

DLF Limited

DLF Gateway Tower, R Block,
DLF City Phase – III, Gurugram – 122 002,
Haryana (India)
Tel. : (+91-124) 4396000



14th February, 2018

To, The General Manager Dept. of Corporate Services BSE Limited P.J. Tower, Dalal Street, Mumbai 400 001	To, The Vice-President National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051
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Sub: Analysts Presentation Q3 FY 2018

Dear Sir,

We are forwarding herewith DLF - Analysts Presentation-Q3 FY 2018 for your kind information and record please.

Thanking you,

Yours faithfully,
for **DLF LTD.**

A handwritten signature in black ink, appearing to read 'Raju Paul', written over a horizontal line.

RAJU PAUL
GM (CORPORATE AFFAIRS)

Encl. : As above

For Stock Exchange's clarifications, please contact:-

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Q3 FY18 Analyst Presentation

February 13, 2018

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.

DLF Group (ex-DCCDL) – Strategic Update...

- DCCDL-CCPS transaction was consummated in the month of December 2017.
 - Promoters received ~ Rs 8,900 crore towards the secondary sale of CCPS to GIC & ~ Rs 1600 crores from buyback of CCPS by DCCDL.
- Shareholders approved preferential allotment of CCDs and Warrants to the Promoters for an aggregate amount up to Rs 11,250 crore and an offer of upto 17.30 crore (173m) equity shares by way of public issue or a private placement or a QIP.
- Before Dec 31, 2017, the Promoters infused Rs 9,000 crore via subscription to CCDs and Warrants of DLF Limited. Balance consideration to be received over next 18 months.

DLF Group (ex-DCCDL):

- Till date loans repaid (approx.) Rs 7,100 crore
- Operating cash deficit will have downward trend to the extent of interest savings.
- Restarted sales w.e.f. November, 2017 after completing compliance of provisions of RERA.

DLF Group (ex-DCCDL) Development Strategy...

- Modified the business model – to sell completed product or products which are at an advanced stage of completion instead of selling off a plan:
 - ✓ Thereby mitigate regulatory risks and delays beyond the control of the Company
 - ✓ Ensure better realizations as selling off a payment plan requires attractive pricing to initial customers (financing costs are factored into pricing).
 - Empirically, it has been observed that the price of the finished/completed product is valued significantly higher than what it is priced at the time of the launch!!
 - ✓ Higher predictability of profit margins as cost inflation can be mitigated in the pricing strategy.
 - ✓ Increase in working capital costs would be marginal as construction finance is available at attractive rates, currently at ~9.25%. With better credit ratings, funding costs can be further reduced
- The Company to focus selling the completed inventory valued at ~ Rs 15,000 crores (net of pending construction payments) on its books over the next 3-4 years
- New projects to create new 'completed' inventory shall be launched in pace with the sales of current completed inventory.
 - Process has been initiated to start construction at Midtown (Central Delhi) (~7 msf). This project is in JV with GIC Singapore. The current price in the secondary markets for Capital Green III (finished product) is ~Rs. 17,000 psf

DLF Group (ex DCCDL) Development Strategy....

- DCCDL platform in JV with GIC Singapore has been designed to take the form of a Business Trust, a kind of a private REIT. DLF's agreement with GIC Singapore allows business flexibility/opportunity for DLF Group, wherein it can:
 - Sell completed, yielding 'commercial' projects to the JV or
 - Build-to suite 'yielding' commercial assets for the JV
 - Or sell land parcels earmarked for commercial development in the near future
 - Certain assets / land parcels have been identified for transfer to DCCDL Group which will further strengthen the platform play of DCCDL, subject to requisite approvals. The dialogue with GIC Singapore is at an early stage. Target completion of the process within FY19.



Business Performance DevCo

Business Performance – Q3 FY18

- Gross sales of Rs 665 crore & Net sales booking of Rs 480 crore Q3FY18. This is in comparison to Net sales booking of Rs (55) crore in Q2FY18



Total Development Potential

Cities	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	91	26	117
Bangaluru	13	0	13
Delhi Metropolitan Region	13	3	16
Chennai	13	6	19
Hyderabad	14	1	14
Chandigarh Tri-City	16	0	16
Kolkata	0	2	2
Other Indian Cities	28	9	37
Total	189	46	235

➤ “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.*”

➤ The above development potential does not include TOD potential



Business Performance RentCo

Business Performance – Q3 FY18

■ Q3 FY18:

- Gross leasing of 1.49 msf. 1.36msf (post 9 year expiry/terminations) renewed at marked to market rates. Net fresh leasing of 0.13 msf. This is in comparison to Net Leasing of 0.38 msf during Q2 FY18
- Leasing offtake also being affected by virtually nil inventory in most of the places. Primarily the inventory is in Silokhera & Kolkata
- Projects under Construction : 4.1 msf (~2.5 msf in DCCDL Group & ~1.6 msf in DLF Group which is contracted to be transferred to DAL (part of DCCDL Group)

Leased Assets Across India – DLF (Consolidated)

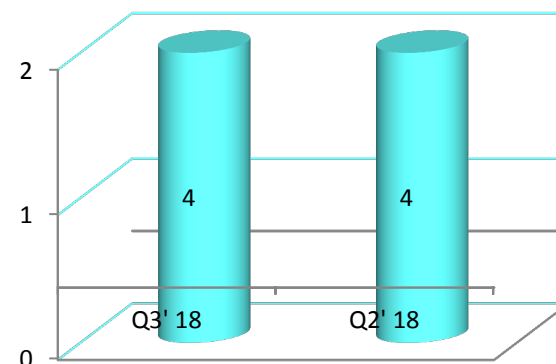
<u>Cities/Projects</u>		Leasable Area (msf)	% leased
Rent Yielding Building			
Gurgaon			
DLF Cyber City Developers	Office	10.56	95.35
Others	Office	0.62	100.00
DAL (SEZS)	Office	13.42	93.38
Kolkata/Chandigarh	Office	2.93	80.75
Delhi (Corporate Office)	Office	0.17	69.22
Malls			
Delhi	Retail	1.62	95.51
Noida	Retail	1.97	98.69
Chandigarh	Retail	0.19	88.35
Under Construction Building			
DLF Cyber City Developers	Office	2.50	47.52
DAL (SEZ) - Chennai	Office	1.62	39.02

RentCo Q3 FY18

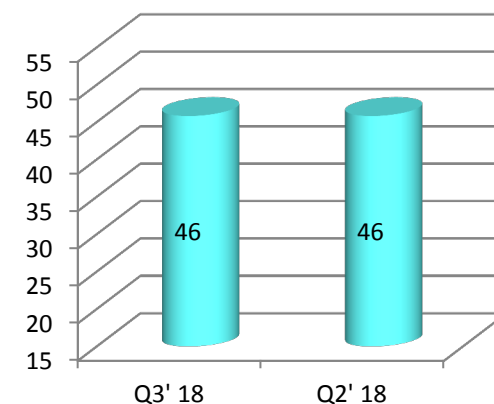
Particulars	Total msf		
	Q3-18	Q2- 18	Q3- 17
Lease Status			
Opening Balance #	31.06	30.68	29.58
Add:- Lease Booked During the Qtr	1.49	1.75	0.79
Less :- Termination	(1.36)	(1.38)	(0.55)
Less :- Sold / Adjustment	-	-	-
Closing Balance	31.18	31.06	29.83

Under Construction			
Opening Balance	4.12	4.12	3.13
New Launches / Additions **	0.00	0.00	0.00
Less:- Handed over	(0.00)	(0.0)	0.00
Less :- Suspension/Adju	-	-	0.00
Closing Balance	4.12	4.12	3.13

Under Construction (Msf)



Development Potential (Msf)



Summary Financials....



DLF Consolidated – P & L Account for Q3 FY18

		Q3 FY18 (Unaudited)		Q2 FY18 (Unaudited)		Q3 FY17 (Unaudited)		Nine Months Ended December 31, 2017 (Unaudited)		Nine Months Ended December 31, 2016 (Unaudited)		Year Ended March 31, 2017 (Audited)	
		Ind AS		Ind AS		Ind AS		Ind AS		Ind AS		Ind AS	
Sl.No.	Consolidated Financials	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	Rs. Crs.	Percentage of Total Revenue
A)													
1	Sales and Other Receipts	1,694		1,588		2,058		5,329		5,996		8,221	
	Other Income	161		164		120		489		433		719	
	Total Income(A1+A2)	1,855	100%	1,751	100%	2,178	100%	5,818	100%	6,429	100%	8,941	100%
B)	Total Expenditure(B1+B2+B3)	992	53	801	46	1,100	51	2,938	50	3,273	51	4,788	54
1	Construction Cost	595	32	508	29	729	33	1,966	34	2,359	37	3,466	39
2	Staff cost	113	6	75	4	102	5	266	5	249	4	328	4
3	Other Expenditure	285	15	218	12	269	12	706	12	664	10	994	11
C)	EBITDA (D/A1)	863	47	951	54	1,078	49	2,880	50	3,156	49	4,153	46
D)	EBIDTA (Margin)		47%		54%		49%		50%		49%		46%
E)	Financial charges	857	46	795	45	759	35	2,434	42	2,242	35	2,980	33
F)	Depreciation	178	10	148	8	142	7	471	8	432	7	572	6
G)	Profit/loss before exceptional items	(172)	-9	7	0	177	8	(25)	0	482	8	600	7
H)	Exceptional items - (net)	8,569	462	-	0	-	0	8,569	147	335	5	429	5
I)	Profit/loss before taxes and after exceptional ite	8,398	453	7	0	177	8	8,544	147	817	13	1,030	12
J)	Taxes expense	4,288	231	(16)	-1	52	2	4,290	74	176	3	229	3
K)	Extraordinary Items	-	0	-	0	-	0	-	0	-	0	-	0
L)	Net Profit after Taxes before Minority Interest	4,110	222	23	1	126	6	4,255	73	642	10	800	9
M)	Minority Interest	(21)	-1	2	0	(1)	0	(17)	0	0	0	7	0
N)	Profit/(loss) of Associates	2	0	(11)	-1	(27)	-1	(21)	0	(77)	-1	(92)	-1
O)	Net Profit	4,091	221	14	1	98	5	4,216	72	566	9	715	8
P)	Other Comprehensive income /(loss) (net of tax)	9	0	5	0	(1)	0	16	0	(7)	0	(14)	0
Q)	Total Comprehensive income	4,100	221	19	1	98	4	4,232	73	559	9	701	8

DLF Consolidated – P & L Account for Q3 FY18

■ Q3 FY18 Profitability :

- Sales & other income – Sales booking done during Q3 is yet to meet the POCM threshold of revenue recognition which is expected during Q4 FY18.
- Employee benefit expenses – represent the spike in comparison with QoQ due to disbursement of the variable payouts; however it's a normal increase if compared on YoY basis.
- Finance Costs – includes write off of ~ Rs 38 crore processing fee against the prepaid loan, which normally would have got amortized over the term of the loan.
- Depreciation & Amortization expenses – adopted an accelerated depreciation policy on the recreational clubs.

Gain on Deemed Disposal of DCCDL Group

- The Company entered into a Share Purchase and Shareholders Agreement (“SPSHA”) with Reco Diamond Private Limited (“Investor”), an affiliate of GIC Singapore, DLF Cyber City Developers Limited (“DCCDL”) and certain promoter group entities wherein the promoters group entities sold certain portion of their stake in DCCDL to the Investor at a purchase consideration of ` Rs 8,956 crore. Subsequent to fulfilment of all conditions precedent specified in the SPSHA, the sale and purchase of the securities and other closing actions as contemplated under the SPSHA were completed on December 26, 2017 and consequently, the Investor holds 33.34% equity stake in DCCDL.
- Further, due to terms and conditions of SPSHA, between the Company and Investor, requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of DCCDL and its subsidiaries (“DCCDL Group”), the Company considers that the Group does not solely control DCCDL Group and therefore investment in DCCDL Group has been accounted for as joint venture in accordance with Ind-AS 28 ‘Investment in Associated and Joint Ventures’ and Ind-AS 111 ‘Joint Arrangements’. Accordingly, the Company has recorded its share of profit in DCCDL Group (being a joint venture) for the period from December 26, 2017 to December 31, 2017.
- In accordance with Ind-AS 110 ‘Consolidated Financial Statements’, the Group has fair valued its remaining equity stake (66.66%) in DCCDL Group and recorded a gain of ` Rs 9,927.13 crores arising due to deemed disposal on account of loss of control of DCCDL Group. This has been included as an 'exceptional item' in the consolidated financial results of the Company for the period ended December 31, 2017. Consequently, deferred tax liability amounting to ` Rs 4,060 crores has been created at the consolidated level in respect of investment in DCCDL as a joint venture. The aforementioned gain has arisen due to compliance with applicable Indian Accounting Standards pursuant to loss of control. **This is not an operating income and is non-recurring in nature.**

DLF Consolidated – P & L Account for Q3 FY18

■ Exceptional Items:

Gain on deemed disposal of DCCDL group	
	Rs (in crore)
Transaction Consideration for the DCCDL CCPS transaction	8,956
Fair Value of DLF shareholding (66.66%) based on the transaction consideration	17,907
Net Worth of DCCDL(consolidated) on 30.09.2017	7,980
Net gain before Tax	9,927

Particulars	Quarter and nine months period ended December 31, 2017
Gain on deemed disposal of DCCDL Group	9,927
Fair valuation gain on certain investments	415
Exceptional Gain	10,342
Impairment of certain property, plant and equipment and investment properties as per revision in business plans	(489)
Provision for valuation of certain inventories (launched projects and land parcels) as per current market situation/ project deferral.	(623)
Impairment of certain trade and other receivables pursuant to ongoing dispute and anticipated losses in recoveries with the respective customers/ other parties	(660)
Net Exceptional Gain	8,569

DLF Consolidated – Balance Sheet as on Dec 31, 2017

DLF Limited- Consolidated Balance Sheet (Unaudited)		
Statement of Assets and Liabilities:		
	(` in crores)	
	As on December 31, 2017 (Unaudited)	As on March 31, 2017 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment/Investment Property/ Capital work in progress	7,201	23,613
Goodwill	1,009	1,011
Other intangible assets	164	169
Investments accounted for using the equity method and other investment in joint ventures/ associates	19,354	1,049
Financial assets		
Investments	24	24
Loans	549	447
Other financial assets	131	361
Deferred tax assets (net)	0	4,391
Non-current tax assets (net)	979	1,394
Other non-current assets	1,531	1,714
	30,943	34,172
Current assets		
Inventories	20,626	20,096
Financial assets		
Investments	158	136
Trade receivables	2,220	1,409
Cash and cash equivalents	6,537	3,413
Other bank balances	323	687
Loans	1,315	552
Other financial assets	1,396	2,599
Other current assets	995	890
	33,569	29,782
	64,512	63,954

DLF Consolidated – Balance Sheet as on Dec 31, 2017

DLF Limited- Consolidated Balance Sheet (Unaudited) Statement of Assets and Liabilities: (in crores)		
	As on December 31, 2017 (Unaudited)	As on March 31, 2017 (Audited)
EQUITY AND LIABILITIES		
Equity		
Equity share capital	357	357
Other equity	34,938	24,216
Equity attributable to owners of Holding Company	35,294	24,573
Non-controlling interests	58	124
Total equity	35,353	24,697
Non-current liabilities		
Financial liabilities		
Borrowings	7,536	23,255
Trade payables	816	581
Other financial liabilities	370	1,047
Provisions	55	67
Deferred tax liabilities (net)	404	-
Other non-current liabilities	211	530
	9,392	25,480
Current liabilities		
Financial liabilities		
Borrowings	9,198	3,408
Trade payables	1,174	1,616
Other financial liabilities	5,146	3,689
Other current liabilities	4,216	5,007
Provisions		
Provisions - others	9	21
Provisions - current tax liabilities (net)	24	37
	19,767	13,777
	64,512	63,954

Net Debt Statement

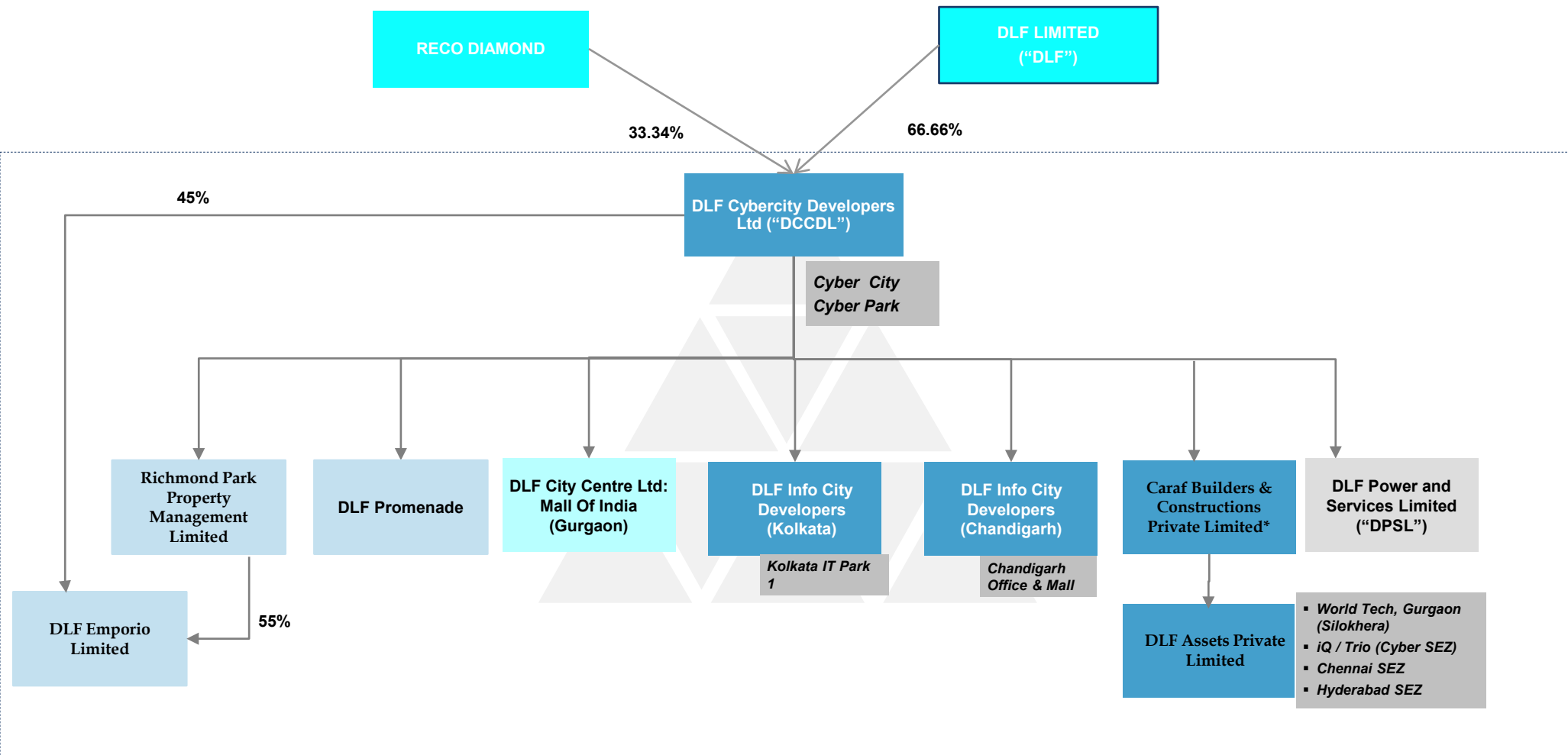
DLF GROUP	<i>DLF Consol</i>	<i>DCCDL</i>	<i>Remarks</i>
Gross Debt as per Balance Sheet	28938		Net of Rs 365 crs Ind AS Adj.
Less: DCCDL Gross Debt	-16561		
Gross Debt Position	12377	16561	
Less : Cash in Hand	-6864	-487	
<i>Net Debt Position</i>	5513	16074	
~ Rs 9300 crs inter company payable by DLF Group to DCCDL group			

Note: Payables to DCCDL Group to be settled via sale of certain yielding assets and land parcels earmarked for commercial use



DCCDL's Business

DCCDL Holding Structure



*Under merger with DCCDL

Office assets holding companies
Retail assets holding companies

Properties under the company (Standalone)
MOIG

Utilities and Facility Management Company

DCCDL – Current Status & Strategy going forward..

- **Established the largest commercial platform in India, a “business-trust” in the private space**
 - ✓ **Significant combined fire power of the largest Real Estate Developer & Asset Manager and a marquee, long term Sovereign fund which can look through economic cycles**
 - ✓ **Financial & development muscle to achieve accelerated growth, other than what has been agreed in the business plan.**
- **DLF owns rent yielding assets & land parcels in various locations across India which it intends to contribute into the JV platform. An insight into this strategy and assets have been shared with GIC during the negotiations**
 - ✓ **DCCDL to be the preferred vehicle to develop and manage assets. No exclusivity to either party**
- **In addition to the above, the market is throwing up ‘inorganic growth’ opportunities**
 - ✓ **to acquire rent yielding assets through leveraging the equity of the JV.**

Leased Assets Across India – DCCDL Group

DCCDL Group			
<u>Cities/Projects</u>		Leasable Area (msf)	% leased
Rent Yielding Building			
Gurgaon			
DLF Cyber City Developers	Office	10.56	95.35
DAL (SEZS)	Office	13.42	93.38
Kolkata/Chandigarh	Office	1.94	79.94
Malls			
Delhi	Retail	0.77	98.61
Chandigarh	Retail	0.19	88.35
Under Construction Building			
DLF Cyber City Developers	Office	2.50	47.52
DAL (SEZ) - Chennai	Office	1.62	39.02

DCCDL – Consolidated P&L

DLF Cyber City Developers Limited UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD						
						(in Crs)
Particulars	Quarter Dec 31, 2017 (Unaudited)	Quarter Sept 30, 2017 (Unaudited)	Quarter Dec 31, 2016 (Unaudited)	YTD Dec 31, 2017 (Unaudited)	YTD Dec 31, 2016 (Unaudited)	Year Ended March 31, 2017 (Audited)
Income						
Revenue from operations*	910	927	837	2,873	2,634	3,675
Other income	280	228	126	736	351	563
	1,190	1,155	963	3,609	2,985	4,238
Expenses						
Cost of land, plots, constructed properties and development rights	173	209	188	685	631	813
Employee benefits expense	29	21	26	71	70	89
Finance costs	441	430	337	1,289	974	1,410
Depreciation and amortisation expense	104	105	102	312	310	420
Other expenses*	103	57	49	212	164	323
	850	822	702	2,569	2,149	3,055
Profit before exceptional and extraordinary items and tax	340	333	261	1,040	836	1,183
Exceptional items	238	(1)	(1)	237	376	364
Profit from continuing operations before tax	578	332	260	1,277	1,212	1,547
Tax expense	66	61	35	176	289	298
Profit after tax	512	271	225	1,101	923	1,249
Minority interest & Share of profit in associates-net	3	7	12	(3)	28	(9)
Profit for the year (PAT)	515	278	237	1,098	951	1,240
Other Comprehensive Income for the year	(0)	1	-	0	-	(0)
Total Comprehensive Income for the year	515	279	237	1,098	951	1,240

* Internal lighting revenue and expense have been set-off in current and previous period

DCCDL – Balance Sheet as on Dec 31, 2017

DLF Cyber City Developers Limited UNAUDITED CONSOLIDATED FINANCIAL STATEMENT AS AT			
			(in Crs)
Particulars	Dec 31, 2017 (Unaudited)	Sept 30, 2017 (Unaudited)	Mar 31, 2017 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	841	865	831
Capital work in progress	4	1	66
Investment property	14,731	14,697	14,378
Goodwill	69	69	69
Other intangibles assets	1	1	1
Financial assets			
Investments	-	1	1
Loans	383	789	425
Other financial assets	32	30	30
Deferred tax assets (net)	1,008	1,069	826
Assets for non-current tax	375	413	503
Other non-current assets	1,091	1,067	1,372
Total non current assets	18,535	19,002	18,502
Current assets			
Inventories	8	1,587	1,528
Financial Assets			
Trade receivables	166	201	231
Cash and cash equivalents	137	308	730
Other bank balances	369	363	389
Loans	8,569	7,687	6,616
Other financial assets	-	4	-
Other current assets	166	274	278
Total current assets	9,415	10,424	9,772
Assets held for sale	-	4	1
TOTAL ASSETS	27,950	29,430	28,275

DCCDL – Balance Sheet as on Dec 31, 2017

DLF Cyber City Developers Limited UNAUDITED CONSOLIDATED FINANCIAL STATEMENT AS AT			
Particulars	Dec 31, 2017 (Unaudited)	Sept 30, 2017 (Unaudited)	Mar 31, 2017 (Audited)
			(in Crs)
EQUITY AND LIABILITIES			(in Crs)
Equity			
Equity share capital	2,264	1,501	1,501
Other equity	5,185	7,773	7,188
Equity contributable to owners of Holding Company	7,449	9,274	8,689
Non- controlling interests	-	(4)	(10)
Total equity	7,449	9,270	8,679
Non-current liabilities			
Financial Liabilities			
Borrowings	15,510	14,816	14,896
Other financial liabilities	2,031	2,191	1,919
Provisions	11	13	12
Deferred tax liabilities (net)	29	30	27
Other non current liabilities	424	390	395
Total non-current liabilities	18,005	17,440	17,249
Current liabilities			
Financial Liabilities			
Borrowings	802	579	615
Trade payables	208	260	275
Other financial liabilities	1,076	1,200	869
Provisions	0	1	1
Liabilities for current tax	195	146	3
Other current liabilities	215	534	584
Total current liabilities	2,496	2,720	2,347
TOTAL EQUITY AND LIABILITIES	27,950	29,430	28,275



Thank You