

DLF EMPORIO LIMITED

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Date: 09.03.2016

To,

The General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, P.J.Towers,
Dalal Street,
Mumbai – 400 001.

Dear Sir,

Scrip Code: 950277

ISIN: INE866N07016

Sub: Re-affirmation of rating assigned by CRISIL Limited

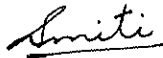
This is to inform you that CRISIL Limited has re-affirmed “**AA(SO)/Stable**” rating to 5,250 secured, rated, listed, redeemable non-convertible debentures of face value of Rs.10 Lacs each having coupon rate of 10.90% per annum payable on monthly rests under commercial mortgage backed securities structure aggregating to Rs.525 Crores (“Debentures”) on March 04, 2016.

We are also enclosing herewith the rating rationale dated March 04, 2016 received from CRISIL Limited. You are requested to take the above on your record.

Thanking you,

**Yours faithfully,
For DLF Emporio Limited**

For DLF Emporio Limited



Company Secretary

**Smiti Mehta
Company Secretary**

Encl: as above

RA ✓ ✓

Rating Rationale

March 04, 2016
Mumbai

CRISIL reaffirms ratings on CMBS transactions of DLF Emporio and DLF Promenade

DLF Emporio Limited

Rs.5.25 Billion Non-Convertible Debentures Issue

CRISIL AA (SO)/Stable (Reaffirmed)

DLF Promenade Limited

Rs.3.75 Billion Non-Convertible Debentures Issue

CRISIL AA (SO)/Stable (Reaffirmed)

CRISIL has reaffirmed its 'CRISIL AA (SO)/Stable' rating on the commercial mortgage-backed securities (CMBS; issued as non-convertible debentures [NCDs]) of DLF Emporio Ltd and DLF Promenade Ltd. The companies are step-down subsidiaries of DLF Ltd (rated CRISIL A/Negative/CRISIL A2+), and own and operate eponymous malls in New Delhi.

The ratings on the NCDs continue to reflect the quality of the underlying properties' cash flow backed by steady rentals, low vacancy rate and good tenant profile. The ratings also reflect the adequate interest cover, comfortable loan-to-value ratio and strong structural features of the instrument.

The average rentals on DLF Emporio and DLF Promenade increased to Rs.324 per square feet and Rs.159 per square feet respectively in April'15-Sept'15 period from Rs.301 per square feet and Rs.146 per square feet respectively in April'14-Sept'14 period. During this period, the vacancy was in line with CRISIL's expectations at 3 to 6 per cent for both malls. The operating earnings before interest, tax, depreciation and amortisation (EBITDA) for both transactions provide adequate cover for the interest amount due to investors in both transactions. For the six months ended September 30, 2015, the average interest service coverage ratio (ISCR)¹ was 1.90 times for the NCDs issued by both DLF Emporio Ltd and DLF Promenade Ltd.

The subsidiaries have a comfortable loan-to-value ratio of less than 50 per cent, in addition to the liquidity support, and favourable structural features of the instruments. The structure of the transactions requires that the issuer pays only interest on the NCDs over five and a half years; the structure is supported by the healthy ISCRs for both malls.

CRISIL has noted that Securities and Exchange Board of India (SEBI) has appealed to Supreme Court of India challenging Securities Appellate Tribunal's (SAT's) order, dated March 13, 2015, allowing DLF and its six executives to access capital markets. The Supreme Court of India is yet to hear SEBI's appeal. CRISIL will continue to monitor this aspect as it may have a bearing on the refinancing of the NCDs.

Even if the issuers are unable to refinance the NCDs by the end of the indicative maturity date, the structural features empower the debenture trustee (DT) to repay investors by selling the underlying properties or pledged shares by the legal final maturity date, which is two years after the date of refinancing. Such structural features allow the ratings on the transactions to be significantly delinked from the parent rating.

Outlook: Stable

CRISIL believes that the malls of DLF Emporio Ltd and DLF Promenade Ltd will maintain low vacancy rates and steady lease rentals over the medium term because of their location advantage and proficient operational management. The outlook may be revised to 'Positive' if there is significant and sustainable improvement in the subsidiaries' ISCRs, mostly through an increase in revenue and material appreciation in property value. Conversely, the outlook may be revised to 'Negative' if the ISCRs weaken or value of properties declines. Any non-adherence to the structural features of the transaction will result in a rating downgrade.

About the Issuers

For 2014-15 (refers to financial year, April 1 to March 31), DLF Emporio reported a profit after tax of Rs.0.67 billion (Rs.0.62 billion for 2013-14) on a total income of Rs. 1.13 billion (Rs.1.12 billion for 2013-14). For 2014-15 and 2013-14, DLF Promenade reported losses of Rs. 0.06 billion and Rs. 0.02 billion, respectively (due to high interest costs on inter-corporate deposits) and had a total income of Rs. 0.90 billion and Rs.0.86 billion, respectively.

For the six months ended September 30, 2015, DLF Emporio and DLF Promenade reported total income of Rs.0.96 billion and Rs.0.50 billion, respectively. For the same period, DLF Emporio reported profit of Rs. 0.37 billion and DLF Promenade reported loss of Rs. 0.09 billion respectively.

About DLF Ltd

DLF Ltd is one of the oldest and largest real estate developers in India. The company has a diverse asset portfolio

and has a presence across the country.

For 2014-15, DLF reported net profit after tax (excluding minority interest) of Rs. 5.1 billion on net sales of Rs. 76.5 billion (Rs. 5.8 billion and Rs. 83.0 billion, respectively, for 2013-14). For the nine months ended December 31, 2015, the company reported net profit after tax (excluding minority interest) of Rs.3.8 billion on net sales of Rs.69.2 billion (Rs.3.3 billion and Rs. 57.0 billion, respectively, for the corresponding period of the previous year).

¹Based on Operating EBITDA to Interest on the NCDs

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About CRISIL

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Last updated: August, 2014

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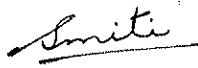
March 04, 2016

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Certified True Copy
For DLF Emporio Limited


Company Secretary