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# DLF Limited

## Q2 Analyst Presentation



# Results at a Glance – Q2

Sl.No.	Consolidated Financials	Q2 FY08		Q1 FY08	
		Rs. Crs.	Percentage of Total Revenue	Rs. Crs	Percentage of Total Revenue
A)					
1	Sales and Other Receipts	3,250		3,074	
2	Other Income	99		47	
	<b>Total Income(A1+A2)</b>	<b>3,349</b>	<b>100%</b>	<b>3,121</b>	<b>100%</b>
B)	<b>Total Expenditure(B1+B2+B3)</b>	986	29	870	28
1	Construction Cost	832	25	747	24
2	Staff cost	61	2	53	2
3	Other Expenditure	93	3	70	2
C)	<b>Gross Profit Margin(%)</b>		<b>75%</b>		<b>76%</b>
D)	<b>EBITDA (D/A1)</b>	2,363	71	2,251	72
E)	<b>EBIDTA ( Margin)</b>		<b>74%</b>		<b>73%</b>
F)	Financial charges	4	0	108	3
G)	Depreciation	11	0	16	1
H)	<b>Profit/loss before taxes</b>	<b>2,348</b>	<b>70</b>	<b>2,127</b>	<b>68</b>
I)	<b>Taxes</b>				
	Current Taxes	316	9	602	19
	Deferred Tax	14		1	
J)	<b>Net Profit after Taxes</b>	<b>2,018</b>	<b>60</b>	<b>1,524</b>	<b>49</b>

**Note :**

1	Construction Cost Includes Cost of Land, Plots and Constructed Properties and Cost of Revenue
2	Gross Profit Margin = (Total Income - Construction Cost) / Total Income

- **Total Income increased 7.3% Q/Q**
- **Reduction in Financial Charges due to IPO inflows**
- **Tax rates normalized to 20% for 1H2008, giving positive impact in Q2**

# Consolidated Balance Sheet – Q2

	(Rs. In Millions)			
	Schedule	30-Sep-07	30-Jun-07	31-Mar-07
<b>SOURCES OF FUNDS</b>				
Shareholders' funds				
Capital	1	12,908	12,908	12,557
Reserves and surplus	2	145,832	125,270	22,992
		158,740	138,178	35,549
Minority Interests	3	1,364	168	92
Loan funds				
Secured loans	4	68,657	94,946	92,053
Unsecured loans	5	9,197	8,520	7,274
		77,854	103,466	99,327
Deferred tax liabilities (net)	6	357	210	197
		238,315	242,022	135,165
<b>APPLICATION OF FUNDS</b>				
Fixed assets	7			
Gross block		22,122	16,928	18,044
Less: Depreciation		2,743	2,572	2,412
Net block		19,379	14,356	15,632
Capital work in progress		29,746	27,105	26,219
Investments	8	32,834	2,196	2,107
Goodwill on consolidation		16,298	8,935	8,935
Current assets, loans and advances				
Stocks	9	74,177	62,085	56,800
Sundry debtors	10	38,936	37,478	15,057
Cash and bank balances	11	17,932	94,692	4,155
Other current assets	12	256	110	74
Loans and advances	13	67,324	51,184	52,258
		<b>198,625</b>	<b>245,549</b>	<b>128,344</b>
Less :				
Current liabilities and provisions				
Liabilities	14	36,511	37,172	33,124
Provisions	15	22,056	18,947	12,948
		58,567	56,119	46,072
Net current assets		140,058	189,430	82,272
		<b>238,315</b>	<b>242,022</b>	<b>135,165</b>

# Cash Flows – Q2

		Rs. in million	
Particulars		Half year ended 30-Sep-07	Quarter ended 30-Jun-07
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before tax	44,752	21,267
	<b>Adjustments for:</b>		
	Depreciation	275	166
	Loss/(profit) on sale of fixed assets, net	2	3
	Provision for doubtful debts	-	1
	Loss/(profit) on sale of current Investments	(56)	-
	Employee Stock Option	127	-
	Interest/gurantee expense	1,113	1,077
	Interest/dividend income	(1,330)	(441)
	<b>Operating profit before working capital changes</b>	<b>44,883</b>	<b>22,073</b>
	<b>Adjustments for:</b>		
	Trade and other receivables	(2,911)	(16,288)
	Advances for land purchased	(31,350)	(3,670)
	Inventories	(17,429)	(5,288)
	Trade and other payables	3,398	3,276
	Taxes paid	(4,760)	(733)
	<b>Net cash (used in) / from operating activities</b>	<b>(53,052)</b>	<b>(22,703)</b>
<b>B.</b>	<b>Cash flow from investing activities:</b>		
	Sale/Purchases of fixed assets(net)	(7,539)	227
	Interest/Dividend received	1,148	441
	Sale/Purchases of Investment(net)	(36,034)	646
	<b>Net cash used in investing activities</b>	<b>(42,425)</b>	<b>1,314</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Proceeds/(repayment) from long term borrowings (net)	(24,240)	5,180
	Proceeds from issuance of preference shares	-	-
	Proceeds of short term borrowings (net)	2,759	(1,041)
	Interest paid	(1,084)	(1,077)
	Share premium	87,373	87,126
	Increase in share capital	351	351
	<b>Net cash used in financing activities</b>	<b>65,159</b>	<b>90,539</b>
	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>14,565</b>	<b>91,222</b>
	<b>Opening cash and cash equivalents</b>	<b>2,429</b>	<b>2,429</b>
	<b>Closing cash and cash equivalents</b>	<b>16,994</b>	<b>93,651</b>
	<b>Net Increase / (decrease)</b>	<b>14,565</b>	<b>91,222</b>

# Segment –Offices

Particulars	Q1 FY08 mn sqft	Q2 FY08 mn sqft
Lease/Sales Booked (msf)		
Opening Balance	8.31	11.27
Add: Booked during Qtr	4.30	2.45
Less: Handed Over	1.34	2.24
Closing Balance	11.27	11.48
Under Construction		
Opening Balance	25.76	29.54
Adjustment / New launched	5.12	7.13
Handed Over	1.34	2.24
Closing Balance	29.54	34.43
For Sale Business		
Wt. Average Rate (Sale Price)	6,131	6,865
Wt. Avg Land + Const Cost	1,793	1,708
<b>Margin</b>	<b>4,338</b>	<b>5,157</b>
For Lease Business		
Average Rate (Lease Rate)	49	57
Wt. Avg Land + Const Cost	1,923	1,832

Project Name	Q2 mn sqft
Gurgaon	0.75
Pune IT Park	0.11
<b>Sub Total - Lease</b>	<b>0.86</b>
Gurgaon	0.64
Chennai IT Park	0.09
Hyderabad IT Park	0.86
<b>Sub Total - Sale</b>	<b>1.59</b>
<b>Grand Total</b>	<b>2.45</b>

- Lease volume continues at 12 mn sq. ft. / year ( i.e. 1 mn sq.ft / month)
- Completed 2.24 mn sq.ft. (On track to execute a total of 11 mn sq. ft. during the year)
- Margin expanded to Rs. 5157 per sq. ft. vs. Rs. 4338 per sq. ft. of Q1
- Mix improvement of properties resulted in rental increase by 16% Q/Q

## Strategy & Update –Offices

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- **Handing Over :**

- ✓ Hyderabad IT Park
- ✓ Noida IT Park
- ✓ Cyber City Gurgaon ~ Two Blocks

- **Construction Commenced during the Quarter :**

- ✓ Cyber City IT SEZ
- ✓ Cyber City IT Park
- ✓ Gandhi Nagar, Gujarat

- **New Acquisitions :**

- ✓ Tidel Park II ~ DLF Won the bid as Preferred Bidder of IT Park from TIDCO.
- ✓ Hyderabad Raidurg : Won the Tender from Andhra Pradesh Industrial Infrastructure Corporation Ltd, Hyderabad to build a IT Park

10 mn.  
Sq .ft

# Segment –Retail– Malls and Commercial Complexes

Particulars	Q1 FY08 mn sqft	Q2 FY08 mn sqft
<b>Lease Booked (msf)</b>		
Opening Balance	3.21	3.90
Booked during Qtr	0.69	1.07
Handed Over	0.00	0.00
Closing Balance	3.90	4.97
<b>Under Construction</b>		
Opening Balance	11.74	12.98
Adjustment / New launched	1.24	0.46
Handed Over	0.00	0.00
Closing Balance	12.98	13.44
<b>For Sale Business</b>		
Wt. Average Rate (Sale Price)	23,292	15,237
Wt. Avg Land + Const Cost	5,463	5,375
<b>For Lease Business</b>		
Average Rate (Lease Rate)	115	313
Wt. Avg Land + Const Cost	4,250	7,437

Project Name	Q2 mn sqft
Delhi	0.89
Gurgaon	0.18
<b>Total</b>	<b>1.07</b>

- **Strong booking volume @ 1 mn sq ft**
- **Delhi commercial complex sales – robust, as first phase sold within 1 day**
- **Average Sales Realization lower due to increased sale of commercial complexes in the sales mix; however price realization and volumes above internal estimates**
- **Rental value increased substantially due to better mix**

# **Update –Retail- Malls & Commercial Complexes**

- **New Acquisitions:**

- **Ludhiana Mall**
- **Retail Portion of Dwarka Convention Centre**
- **Retail portion of SBM - Delhi**
- **Hyderabad-Banjara Hills**

# Update – Retail- Malls & Commercial Complexes

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- **New Launches Projected in Q3**

- Project Ludhiana : DLF Ludhiana Commercial Complex , Punjab a combination of Retail Shopping Mall and Office space sprawled over 2 acres

- **Significant Event**

- Development of 2.5 mn sq. ft. commercial centre in DLF Phase V, Gurgaon using world renowned architects. Construction to commence in FY09

- **Handover of New Generation Malls**

- Both malls of Vasant Kunj in advance stage of completion. Expected to handover for tenants for fit-outs shortly

- **Future**

- Malls organization split into two:
  - Build & Lease Model
  - Commercial Complexes and Shopping Centers under sale model

# Segment – Homes

Particulars	I Q FY 08			II Q FY 08		
	Total mn sqft			Total mn sqft		
	Luxury	Super Luxury	Total	Luxury	Super Luxury	Total
Sales Booked (msf)						
Opening Balance	4.83	0.00	4.83	4.93	0.39	5.32
Booked during Qtr	0.10	0.39	0.49	0.11	0.00	0.11
Closing Balance	4.93	0.39	5.32	5.04	0.39	5.43
Under Construction						
Opening Balance	6.68	0.00	6.68	6.68	0.00	6.68
New Launched	0.00	0.00	0.00	0.00	0.00	0.00
Handed Over	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	6.68	0.00	6.68	6.68	0.00	6.68
Wt. Average Rate ( Sale Price )	7636	14548	13179	8683	0	8683
Wt. Average Land + Const Cost	1918	2936	2171	1671	0	1671

- **Luxury apartment prices increased by Rs. 1000 ( approx increase of 10%)**
- **New launches of Luxury Segment in October – sold 0.1 mln sq.ft.**
- **Expect further price improvements**
- **Mid-income homes to start contributing from Q3**

# Strategy & Update - Homes

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- **Bidadi Township** : DLF has received the LOI ( Letter of Intent ) to build an integrated township spread over 9000 acres on the outskirts of Bangalore with potential value creation of approx Rs. 50,000 Cr. DLF will develop the project in a 50 : 50 joint venture with Dubai-based Limitless Holdings, a sister concern of Nakheel
- **Shivaji Marg Properties ( SBM)** : Acquisition of Swatantra Bharat Mill, which along with pre-owned adjacent lands will have a development potential of approx. 10 mln sq. ft. over prime land in the heart of Delhi, with potential value creation in excess of Rs. 12,000 Cr.

# Strategy & Update - Homes

## • New Launches Projected in Q3

- Project VYTILLA : DLF Riverside, Kochi located on an extensive, idyllic waterfront of the Chilavannoor River, Riverside, a residential condominium of 176 apartments spread over 5 acres already Launched in Oct-07 (**Brought forward from Q4**). **37% sold in 5 days from launch**



## • On Track

- Project OMR : Situated at Thazampur, Kancheepuram, Tamil Nadu having an area of approx. 6.11 mn sq ft.
- Bangalore- Banergahatta: Potential development of approx 9 mn sq.ft.

## • New addition

- Kolkata : Situated at Action Area III, New Town Kolkata.

## **Segment- SEZ / Large Township**

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- Detailed Mapping of land & Government Approvals almost completed
- Organization in place to execute the projects
- Partners / Consultants identified
- Financial Structure under discussion
- Land acquisition to begin within Q3
- Plan for Integrated Enclaves of International Standards creating different clusters to meet their specific needs

## Segment - Hotels

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- DLF Hotel Holdings Limited fully functional to meet the strategic initiative of the group.
- Hotel projects at New Delhi, Kolkata, Chennai, Bangalore, Mysore, Bhubaneswar, Kochi and Hyderabad are at an advanced stage of Design and Development, under Joint Venture with Hilton International.
- 4,000 Hotel Rooms shall be operational by 2010 under Luxury / Business segment.
- Letter of Intent signed with “Four Seasons” for first super luxury hotel in Gurgaon.
- Won the bid for the prestigious International Convention Center project at Delhi – with 2 mn sq. ft. of development. This will be Asia’s largest multi-activity facility comprising 12,000 seat plenary hall, Exhibition facilities, Three Hotels, High end Retail and other allied Commercial facilities.
- Sites acquired / Under acquisition for Luxury / Business Hotels in Cochin, Gangtok, Calicut, Trivandrum, Jaipur, Kasauli, Kovalam
- Overall, 39 Projects under various stages of Design, Development and Execution

***First Business Hotel, Hilton Garden Inn to be operational by 3rd Quarter 2008 in Delhi***

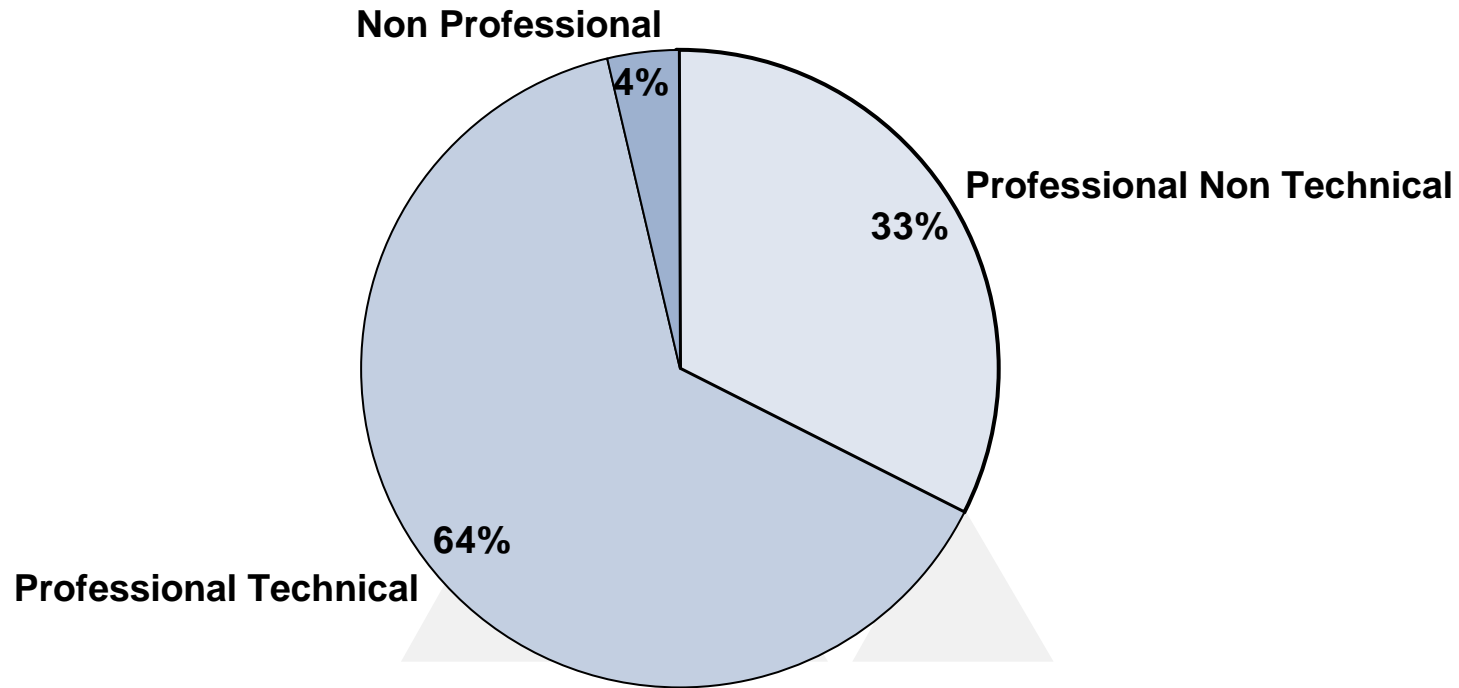
# Enhancing Execution Capability in Construction

- **Design & Engineering** : Engaged more local and overseas consultants & architects. Adopted construction friendly innovative designs on pan India basis with stress on standardization so as to use the same type of formwork in multiple projects.
- **Updated Construction Methodology by introducing advance technology to reduce construction cycle time. Some of the initiatives undertaken / in progress :**
  - Imported Large sized Aluminium Table form.
  - High strength concrete & post-tensioning system.
  - Importing manufacturing plants for precast building components, especially hollow core/EP slab plant. This plant will produce building elements in advance, ready for subsequent assembling & thus improving the delivery.
  - Mechanised the construction processes as far as possible like using Tower Cranes, Batching Plants, Transit Mixers, Pumps etc.
  - Working in two extended shifts of 10 hours each, on large projects to increase productivity in same time frame, thus reducing completion time.
  - Adopting Labour Welfare measure to inculcate loyalty & sense of belonging thereby increasing productivity and creating a bank of trained work force.

***Projects Under Construction ~ 54 mn sq. ft.***

# Human Resource

- DLF Group had recruited 561 people during the quarter, mostly Professionals.



CLASSIFICATION	No. of Additions
Professional Non technical	183
Professional Technical	357
Non Professional	21

# Our Land Reserves

Mn Sqft					
	Total	Super Metros	Metros	Tier-I	Tier-II
Segment					
Office	141	58	42	30	11
Retail	106	35	41	14	16
Super Luxury	4	4	0	0	0
Luxury	48	38	7	2	0
Mid income/Villas/Plots*	439	121	243	59	15
<b>Grand Total</b>	<b>738</b>	<b>257</b>	<b>333</b>	<b>105</b>	<b>43</b>
<b>%</b>		<b>35%</b>	<b>45%</b>	<b>14%</b>	<b>6%</b>

\* Given the strong financial position, the strategy is to maximize margin by developing constructed units instead of development of plot sales.

39 Hotel Project Sites not included in above land reserves.

Super Metros -- Delhi Metropolitan Region & Mumbai

Metros -- Chennai, Bangalore, Kolkata.

Tier I -- Chandigarh, Pune, Goa, Cochin, Nagpur, Hyderabad, Coimbatore & Bhubneshwar

Tier II -- Vadodra, Gandhi Nagar, Ludhiana, Amritsar, Jalandhar, Sonapat, Panipat, Lucknow, Indore & Shimla.

Ownership Status	Mn. Sqft	%
Owned Land	705	96%
JDA / JV	33	4%

- **Super Metro and Metro comprise 80% of total Land Reserves.**
- **Ownership increased to 96%.**
- **Areas dedicated to commercial properties (Offices & Malls) increased from 214 mn sq. ft to 247 mn sq. ft ( i.e. 15%)**

## DAL VS Non DAL Q2

### Jul-07 to Sep-07

Particulars	DAL	Non-DAL	Total
			(Rs. Crores)
<b>Sales</b>	<b>1387</b>	<b>1963</b>	<b>3350</b>
<b>Less: Construction Cost</b>	<b>303</b>	<b>456</b>	<b>759</b>
<b>Less: Overheads</b>	<b>100</b>	<b>143</b>	<b>243</b>
<b>PBT</b>	<b>984</b>	<b>1364</b>	<b>2348</b>
<b>Percentage of Total PBT</b>	<b>42%</b>	<b>58%</b>	<b>100%</b>

### Apr - 07 to Jun - 07

Particulars	DAL	Non-DAL	Total
			(Rs. Crores)
<b>Sales</b>	<b>1654</b>	<b>1468</b>	<b>3122</b>
<b>Less: Construction Cost</b>	<b>524</b>	<b>202</b>	<b>726</b>
<b>Less: Overheads</b>	<b>146</b>	<b>122</b>	<b>268</b>
<b>PBT</b>	<b>984</b>	<b>1144</b>	<b>2128</b>
<b>Percentage of Total PBT</b>	<b>46%</b>	<b>54%</b>	<b>100%</b>

- ***Sales to DAL decreased by 16%***
- ***Non DAL related income grew by Rs. 500 Cr and profit by Rs. 220 Cr***