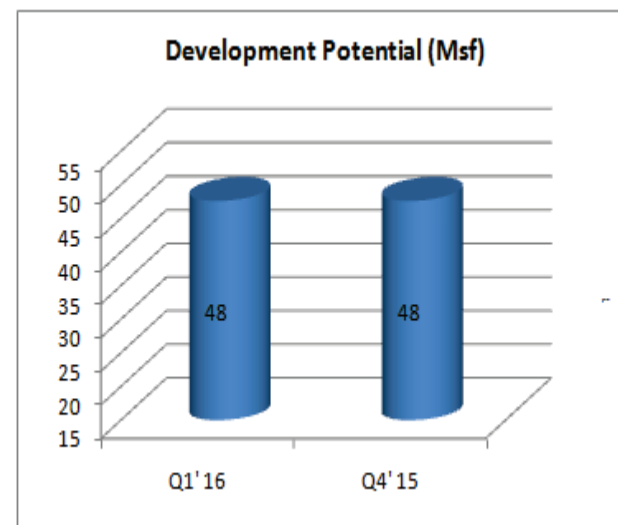
<b>Under Construction</b>			
Opening Balance	43.47	45.00	55.51
New Launches / Additions / Suspended	0.00	0.00	0.00
Less:- Completion	(1.21)	(1.53)	(1.83)
Closing Balance	42.26	43.47	53.68



# RentCo Q1 FY16

Particulars	Total msf		
	Q1-16	Q4- 15	Q1- 15
<b>Lease Status</b>			
Opening Balance	27.11	27.01	25.66
Add:- Lease Booked During the Qty	0.60	0.55	1.00
Less :- Cancellation	(0.39)	(0.45)	(0.29)
Less :- Sold / Adjustment	-	-	-
Closing Balance	27.32	27.11	26.37

<b>Under Construction</b>			
Opening Balance	1.96	1.96	2.81
New Launches / Additions	0.00	0.00	0.00
Less:- Handed over	(0.00)	-	(0.00)
Less :- Suspension/Adju	-	-	-
Closing Balance	1.96	1.96	2.81



# Summary Financials....



# Consolidated P&L – Q1 FY16

SI.No.	Consolidated Financials	Q1 FY16 (Unaudited)		Q4 FY15 (Audited)		Q1 FY15 (Reviewed)		Year ended FY15 (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	2,231		1,954		1,725		7,649	
	Other Income	114		147		126		519	
	<b>Total Income(A1+A2)</b>	<b>2,346</b>	<b>100%</b>	<b>2,101</b>	<b>100%</b>	<b>1,851</b>	<b>100%</b>	<b>8,168</b>	<b>100%</b>
B)	<b>Total Expenditure(B1+B2+B3)</b>	<b>1,404</b>	<b>60</b>	<b>1,258</b>	<b>60</b>	<b>988</b>	<b>53</b>	<b>4,625</b>	<b>57</b>
1	Construction Cost	1,151	49	887	42	713	39	3,285	40
2	Staff cost	71	3	88	4	74	4	349	4
3	Other Expenditure	182	8	283	13	201	11	992	12
C)	<b>EBITDA (D/A1)</b>	<b>942</b>	<b>40</b>	<b>843</b>	<b>40</b>	<b>863</b>	<b>47</b>	<b>3,543</b>	<b>43</b>
D)	<b>EBIDTA ( Margin)</b>		<b>40%</b>		<b>40%</b>		<b>46%</b>		<b>43%</b>
E)	Financial charges	604	26	494	24	558	30	2,304	28
F)	Depreciation	136	6	130	6	134	7	545	7
G)	<b>Profit/loss before exceptional items</b>	<b>201</b>	<b>9</b>	<b>218</b>	<b>10</b>	<b>171</b>	<b>9</b>	<b>695</b>	<b>9</b>
H)	Exceptional items - (net)	(48)	-2	(0)	0	(29)	-2	(68)	-1
I)	<b>Profit/loss before taxes and after exceptional item</b>	<b>154</b>	<b>7</b>	<b>218</b>	<b>10</b>	<b>142</b>	<b>8</b>	<b>627</b>	<b>8</b>
J)	Taxes expense	31	1	77	4	30	2	158	2
K)	Prior period expense/(income) (net)	0	0	(43)	-2	(0)	0	(41)	-1
L)	<b>Net Profit after Taxes before Minority Interest</b>	<b>122</b>	<b>5</b>	<b>185</b>	<b>9</b>	<b>111</b>	<b>6</b>	<b>510</b>	<b>6</b>
M)	Minority Interest	3	0	(14)	-1	17	1	33	0
N)	Profit/(loss) of Associates	(4)	0	1	0	(0)	0	(3)	0
O)	<b>Net Profit</b>	<b>122</b>	<b>5</b>	<b>172</b>	<b>8</b>	<b>128</b>	<b>7</b>	<b>540</b>	<b>7</b>



# Consolidated Balance Sheet

<b>DLF LIMITED</b>		
<b>Consolidated Balance Sheet as at June 30, 2015</b>		
	Rs. Crs.	
	<u>Unaudited</u> June-15	<u>Audited</u> March-15
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Equity share capital	356	356
Preference shares issued by subsidiary companies	1,799	1,799
	2,156	2,156
Reserves and surplus	26,926	27,013
	<b>29,081</b>	<b>29,168</b>
<b>Share application money pending allotment</b>	0	-
<b>Minority interests</b>	183	175
<b>Non-current liabilities</b>		
Long-term borrowings	17,588	17,630
Other long term liabilities	2,545	2,502
Long-term provisions	59	62
	<b>20,193</b>	<b>20,194</b>
<b>Current liabilities</b>		
Short-term borrowings	3,324	3,072
Trade payables	1,808	1,851
Other current liabilities	10,125	11,054
Short-term provisions	646	749
	<b>15,904</b>	<b>16,726</b>
	<b>65,360</b>	<b>66,262</b>

# Consolidated Balance Sheet

Contd.....

<b>DLF LIMITED</b>		
<b>Consolidated Balance Sheet as at June 30, 2015</b>		
Rs. Crs.		
	<u>Unaudited</u> June-15	<u>Audited</u> March-15
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	24,280	24,181
Tangible assets	18,529	18,212
Intangible assets	199	201
Capital work-in-progress	5,355	5,598
Intangible assets under development	197	171
Goodwill on consolidation	1,256	1,206
Non-current investments	837	520
Deferred tax assets (Net)	1,661	1,511
Long-term loans and advances	4,567	4,590
Other non-current assets	173	172
	<b>32,773</b>	<b>32,181</b>
<b>Current assets</b>		
Current investments	103	103
Inventories	16,306	17,743
Trade receivables	1,589	1,586
Cash and bank balances	2,668	2,748
Short-term loans and advances	2,208	2,014
Other current assets	9,714	9,887
	<b>32,587</b>	<b>34,082</b>
	<b>65,360</b>	<b>66,262</b>

# Consolidated Cashflow Statement

Particulars	Rs in crs	
	Period ended	Year ended
	30-Jun-15	31-Mar-15
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax, minority interest and share of profit in associates</b>	<b>154</b>	<b>627</b>
<b>Adjustments for:</b>		
Depreciation	136	545
Profit on sale of fixed assets, net	(0)	2
Provision for doubtful advances/advances & assets written off/unclaimed balances written	1	147
Exceptional items	48	68
Amortisation cost of Employee Stock Option	2	8
Loss / (Profit) on sale of investments (net)	-	0
Prior period items	(2)	41
Interest / gurantee charges	604	2,304
Interest / dividend income	(104)	(460)
<b>Operating profit before working capital changes</b>	<b>839</b>	<b>3,281</b>
<b>Movements in working capital:</b>		
Trade and other receivables	(463)	(1,407)
Inventories	293	1,291
Trade and other payables	(320)	(542)
Direct tax refund/(paid)	161	(640)
Proceeds from exceptional items	-	54
<b>Net cash generated from operating activities</b>	<b>510</b>	<b>2,037</b>
<b>B. Cash flow from investing activities:</b>		
(Purchase) / Sale of fixed assets (Including capital work in progress /capital advances), net	(258)	(839)
Interest/Dividend received	112	407
Movement in share/debenture application money paid (net)		
Movement in fixed deposits with banks	(225)	242
(Purchase)/Proceeds from Investment(net)	(35)	288
<b>Net cash (used in)/generated from investing activities</b>	<b>(406)</b>	<b>98</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from borrowings (net)	439	2,286
Movement in share capital	0	0
Interest paid	(771)	(3,177)
Dividend Paid (including dividend distribution tax)	(77)	(656)
<b>Net cash used in financing activities</b>	<b>(409)</b>	<b>(1,547)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(305)</b>	<b>588</b>
<b>Opening cash and cash equivalents</b>	<b>2,432</b>	<b>1,844</b>
<b>Closing cash and cash equivalents</b>	<b>2,127</b>	<b>2,432</b>
<b>Net (decrease)/Increase</b>	<b>(305)</b>	<b>588</b>

# Liquidity Update

Net Debt Position	Q4 15	Q1 16	Net Change
	Actual	Actual	
Opening Gross Debt *	23944	24012	
Less : Repayment during the Qtr	-1463	-924	
Add : New Loans	2013	1363	
Gross Debt as per Balance Sheet	24494	24451	
Less : Equity shown as Debt / JV Co Debt *	976	380	
Gross Debt ( Net of Equity shown as Debt / JV Co Debt )	23518	24071	
Pref. Shares	202	202	
<b>Gross Debt Position ( Net of Equity shown as Debt / JV Co Debt )</b>	<b>23720</b>	<b>24273</b>	<b>553</b>
Less : Cash in hand *	-2755	-2675	
<b>Net Debt Position</b>	<b>20965</b>	<b>21598</b>	<b>633</b>
* Includes net impact of changes of certain change of status of subsidiaries / associates.			



**Thank You**