

March 12, 2010

CARE ASSIGNS 'PR1+' RATING TO CP PROGRAMME OF DLF LTD.(FOR ENHANCED AMOUNT)

CARE has assigned a **'PR1+' [PR One Plus]** rating to the Short-term Commercial Paper (CP) issue of Rs.1,500 crore (size enhanced from Rs.1,000 crore, including current outstanding) of DLF Limited. Instruments with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

Rating Rationale

The rating reflects DLF's rich experience and leading position in the domestic real estate sector, large land bank (which is largely paid for), pan-India presence and diversified revenue stream derived from presence across residential, commercial and retail projects.

The rating takes into account DLF's improved financial flexibility consequent to the recent debt management steps undertaken, significant realization of debtors from DLF Asset Limited (DAL) during H1FY10, improved cash flows resulting from the existing projects as well as success of recently-launched projects and comfortable gearing levels.

The rating takes comfort from DLF's stated intention and efforts towards de-leveraging itself by raising cash from sale of its non-core assets and disposal of some of the non-liquid assets.

Going forward, DLF's ability to improve the revenue and profitability in light of challenging operating environment and timely and adequate realisation from sale of non-core assets shall be the key rating sensitivities. However, higher-than-envisaged short-term borrowing and/or expenditure towards projects or land acquisition are likely to put pressure on cash flows and may have an impact on the credit risk profile of the company.

Company Profile

DLF Limited is the flagship company of the DLF group founded in 1946. Over the years, DLF has evolved as one of the leading real estate developers in India with an extensive track record of developing real estate properties across various spheres of real estate. DLF's revenues have grown at a healthy Compounded Annual Growth Rate

(CAGR) of 76.2% over FY06-09 on the back of increased real estate activities and sales of commercial properties. However, during FY09, total income declined by 31%, on account of slowdown in the sector. During 9MFY10, DLF achieved a total operating income of Rs.5,427 crore and earned a PAT of Rs.1,304 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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