

DLF Limited

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April 28, 2015

The General Manager Dept. of Corporate Services BSE Limited P.J. Tower, Dalal Street, Mumbai – 400 001 e-mail: corp.relations@bseindia.com	The Vice-President National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051 e-mail: cmlist@nse.co.in
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Dear Sir,

Sub: Disclosure to Stock Exchanges

We are sending herewith a Press Release dated 24th April, 2015 issued by ICRA reaffirming the rating at 'ICRA A' on the bank facilities and NCD programme, for your kind information and record please.

Thanking you,

Yours faithfully,
For **DLF Limited**


Subhash Setia
Company Secretary

For any clarifications, please contact:-

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DLF Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action as on April '15
NCD Programme	4,000	[ICRA]A (Re-affirmed); Negative outlook assigned
Fund Based Facilities	8,542	[ICRA]A (Re-affirmed); Negative outlook assigned
Non-Fund Based Facilities	1,160	[ICRA]A (Re-affirmed); Negative outlook assigned

ICRA has reaffirmed the long-term rating of [ICRA]A (pronounced ICRA A)* assigned to Rs. 4,000 crore† NCD programme, Rs. 8,542 crore Fund Based facilities and Rs. 1,160 crore Non-fund Based facilities of DLF Limited (DLF). The rating has been removed from 'rating watch with negative implications'. The long term rating has been assigned a Negative outlook.

ICRA has taken a consolidated view of DLF and its subsidiaries given the strong operational, financial and management linkages among various entities.

ICRA had placed the rating of DLF on 'watch with negative implications' post Securities Exchange Board of India's (SEBI's) order‡ dated October 10, 2014. Consequent to SEBI order, DLF filed an appeal in Securities Appellate Tribunal (SAT), which through its order dated March 13, 2015 quashed SEBI's earlier order pertaining to the ban. ICRA has removed DLF's rating from watch post SAT's favourable order as it provides the flexibility to the company to access capital markets. This assumes importance given DLF's high refinancing requirements and planned debt reduction programme.

SEBI, however, recently has filed an appeal before Supreme Court of India contesting SAT's order quashing the ban. ICRA will continue to monitor the outcome of the said appeal filed by SEBI and its impact on the company's financial flexibility. In addition DLF's continuing high debt levels, sluggish outlook for real estate sector over the near term and other on-going litigations are the key factors for assigning 'Negative' outlook to the long term rating.

DLF's gross debt at the end of December 2014 was Rs. 23,945 crore as compared to Rs. 22,334 crore at the end of March 31, 2014. The increase in debt was on account of slower pace of new project launches and government charges apart from weak operational cash flows. High debt levels have resulted in moderate debt coverage indicators for the company while also exposing it to refinancing risks given the high repayment obligations falling due in the short to medium term. ICRA notes that DLF remains committed towards material debt reduction over the short to medium term through various initiatives like monetization of non-core assets/land parcels, partnering with strategic investors in some of its large real estate projects amongst others. However, ICRA believes a significant reduction of debt hinges on DLF's ability to carry out securities market actions like equity market action by DLF or unlocking value of its rental portfolio through REITs listing. The same, nevertheless, remains contingent on the outcome of the appeal filed by SEBI in Supreme Court. ICRA will continue to monitor the outcome of the same and its consequent impact on the credit risk profile of DLF.

The negative outlook also takes into account the sluggish demand in the real estate sector that poses a challenge to the company in maintaining its sales, especially in its on-going commercial projects and new residential projects specifically catering to luxury/super luxury segment where the activity has remained tepid over the last year. In 9MFY15, DLF booked 1.35 mn sq ft having sale value of Rs. 1878

* For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other rating publications

† 100 lakh = 1 crore = 10 million

‡ The said SEBI order restrained DLF and some of its key executives from accessing the securities market and prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for the period of three years because of violation of SEBI's regulations related to disclosures with respect to DLF's initial public offering (IPO).



crore as compared to 3.32 mn sq ft a year ago having sale value of Rs. 3760 crore. Further, ICRA has taken cognizance of DLF's increasing reliance on Gurgaon market and schemes like subvention etc to maintain the sales momentum.

The rating however continues to favorably factor in DLF's established market position in the domestic real estate sector; its diversified, well located and low-cost land bank; and its healthy lease income portfolio, which apart from providing stability to DLF's otherwise volatile real estate revenues, supports its operating profitability.

While reaffirming the rating, ICRA continues to take note of the on-going litigations against the company; however the financial impact of the same on DLF cannot be ascertained at this stage since the cases are sub-judice. ICRA will continue to monitor the outcome of these cases and their impact on the credit profile of the company. Going forward, DLF's ability to reduce its debt levels in the near term through various monetization initiatives and improve the cash flows from its core real estate development operations would be amongst the key rating sensitivity factors.

Company's Profile

DLF Limited is the largest domestic real estate developer with more than 50 years of experience in developing real estate. The company has developed more than 250 million sq.ft. It is credited for developing many well known urban colonies in Delhi, including South Extension, Greater Kailash, Kailash Colony and Hauz Khas as well as one of Asia's largest private townships "DLF City" in Gurgaon, Haryana. DLF is currently developing 48 mn. sq.ft. across the country. Some of its key subsidiaries based on subscribed equity capital are DLF Assets Limited (rated [ICRA]A (SO) (Negative)) and DLF Cyber City Developers Limited (rated [ICRA]A (SO) (Negative)).

Recent Results (Consolidated)

For FY14 (April 2013-March 2014), DLF reported a net profit of Rs. 604 crore on an operating income of Rs. 8419 crore as compared to net profit of Rs. 681 crore on an operating income of Rs. 7815 crore over the same period a year ago. In the first nine months of FY15, DLF has reported a net profit of Rs. 328 crore on an operating income of Rs. 5699 crore.

April 2015

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