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# **DLF Limited**

## **Q1 FY10**

### **Analyst Presentation**

**• The Previous Quarter figures have been regrouped / rearranged wherever necessary to make them comparable. All figures for the current quarter are unaudited, but reviewed by statutory auditors**

# 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.



# FY10 – An Optimistic Start

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- Post challenging market conditions through FY09, especially in 2H FY09, Q1 FY 10 witnessed revival of demand & renewed activity in the business
- **Q1 FY10 saw a recovery led by**
  - Economic & political stability leading to growing confidence amongst buyers
  - Aggressive price cuts by developers / substantially improved affordability
  - Pent up demand and meeting of anticipated price corrections
  - Impact of rate cuts & stimulus packages taking effect
- **Q1 FY10 continued to witness a spate of measures by developers to shore up liquidity & generate demand**
  - Aggressive future launch plans with “right product & price combinations”
  - Aggressive focus on the housing segment with ticket size of less than INR 35 lakhs
  - Sale of assets and selective fund raising in capital markets
- **A positive start to FY10 with the worst behind; focus is at present to ensure demand sustainability and delivery of end product**

# Performance of Company – Q1 FY10

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- Construction of approx. 8 mn sqft commenced in Homes & Commercial Complexes. Handed over approx. 1 msf of Office & Commercial Complex space.
- New leasing volume remain subdued, though gradual interest / number of enquiries steadily improving.
- Strong start in DLF Capital Greens (SBM), New Delhi. Sold approx. 1400 units. More launches to follow.
- Significant improvement of Balance Sheet quality, debt reduction program on target :
  - Net Debt down by over Rs2,200 Cr
  - Amount received from DAL Rs2,500 Cr
  - Non core asset de-leveraging Plan progressing as planned.
- **SEZ de-notification** – 5 SEZs de-notified. Flexibility to re-align product mix as per market dynamics.

# Profit & Loss Summary

## Q1 FY 10 vs Q4 FY 09

- Sales at Rs 1,650 Cr, compared to Rs 1,122 Cr.
- Net profit at Rs 396 Cr , as against Rs 159 Cr
- EBIDTA margins at 47% versus 28%

Particulars	Q1 - 10			Q1 - 09		
	Rs. Crs.	Change		Rs. Crs.	Change	
Sales	1650	1122	47%	1650	3811	-57%
EBIDTA (Core Operations)	874	424	* 106%	874	2401	* -64%
EBIDTA	840	384	** 119%	840	2380	-65%
%	47%	28%		47%	62%	
PBT	479	170	183%	479	2271	-79%
PAT	396	159	149%	396	1864	-79%

\* Excludes losses from non-core businesses .i.e. Hotels & the DLF Pramerica Life Insurance businesses

\*\* Q4 FY09 figures are after adjusting for EBIDTA impact of Rs. 353 Crs on account of one time Price Reset / Provision for Doubtful Debt.

# Consolidated P&L – Q1 FY10

Sl.No.	Consolidated Financials	Q1 FY10 (reviewed)		Q1 FY09 (Reviewed)		Q4 FY09 (reviewed)	
		Rs. Crs.	Percentage of Total Revenue	Rs. Mns	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue
A)							
1	Sales and Other Receipts	1,650		3,811		1,122	
2	Other Income	96		36		229	
	<b>Total Income(A1+A2)</b>	<b>1,746</b>	<b>100%</b>	<b>3,846</b>	<b>100%</b>	<b>1,351</b>	<b>100%</b>
B)	<b>Total Expenditure(B1+B2+B3)</b>	<b>906</b>	<b>52</b>	<b>1,466</b>	<b>38</b>	<b>968</b>	<b>72</b>
1	Construction Cost	666	38	1,206	31	578	43
2	Staff cost	113	6	103	3	137	10
3	Other Expenditure	127	7	158	4	253	19
C)	<b>Gross Profit Margin(%)</b>		<b>62%</b>		<b>69%</b>		<b>57%</b>
D)	<b>EBITDA (D/A1)</b>	<b>840</b>	<b>48</b>	<b>2,380</b>	<b>62</b>	<b>384</b>	<b>28</b>
E)	<b>EBIDTA ( Margin)</b>		<b>47%</b>		<b>62%</b>		<b>28%</b>
F)	Financial charges	287	16	54	1	163	12
G)	Depreciation	73	4	55	1	52	4
H)	Profit/loss before taxes	479	27	2,271	59	170	13
I)	Taxes						
	Current Taxes	92	5	377	10	(26)	-2
	Deferred Tax	8	0	(0)		26	
J)	<b>Net Profit after Taxes before Minority Interest</b>	<b>380</b>	<b>22</b>	<b>1,895</b>	<b>49</b>	<b>170</b>	<b>13</b>
K)	Minority Interest	16		(11)		(10)	
L)	Profit/(loss) of Associates	(1)		(20)		(1)	
M)	<b>Net Profit</b>	<b>396</b>	<b>23</b>	<b>1,864</b>	<b>48</b>	<b>159</b>	<b>12</b>
Note :							
1	Construction Cost includes Cost of Land, Plots and Constructed Properties and Cost of Revenue others						
2	Gross Profit Margin = (Total Income - Construction Cost) / Total Income						

Above figures includes losses from non-core businesses .i.e. Hotels & the DLF Pramerica Life Insurance businesses  
Q4 FY09 figures are after adjusting for EBIDTA impact of Rs. 353 Crs on account of one time Price Reset / Provision for Doubtful Debts.

# Consolidated Balance Sheet - Q1 FY10

Balance Sheet	Rs in Crs		
	As at		
	30-Jun-09	30-Jun-08	31-Mar-09
<b>SOURCES OF FUNDS</b>			
Shareholders' funds			
Capital	1735	1291	1735
Reserves and surplus	22804	20432	22419
	<b>24,539</b>	<b>21,723</b>	<b>24,154</b>
Minority Interests	606	407	634
<u>Loan funds</u>			
Secured loans	13386	9093	13262
Unsecured loans	1389	5128	3058
	<b>14,775</b>	<b>14,221</b>	<b>16,320</b>
Deferred tax liability	0	36	0
	<b>39,920</b>	<b>36,387</b>	<b>41,108</b>
<b>APPLICATION OF FUNDS</b>			
Fixed assets			
Gross block	8561	5317	8487
Less: Depreciation	644	406	574
Net block	7,918	4,911	7,913
Capital work in progress	5851	6105	5688
Deferred Tax assets	34	0	41
Investments	2138	1421	1402
Goodwill on consolidation	2208	2192	2265
Current assets, loans and advances			
Stocks	11296	10283	10928
Sundry debtors	1821	7605	2165
Cash and bank balances	717	1001	1196
Other current assets	6495	29	7622
Loans and advances	8593	9789	9712
	<b>28,922</b>	<b>28,707</b>	<b>31,623</b>
Less :			
Current liabilities and provisions			
Liabilities	3557	3638	4140
Provisions	3593	3311	3684
	<b>7,150</b>	<b>6,949</b>	<b>7,824</b>
Net current assets	<b>21,772</b>	<b>21,758</b>	<b>23,799</b>
	<b>39,920</b>	<b>36,387</b>	<b>41,108</b>

*\* Other current assets include unbilled receivables which were previously shown in sundry debtors. Accordingly, the previous figures pertaining to Mar 31, 2009 have been restated*

# Cash Flow Statement - Q1 FY10

Rs. In Crs		Quarter ended	Year ended	Quarter ended
Particulars		30-Jun-09	31-Mar-09	30-Jun-08
<b>A.</b>	<b>Cash flow from operating activities:</b>			
	Net profit before tax	479	5,200	2,271
	<b>Adjustments for:</b>			
	Depreciation	73	239	55
	Loss/(profit) on sale of fixed assets, net	-	4	-
	Provision for doubtful debts/diminution in value of investments	2	69	(5)
	Loss/(profit) on sale of current Investments	(1)	(75)	-
	Amortisation cost of Employee Stock Option	12	38	14
	Exchange Gain loss	5	(7)	
	Interest/guarantee expense	287	555	54
	Interest/dividend income	(82)	(235)	(24)
	<b>Operating profit before working capital changes</b>	<b>775</b>	<b>5,787</b>	<b>2,366</b>
	<b>Adjustments for:</b>			
	Trade and other receivables	2,485	(1,978)	(1,949)
	Inventories	(180)	(1,477)	(829)
	Trade and other payables	(388)	(407)	(614)
	Taxes paid	(70)	(1,112)	(489)
	<b>Net cash (used in) / from operating activities</b>	<b>2,622</b>	<b>814</b>	<b>(1,515)</b>
<b>B.</b>	<b>Cash flow from investing activities:</b>			
	Sale/Purchases of fixed assets(net)	(64)	(4,326)	(146)
	Increase in Capital work in progress	(163)	504	(921)
	Interest/Dividend received	61	102	20
	Sale/Purchases of Investment(net)	(651)	(444)	(550)
	<b>Net cash used in investing activities</b>	<b>(817)</b>	<b>(4,163)</b>	<b>(1,597)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>			
	Proceeds/(repayment) from long term borrowings (net)	(1,039)	3,630	1,440
	Proceeds of short term borrowings (net)	(532)	482	530
	Interest paid	(683)	(1,667)	(83)
	Share premium		-	140
	Dividend Paid	-	(372)	(0)
	Increase in share capital	(1)	304	-
	<b>Net cash used in financing activities</b>	<b>(2,255)</b>	<b>2,377</b>	<b>2,027</b>
	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(449)</b>	<b>(972)</b>	<b>(1,085)</b>
	<b>Opening cash and cash equivalents</b>	<b>1,096</b>	<b>2,069</b>	<b>2,069</b>
	<b>Closing cash and cash equivalents</b>	<b>647</b>	<b>1,096</b>	<b>983</b>
	<b>Net Increase / (decrease)</b>	<b>(449)</b>	<b>(972)</b>	<b>(1,085)</b>

# Debt Position – Q1 FY10

Rs Cr.

<b>Gross Debt ( as on 1st April-09 )</b>		<b>16,320</b>	Against mandatory due of Rs. 2391Crs
Less : Repaid during Q1 10	(3460)		
New Loans availed during Q1 10	1915	(1545)	
<b>Gross Debt position ( as on 1st July-09 )</b>		<b>14,775</b>	
Less : Cash in hand	1701		
Equity shown as Debt / JV Co. Debt	1388	3089	
<b>Net Debt</b>		<b>11686</b>	Against opening Net Debt of Rs.13958 Crs
<b>DEBT REPAYMENT ACTION PLAN</b>			
<b>Mandatory Debt Payable in F.Y. 09-10</b>		<b>3646</b>	Present cash in hand of Rs. 1700 Crs can comfortably meet this liability. New Long Term Limits of Rs.1000 Crs Sanctioned, not yet availed.
Less : Paid during Q1 10	2391		
Paid in July-09	90	2481	
Balance payable during F.Y.09-10		1165	
All Repayment commitments made in time.			
All residual Debt will be Long Term in Nature and backed by Assets.			

# Debt De-Leveraging Plan

Rs Cr.

<b>Net Debt ( as on 1st-July-09 )</b>		<b>11686</b>	
Recovery action to unlock Non Core Assets	5500		Action plans are progressing well
Less : Already received in Q1 10	500	5000	
		6686	Already reflected in opening net debt
Additional funds targeted from DAL in Q1 10	2000		
Less : Already received in Q1 10	2500		
	(500)		
Further funds expected from DAL by F.Y.10		500	Excludes operating Surplus. ( i.e. this debt will further reduced by operating surplus generated during the year).
<b>Net Debt</b>		<b>6186</b>	
<b>Total Long Term ( &gt; 3 years ) Debt in Place</b>		<b>8500</b>	

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# Business Operations



# Sales Business – Homes & Commercial Complexes

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## Mid-Income Housing

- Continuous focus on launch of Mid – Income housing projects PAN India.
- Successful launch of DLF Capital Greens, New Delhi - 2 msf in Phase 1 completely sold out
  - Further Phase 2 planned to be launched at a higher price
- Sold 0.50 msf in Bangalore.

## Luxury Homes

- Plans to progress with the luxury segment (Phase V- Gurgaon)
- Plans to soft launch projects at city center locations ( Chennai & Cochin)
- Endeavour to generate buyer interest by providing excellent location & superior product specifications

## Commercial Complexes

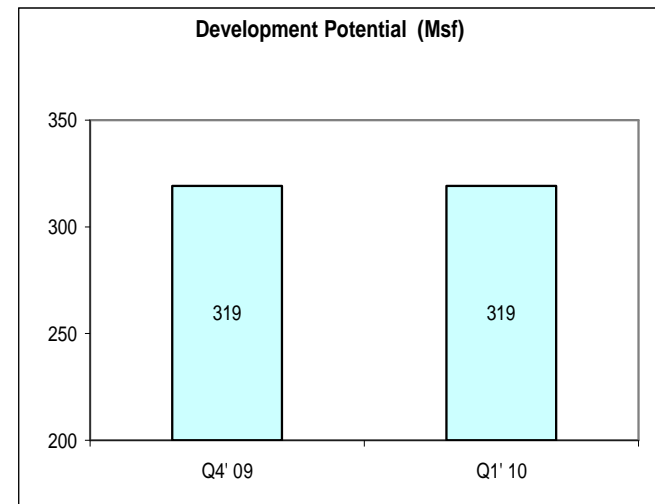
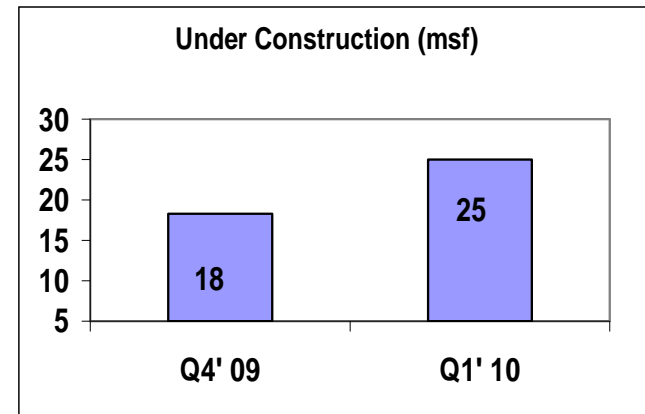
- Demand improving, will wait for further market improvement, but plan to continue to test market with few soft-launches.
- Expect significant improvement in next year.

# Development Business ( Homes & C. Complexes )

## Development Business

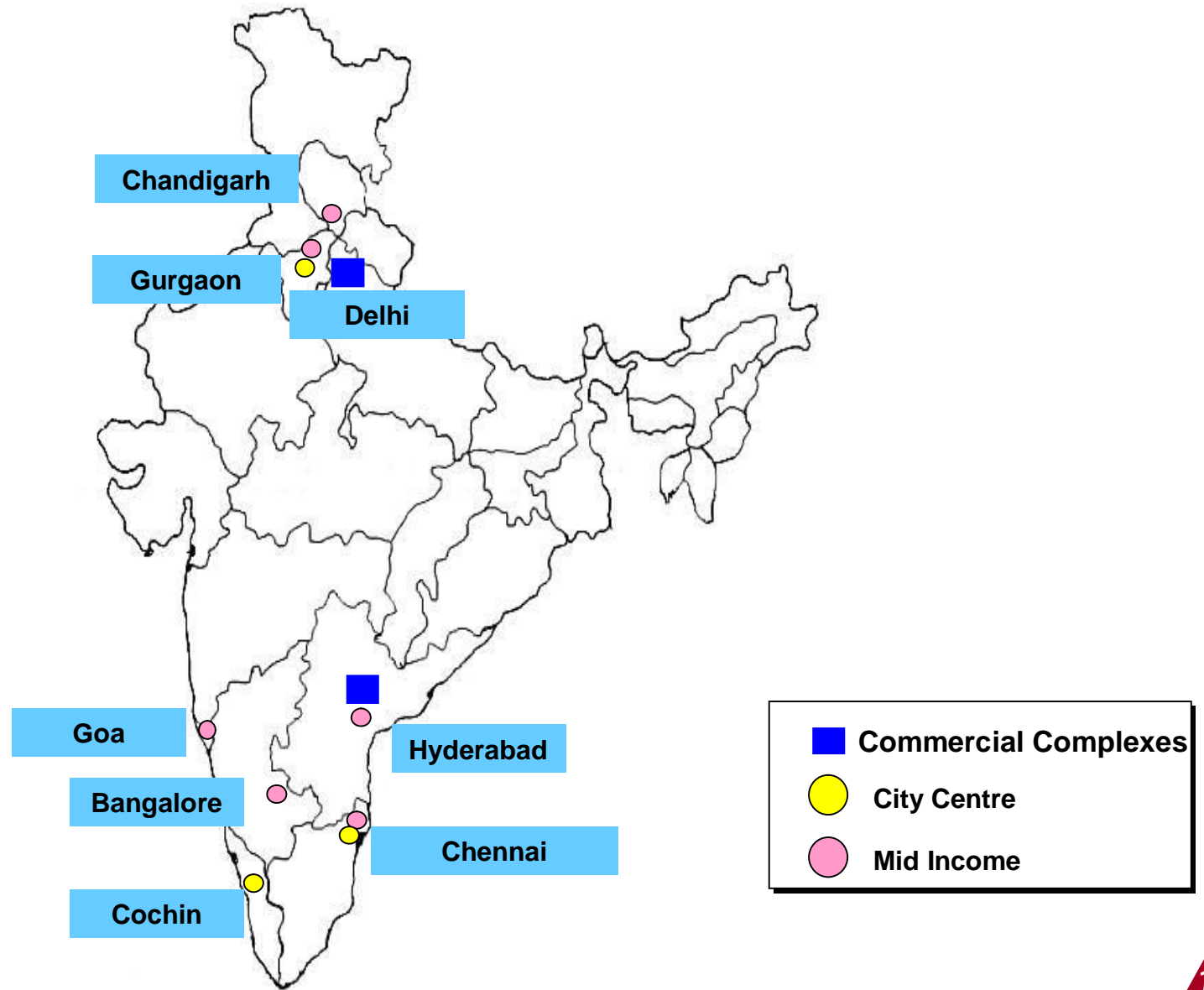
Particulars	TOTAL		
	Total mn sqft		
	Q1 10	Q1 09	Q4 09
<b>Sales Booked (msf)</b>			
Opening Balance	28.25	20.80	27.47
Booked during Qtr	2.67	3.03	0.77
Handed Over	0.83	0.00	0.00
Closing Balance*	30.09	23.82	28.25
<b>Under Construction</b>			
Opening Balance	18.31	14.80	17.29
New Launched	7.53	2.40	1.02
Handed Over	0.83	0.00	0.00
Closing Balance	25.01	17.20	18.31
<b>Wt. Avg. Rate ( Sale Price )</b>			
Homes	5369	2808	2211
C.Complex	13132	8773	6946
<b>Wt. Avg. Rate ( Project Cost )</b>			
Homes	2452	1679	1736
C.Complex	5372	2544	5806
<b>Margin ( Per sqft )</b>			
Homes	2917	1129	475
C.Complex	7760	6229	1140

* Break Up -	Homes	23.57
	C.Complex	6.51



# Homes & Commercial Complexes - Forthcoming Launches

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# Lease Business – Offices and Retail Malls

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## Current Market Situation

- Leasing enquiries have started to show a gradual increase.
- As the pace of recovery in the global environment improves further, these enquiries are expected to be converted into pre-leases.

## Company Focus

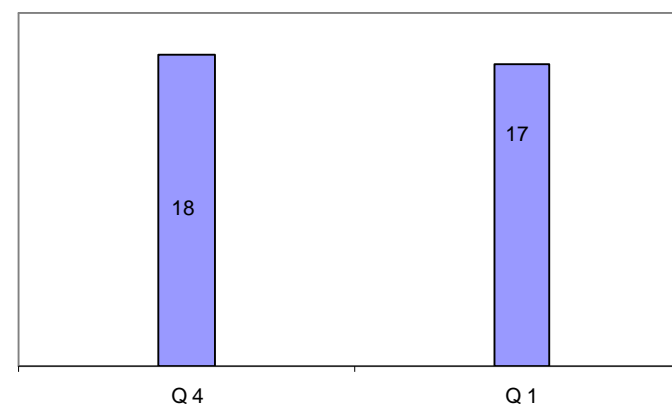
- Expedite execution & deliveries.
- Strengthen existing relationships with customers
- Providing further services to tenants / customers through higher value engineering
- Well positioned to meet the anticipated demand for the coming years

# Annuity Business ( Offices & Retail Leasing )

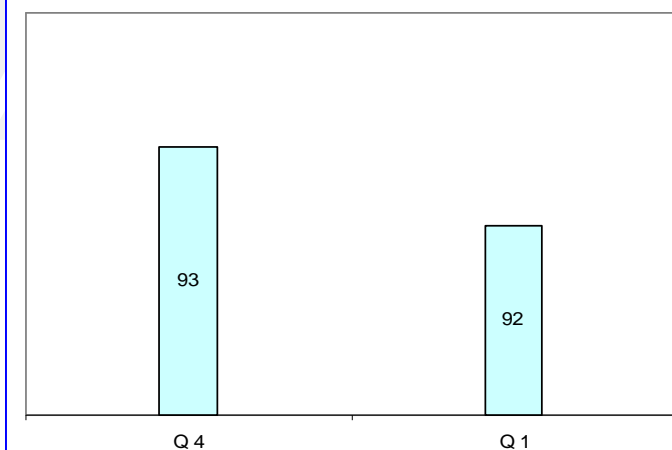
## Annuity Business

Particulars	Total		
	Total mn sqft		
	Q1 10	Q1 09	Q4 09
<b>Sales / Leased Booked</b>			
Opening Balance	17.42	16.22	17.44
Add : Lease Booked during Qtr	0.09	0.67	(0.05)
Add : Sales Booked during Qtr	0.00	1.75	0.41
Less : Handed Over	0.56	3.05	0.39
Closing Balance *	16.95	15.60	17.42
<b>Under Construction</b>			
Opening Balance	17.69	46.82	44.14
New Launched / Suspended	0.00	1.91	(26.07)
Handed Over	0.56	3.05	0.39
Closing Balance	17.13	45.68	17.69
<b>For Sale Business</b>			
Wt. Avg. Rate (Sale in Rs.sqft )	0	8884	7519
Wt. Avg. Project Cost ( Rs.sqft )	0	1902	1662
<b>Margin</b>	<b>0</b>	<b>6982</b>	<b>5856</b>
<b>Wt. Avg. Leasing Rate - Office Building (in Rs.sqft )</b>			
- Retail Mall ( in Rs. Sqft )	30	69	71
	152	0	183
<b>Wt. Avg. Project Cost - Office Building (in Rs.sqft )</b>			
- Retail Mall ( in Rs. Sqft )	1891	2189	2025
	7762	0	7296
<b>* Breakup</b>			
<b>Retail Mall</b>	<b>0.45</b>		
<b>Office Lease / Pre-Lease / Sales</b>	<b>16.50</b>		

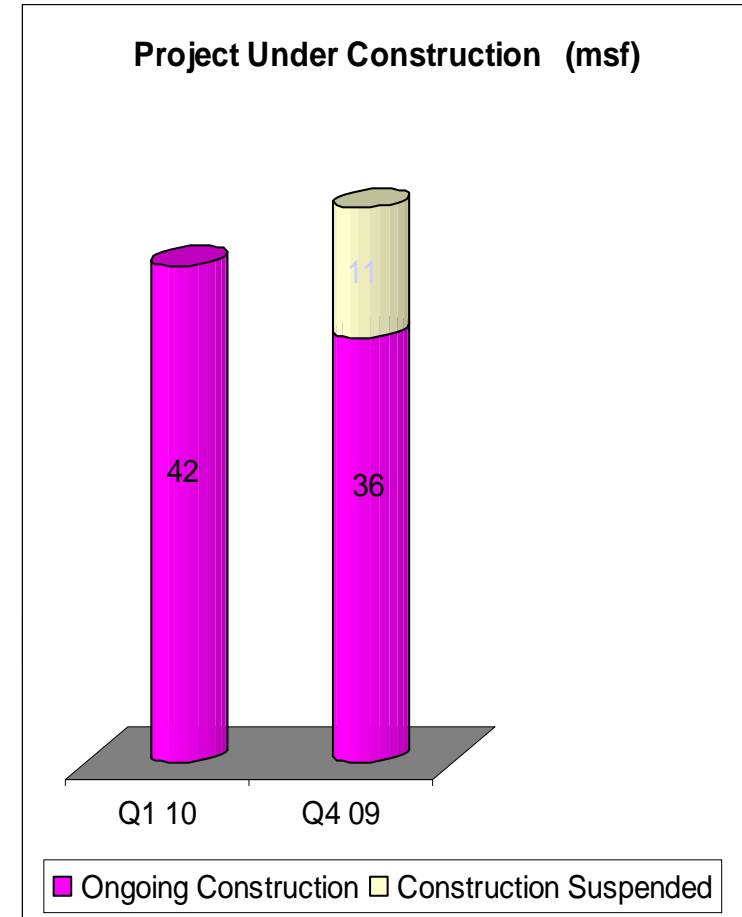
### Under Construction (Annuity) (Msf)



### Development Potential (Msf)



# Execution Capability

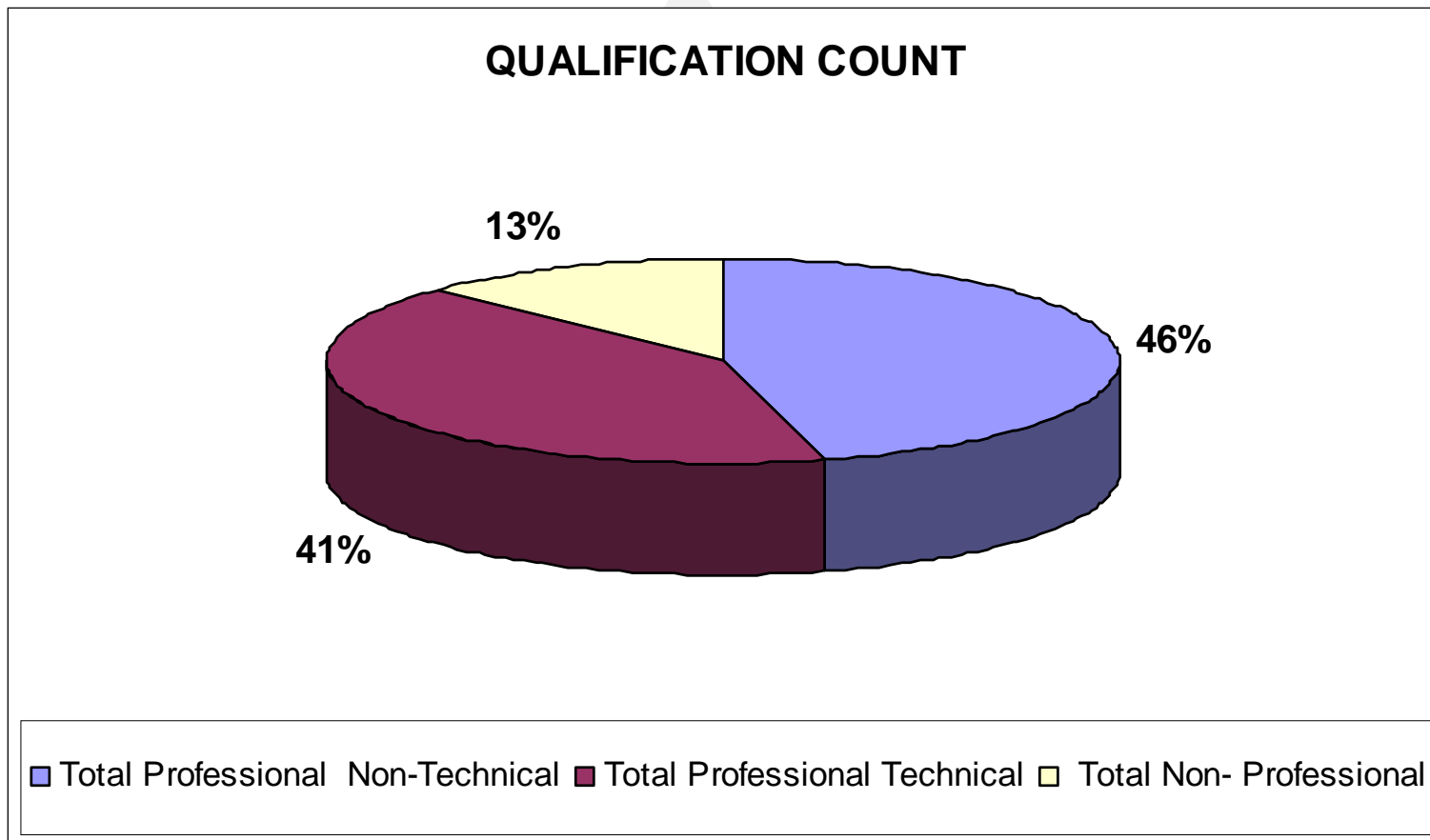


**Out Of 11 mn sqft suspended, 6 mn sqft restored**

# Human Resource

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Employee Count as on June 30, 2009 : 2,750  
( 2,882 as on March 31 , 2009)



# Our Land Resources

	Other Land	Hotel Land	Grand Total	
<b>Area (Mln Sft)</b>				
Gross Area (Mln.Sft.)-As on 31st Mar-09	412	13	425	
Less:Projects Disposed off during Q1-10	1	1	2	
<b>Net Land Bank (as on 30th June-09)</b>	<b>411</b>	<b>12</b>	<b>423</b>	
<b>COST (Rs./Cr.)</b>				
Land Balance Payable as on 31st Mar-09	252	2	254	
Less :Amount Paid in Q1-10	2		2	
Less:Projects disposed off	5		5	
<b>Payable as on 30th-June-2009</b>	<b>246</b>	<b>2</b>	<b>247</b>	
<b>Break up of 423 Mln sft of Land Bank available</b>				
	<i>Development Business</i>	<i>Annuity Business</i>	<i>Hotel</i>	<i>Total</i>
* Break up of 423 Mln Sft	319	92	12	423
**Projects Under Construction	25	17		42
<b>Notes</b>				
<p>1. Major portion of Rs. 247 Crs is towards Govt. Land payable over next few years subject to delivery of Land.</p> <p>2. High Potential &amp; Short / Medium Development Potential not affected by above actions.</p> <p>3. Development Business - 319 mln sft ( Homes- 290 mln sft &amp; C.Complex- 29 mln sft)</p> <p>4. Annuity Business- 92 mln sqft ( Offices- 68 mln sft and Retail Malls- 24 mln sft)</p>				



**Thank You**

