



**Q2 FY16 Analyst Presentation**

**November 3, 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	0.53 msf
	New Gurgaon	2.5 msf/yr	0.0 msf
	National Devco	3.5 msf/yr	(0.12) msf
II.	<b>Leasing</b>		
	Office	1-1.5 msf	0.13 msf
	Malls		
III.	<b>Completion</b>		5.84 msf
IV.	<b>Net Debt</b>		22520 crs
	<b>Rentco (attributable)</b>		14300 crs
	<b>Devco</b>		8220 crs

# Company Strategy....

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## ....Create a Large Rental Business platform in partnership with large, long term, institutional investors

- In August 2014, The Board had constituted an Audit Committee under the chairmanship of Mr. K.N. Memani to comprehensively evaluate, review and recommend to the Board various strategic options to drive sustainable, long term growth of the rental business and reduce conflicts of interest, if any, inter-se affiliated persons / entities in keeping with the best corporate governance practices.
- After extensive deliberations on various options with the advisors, the Audit Committee recommended to the Board to consider the preferred option that the CCPS holders sell the CCPS to unrelated third party investors and subject to applicable laws, re-invest substantial portion of the sale consideration (net of taxes/other charges) back into the Company subject to the consent of the CCPS holders and the following conditions:
  - The Company shall have the mandate to determine the strategic terms of investment including selection of the third party investor(s) and the Company shall oversee and facilitate the transaction, and
  - The Company shall appoint the bankers, transaction advisor, legal & financial due diligence vendors, etc
- Post the completion of the proposed transaction, DLF to continue to hold 60% equity interest in DCCDL on a fully diluted basis

# Macro Outlook..

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- During the Quarter in review, RBI cut interest rates by 50bps. However Banks have not still transmitted the full impact of the RBI rate cuts of 125 bps over the last few quarters.
- IIP for the month of August came to a healthy 6.4% which was a 34 month high, but it is still early days. Capital goods continues to be an important driver of IIP growth momentum, with encouraging contribution from the high technology segments. Government capex is supporting this growth in contrast to the Private Sector which continues to show limited appetite for capex given the stretched balance sheets and low capacity utilizations.
- From sector perspective, the RE industry continues to face difficult times. Lack of liquidity to complete half finished projects are forcing developers to sit on WIP inventory. Customers have already paid 80-90% of the price. Developers access to liquidity is limited given their stretched balance sheets and costs are exorbitant.
  - More pro-active steps will have to be taken by the Government, in close coordination with the RBI, to provide liquidity to stalled developments. Given the price points at which these projects were sold, the developers neither have the capability nor any incentive to finish the projects. It will take years for this to play out.
  - Additionally, most of the new locations are plagued with infrastructure deficits resulting in further constraints and low consumer interest
  - Even though well intentioned, some provisions of the current draft of Real Estate Regulatory Bill, will harm the sector more as it effects the 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 increased pricing.

# **Business Segment Performance....**



# Business Segment Performance – Q2 FY 2016

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## ■ DevCo:

- **0.24 msf net sales booking of Rs 575 crore booked in Q2FY16 vs 0.16 msf net sales booking of Rs 1035 crore in Q1FY16**
  - DLF 5 Gurgaon – 0.22 msf [ Rs 580 crore ]
  - New Gurgaon – (0.02) msf [ Rs (25) crore ]
  - Delhi / Rest of India – 0.05 msf [ Rs 20 crore ]
- **Project Completion – 4.63 msf [ Horizon Centre + Mall of India Noida + Indore Plotted ] vs 1.21 msf during Q1FY16**
- **Commencing work – Approx. 1.5 msf of Cyber Park, Gurgaon**
- **Project under Construction : 42 msf**

## ■ RentCo:

- **(0.08) msf Net Leasing [ Gross leasing 0.83 msf and terminations 0.91 msf ] during Q2FY16 vs 0.21 msf for Q1FY16.**
  - The terminations have been as per Budgetary plan. New leasing is happening at leasing rates substantially higher than the exit leasing rates of the terminations. Given the pipeline of new leasing, the Company is confident of achieving the net leasing of 1-1.5 msf for FY16.
- **Mall of India Noida - 1.50 msf Leased out of 1.97 msf Gross Leasable Area and expected to be operational by Q3FY16**

# Summary: Operating Performance

	Q2FY16		H1FY16	
	Sales (in msf)	Avg Rate (psf)	Sales (in msf)	Avg Rate (psf)
<b>Sales Booking</b>				
Gurgaon				
DLF 5	0.22	26242	0.53	29826
Garden City	-0.02	10004	-0.01	4306
National Dev Co				
Luxury	0.002	43722	0.02	38774
Premium	0.04	2224	-0.15	4725
	Q2FY16		H1FY16	
	Leasing in (msf)	Avg Rate (psf)	Leasing in (msf)	Avg Rate (psf)
<b>Leasing</b>				
Office	-0.08	70	0.13	64
Retail Malls	0.00	75	0.00	102



# Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
DLF Cyber City Developer *	Office	10.57	94.49
Others	Office	0.62	98.95
DAL ( SEZ's )	Office	13.47	92.91
Kolkata/Chandigarh	Office	2.93	85.80
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	89.21
Noida	Retail	1.97	74.61
Chandigarh	Retail	0.19	89.19
* Includes Collaborator area.			

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

# Live Projects Across India

Projects	Size (msf)	Sold till Q2-15-16 (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	-	
Capital Greens	5.20	5.20	✓
GK King's Court	0.23	0.20	✓
NTH-Kolkata*	0.34	0.28	✓
Kochi	2.58	2.31	
Banglore*	4.35	4.31	✓
Hyderabad	3.44	2.77	✓
Lucknow*	1.58	1.23	✓
Panchkula	4.03	3.54	✓
Mullanpur*	1.20	0.59	✓
Shimla	0.07	0.06	✓
Kasauli	0.57	0.22	✓
<b>New Projects</b>			
SkyCourt	1.25	0.98	
Ultima	2.18	0.64	
Regal Garden	1.03	0.89	✓
Primus	1.24	1.22	✓
Crest	2.61	1.21	
Camillias	3.55	1.31	
Bhubneshwar	0.55	0.49	✓
My Pad Lucknow	0.57	0.33	
* Area handed over is excluded from total size			

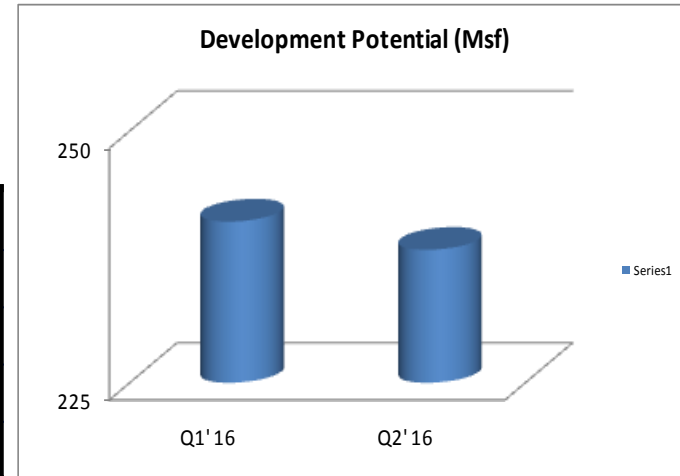
# Our Development Potential

Land Bank as on 30th Sep 2015			
Cities	Development Business	Lease Business	Total
	<b>Development Potential (msf)</b>		
Gurgaon	107	26	133
Bangaluru	30	0	30
Delhi Metropolitan Region	17	3	20
Chennai	15	5	21
Hyderabad	14	1	15
Chandigarh Tri-City	19	0	19
Kolkata	3	2	5
Other Indian Cities	32	9	41
<b>Total</b>	<b>238</b>	<b>46</b>	<b>284</b>

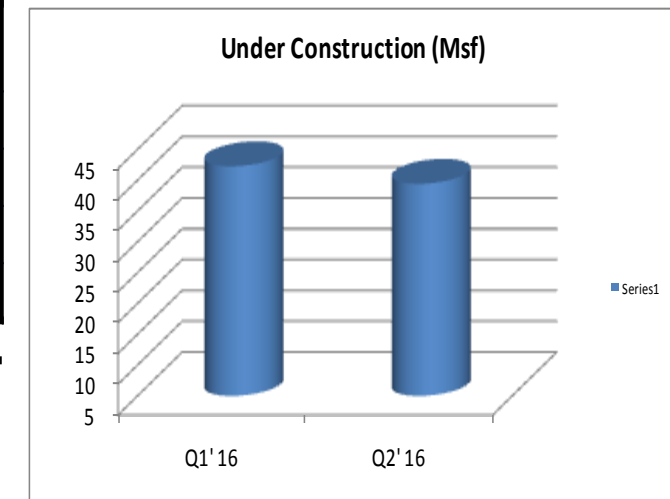
➤ “The Development Potential is the Best estimate as per the Current Zoning plans on Land owned by the company/Group companies, or lands for which the Company has entered into arrangements with third parties including Joint Development/Joint Venture Agreements/Other Arrangements for Economic Development of sid 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 Q2 FY16

Particulars	Total msf		
	Q2-16	Q1- 16	Q2- 15
<b>Sales Status</b>			
Opening Balance	35.65	36.70	45.61
Add:- Sale Booked During the Qty	0.24	0.16	0.61
Less : Completion	(2.84)	(1.21)	(6.95)
Closing Balance	33.05	35.65	39.27



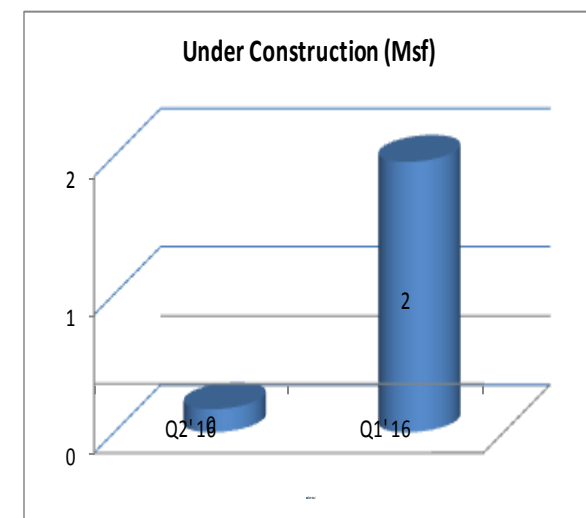
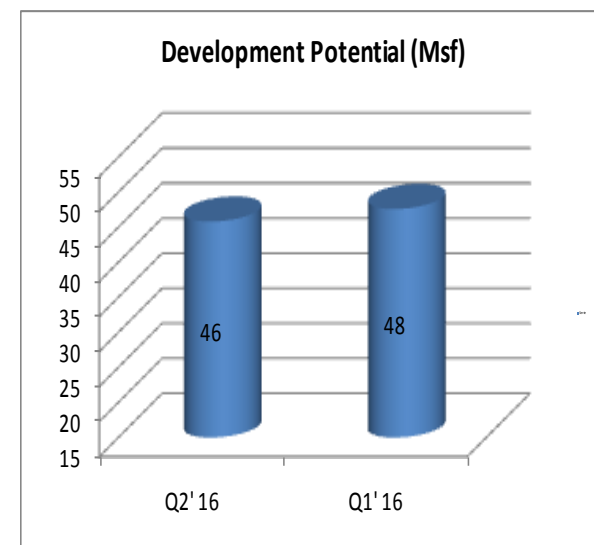
<b>Under Construction</b>			
Opening Balance	43.47	43.47	53.68
New Launches / Additions / Suspended	0.00	0.00	0.00
Less:- Completion	(2.84)	(1.21)	(6.95)
Closing Balance	39.42	42.26	46.73



# RentCo Q2 FY16

Particulars	Total msf		
	Q2-16	Q1- 16	Q2- 15
<b>Lease Status</b>			
Opening Balance #	28.79	27.11	26.37
Add:- Lease Booked During the Qty	0.83	0.60	0.58
Less :- Cancellation	(0.91)	(0.39)	(0.28)
Less :- Sold / Adjustment	-	-	-
Closing Balance	28.71	27.32	26.67

<b>Under Construction</b>			
Opening Balance	1.96	1.96	2.81
New Launches / Additions **	1.56	0.00	0.00
Less:- Handed over	(1.79)	-	(0.85)
Less :- Suspension/Adju	-	-	-
Closing Balance	1.73	1.96	1.96



# Summary Financials....



# Consolidated P&L – Q2 FY16

Sl.No.	Consolidated Financials	Q2 FY16 (Reviewed)		Q1 FY16 (Reviewed)		Q2 FY15 (Reviewed)		Half Year FY16 (Reviewed)	
		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	1,865		2,231		2,013		4,097	
	Other Income	132		114		122		246	
	<b>Total Income(A1+A2)</b>	<b>1,997</b>	<b>100%</b>	<b>2,346</b>	<b>100%</b>	<b>2,135</b>	<b>100%</b>	<b>4,343</b>	<b>100%</b>
B)	<b>Total Expenditure(B1+B2+B3)</b>	<b>926</b>	<b>46</b>	<b>1,404</b>	<b>60</b>	<b>1,217</b>	<b>57</b>	<b>2,330</b>	<b>54</b>
1	Construction Cost	678	34	1,151	49	837	39	1,829	42
2	Staff cost	81	4	71	3	93	4	152	3
3	Other Expenditure	168	8	182	8	287	13	350	8
C)	<b>EBITDA (D/A1)</b>	<b>1,071</b>	<b>54</b>	<b>942</b>	<b>40</b>	<b>918</b>	<b>43</b>	<b>2,013</b>	<b>46</b>
D)	<b>EBIDTA ( Margin)</b>		<b>54%</b>		<b>40%</b>		<b>43%</b>		<b>46%</b>
E)	Financial charges	706	35	604	26	603	28	1,310	30
F)	Depreciation	145	7	136	6	139	7	281	6
G)	<b>Profit/loss before exceptional items</b>	<b>220</b>	<b>11</b>	<b>201</b>	<b>9</b>	<b>176</b>	<b>8</b>	<b>422</b>	<b>10</b>
H)	Exceptional items - (net)	(15)	-1	(48)	-2	(38)	-2	(63)	-1
I)	<b>Profit/loss before taxes and after exceptional items</b>	<b>205</b>	<b>10</b>	<b>154</b>	<b>7</b>	<b>138</b>	<b>6</b>	<b>359</b>	<b>8</b>
J)	Taxes expense	78	4	31	1	43	2	109	3
K)	Prior period expense/(income) (net)	1	0	0	0	2	0	1	0
L)	<b>Net Profit after Taxes before Minority Interest</b>	<b>127</b>	<b>6</b>	<b>122</b>	<b>5</b>	<b>93</b>	<b>4</b>	<b>249</b>	<b>6</b>
M)	Minority Interest	9	0	3	0	16	1	12	0
N)	Profit/(loss) of Associates	(4)	0	(4)	0	0	0	(8)	0
O)	<b>Net Profit</b>	<b>131</b>	<b>7</b>	<b>122</b>	<b>5</b>	<b>109</b>	<b>5</b>	<b>253</b>	<b>6</b>

*The EBIDTA & PAT growth has been aided by certain Projects reaching the revenue recognition threshold*

# Consolidated Balance Sheet

<b>DLF LIMITED</b>		
<b>Consolidated Balance Sheet as at Sept 30, 2015</b>		
	Rs. Crs.	
	<u>Unaudited</u> Sept-15	<u>Unaudited</u> June-15
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Equity share capital	357	356
Preference shares issued by subsidiary companies	1,799	1,799
	2,156	2,156
Reserves and surplus	27,037	26,926
	<b>29,193</b>	<b>29,081</b>
<b>Share application money pending allotment</b>	-	0
<b>Minority interests</b>	174	183
<b>Non-current liabilities</b>		
Long-term borrowings	18,992	17,588
Other long term liabilities	2,529	2,545
Long-term provisions	61	59
	<b>21,583</b>	<b>20,193</b>
<b>Current liabilities</b>		
Short-term borrowings	3,439	3,324
Trade payables	1,557	1,808
Other current liabilities	9,183	10,125
Short-term provisions	454	646
	<b>14,634</b>	<b>15,904</b>
	<b>65,583</b>	<b>65,360</b>



# Consolidated Balance Sheet

Contd.....

<b>DLF LIMITED</b>		
<b>Consolidated Balance Sheet as at Sept 30, 2015</b>		
	Rs. Crs.	
	<u>Unaudited</u> Sept-15	<u>Unaudited</u> June-15
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	24,309	24,280
Tangible assets	18,423	18,529
Intangible assets	198	199
Capital work-in-progress	5,471	5,355
Intangible assets under development	217	197
Goodwill on consolidation	1,266	1,256
Non-current investments	833	837
Deferred tax assets (Net)	1,749	1,661
Long-term loans and advances	4,758	4,567
Other non-current assets	188	173
	<b>33,103</b>	<b>32,773</b>
<b>Current assets</b>		
Current investments	99	103
Inventories	16,488	16,306
Trade receivables	1,703	1,589
Cash and bank balances	2,338	2,668
Short-term loans and advances	2,329	2,208
Other current assets	9,523	9,714
	<b>32,480</b>	<b>32,587</b>
	<b>65,583</b>	<b>65,360</b>

# Consolidated Cashflow Statement

## Details of Cash flow for the period ended September 30, 2015

Particulars	Rs in crs	
	Period ended	Period ended
	30-Sep-15	30-Jun-15
<b>A. Cash flow from operating activities:</b>		
Profit before tax, minority interest and share of profit in associates	359	154
Adjustments for:		
Depreciation	281	136
Profit on sale of fixed assets, net	(0)	(0)
Provision for doubtful debts/ unclaimed balances written back/ exchange fluctuations & others	(11)	1
Exceptional items	63	48
Amortisation cost of Employee Stock Option	3	2
Loss / (Profit) on sale of investments (net)	0	0
Prior period items	(1)	(2)
Interest / gurantee charges	1,310	604
Interest / dividend income	(216)	(104)
<b>Operating profit before working capital changes</b>	<b>1,787</b>	<b>839</b>
Movements in working capital:		
Trade and other receivables	(475)	(463)
Inventories	113	293
Trade and other payables	(604)	(320)
Direct taxes paid ( net of refunds)	46	161
<b>Net cash generated from operating activities</b>	<b>867</b>	<b>510</b>
<b>B. Cash flow from investing activities:</b>		
(Purchase) / Sale of fixed assets (Including capital work in progress /capital advances), net	(411)	(258)
Interest/Dividend received	202	112
Movement in fixed deposits with banks	(908)	(225)
(Purchase)/Proceeds from Investment(net)	(32)	(35)
<b>Net cash used in investing activities</b>	<b>(1,149)</b>	<b>(406)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from / (repayment) of borrowings (net)	1,028	439
Increase in share capital / securities premium	0	0
Interest paid	(1,622)	(770)
Dividend Paid (including dividend distribution tax)	(442)	(77)
<b>Net cash used in financing activities</b>	<b>(1,036)</b>	<b>(408)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,318)</b>	<b>(305)</b>
<b>Opening cash and cash equivalents</b>	<b>2,432</b>	<b>2,432</b>
<b>Closing cash and cash equivalents</b>	<b>1,113</b>	<b>2,127</b>
<b>Net decrease</b>	<b>(1,318)</b>	<b>(305)</b>

# Liquidity Update

Net Debt Position	Q1 16	Q2 16	Net Change
	Actual	Actual	
Opening Gross Debt	24012	24451	
Less : Repayment during the Qtr	-924	-1751	
Add : New Loans	1363	2340	
Gross Debt as per Balance Sheet	24451	25040	589
Less : Equity shown as Debt / JV Co Debt	380	380	
Gross Debt ( Net of Equity shown as Debt / JV Co Debt )	24071	24660	
Pref. Shares	202	202	
<b>Gross Debt Position ( Net of Equity shown as Debt / JV Co Debt )</b>	<b>24273</b>	<b>24862</b>	<b>589</b>
Less : Cash in hand	-2675	-2342	
<b>Net Debt Position</b>	<b>21598</b>	<b>22520</b>	<b>922 #</b>



**Thank You**