



Q2 FY14 Analyst Presentation

October 30, 2013



SAFE HARBOUR

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.

Summary: Milestones during Q2 and till date ...

- Launch of 'Camellias' in DLF 5, Gurgaon.
- Closed the Windmills transaction (other than Karnataka which has been executed)
- Closed divestiture of 60% shareholding in Star Alubuild to Lixil at an EV of 79 crore
- Entered into a share purchase agreement to divest 74% equity in the Life Insurance JV with Prudential Insurance Company. The transaction awaits regulatory approvals
- Sequentially, the net debt has declined by Rs. 861 crore from Rs. 20,369 crore to Rs. 19,508 crore. Given the pipeline of divestitures already executed but not yet closed, we maintain the FY14 guidance of net debt of Rs. 17,500 crore
- EBITDA and Profits continue to be muted on account of old projects nearing completion and new projects still not hitting Revenue Recognition threshold

Performance Scorecard

Sl. No.		Steady State Target in 3 Years	Achieved H1FY14	Details
I.	Sales Volume			
	"DLF 5"	1.5 msf/ yr	1.16 msf	Launched Camellias
	New Gurgaon	2.5 msf/yr	0.27 msf	Planning to launch Ultima Phase II during Q3
	Delhi/Mumbai/ROI	3.5 msf/yr	1.28 msf	Sales as per targets achieved in various micro markets such as Lucknow, Bangalore, New Chandigarh
II.	Leasing			
	Office	1-1.5 msf	1.00 msf	
III.	Non-Core			
	Wind Energy			Completed (other than Karnataka which has been executed)
	IPP			Completed
	Aman			Multiple bids under various stages of discussions; confident of a closure in a short period of time
	Insurance			Not part of the plan; closure underway, IRDA approval awaited
IV	Net Debt	17500 crs	19,508 crs	On target to achieve Rs. 17,500 crs by March 2014
V	Credit rating			Outlook revised from negative to stable
VI	Improvement of quality of debt			First CMBS from DLF stable finalized.

Business Segment Performance....



Business Segment Performance – Q2FY 2014

■ DevCo:

- Total H1 FY14 Sale booking of Rs 3,160 crore vs Rs. 1,326 crore for H1 FY13; Total Sales booking for FY13 was Rs 3,815 crore
- 0.91 msf gross sales of Rs 730 crore booked in Q2FY14 vs 1.81 msf & Rs 2,430 crore in Q1FY14
 - DLF 5 Gurgaon – 0.09 msf (Rs 247 crore)
 - Gurgaon – 0.21 msf (Rs 206 crore)
 - Delhi / Rest of India – 0.61 msf (Rs 278 crore)

■ RentCo:

■ **1 msf Net leasing in H1 FY14 vs 0.53 msf for H1 FY13; Total leasing in FY13 was 1.14 msf**

- 0.61 msf of net leasing in Q2FY14 vs 0.39 msf in Q1FY14
- Annuity Income (ex-Wind) of Rs 445 crore

■ **Project under Construction : 52 msf**

■ **NON CORE :**

- Received Rs. 525 crore on account of Windmills transaction
- Rs 130 crore on account of potential transaction with respect to the Insurance JV.

Summary: Operating Performance

	Q2FY14		H1 FY14	
	Sales(in msf)	Avg Rate(Rs psf.)	Sales(in msf)	Avg Rate(Rs psf.)
<u>Sales Booking</u>				
DLF 5	0.09	28055	1.16	19268
Gurgaon	0.21	9588	0.27	9314
Delhi/Mumbai/ROI				
Luxury	-	-	-	-
Premium	0.61	4600	1.28	5240
	Q2FY14		H1 FY14	
	Leasing(in msf)	Avg Rate(Rs psf.)	Leasing(in msf)	Avg Rate(Rs psf.)
<u>Leasing</u>				
Office	0.57	49	0.76	51
Retail Malls	0.04	129	0.24	139

Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	93.41
Gurgaon (SEZ's)	Office	4.86	43.87
Others	Office	0.83	90.99
DAL (Chennai)	Office	5.67	91.87
DAL (Hyderabad)	Office	2.91	97.84
Kolkata/Chandigarh	Office	2.93	81.48
Delhi (Corporate Office)	Office	0.17	98.18
Malls			
Delhi	Retail	1.42	100.00
Chandigarh	Retail	0.19	93.81

Gross Annuity Income would grow to Rs 2,000 crore by end of FY14

Live Projects Across India

As on date

Projects	Size (msf) **	Sold (msf)	Under Execution
Gurgaon			
New Town Heights & Express Greens	4.10	4.09	yes
SkyCourt	1.25	1.12	yes
Ultima	2.17	0.63	yes
Regal Garden	1.03	0.85	yes
Primus	1.24	1.22	yes
Alameda	2.46	1.97	yes
Garden City-91-92	3.56	3.35	yes
Corporate Greens	2.70	1.64	yes
Horizon Centre	1.19	0.53	Yes
Crest	2.50	0.84	Yes
Camillias	3.50	0.33	Yes
Delhi			
Capital Greens	5.20	5.20	Yes
Okhla	0.63	0.52	Yes
GK Kings Court *	0.23	0.12	Yes
Indore			
NTH-Kolkata*	2.46	1.12	Yes
	1.68	1.65	Yes
ROI-South			
Chennai *	3.8	3.3	Yes
Kochi	2.6	2.3	Yes
Banglore	5.2	4.4	Yes
Hyderabad	3.4	2.8	Yes
ROI-North			
Lucknow	2.82	2.73	Yes
Panchkula	4.03	3.60	Yes
Mullanpur	3.88	3.80	Yes
Shimla	0.07	0.06	Yes
Kasauli	0.57	0.23	Yes
* Partly Handedover ** Total size of the Project			

Our Development Potential

Land Bank as on 30th Sept 2013			
Type of Real estate Development	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	117	27	144
Bangaluru	31	0	31
Delhi Metropolitan Region	19	5	24
Chennai	16	5	22
Hyderabad	19	1	19
Chandigarh Tri-City	23	0	23
Kolkata	4	2	5
Other Indian Cities	36	9	45
Total	265	49	314

Summary Financials....



Consolidated P&L – Q2 FY14

		Q2 FY14 (Reveiwed)		Q1 FY14 (Reveiwed)		Q2 FY13 (Reviewed)		Half Year FY14 (Reviewed)	
Sl.No.	Consolidated Financials	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue
A)									
1	Sales and Other Receipts	1,956		2,314		2,040		4,270	
	Other Income	269		139		117		408	
	Total Income(A1+A2)	2,225	100%	2,453	100%	2,157	100%	4,678	100%
B)	Total Expenditure(B1+B2+B3)	1,361	61	1,399	57	1,294	60	2,760	59
1	Construction Cost	878	39	1,021	42	872	40	1,899	41
2	Staff cost	186	8	145	6	155	7	331	7
3	Other Expenditure	297	13	233	9	265	12	530	11
C)	Gross Profit Margin(%)		61%		58%		60%		59%
D)	EBITDA (D/A1)	863	39	1,055	43	863	40	1,918	41
E)	EBIDTA (Margin)		39%		43%		40%		41%
F)	Financial charges	609	27	591	24	522	24	1,200	26
G)	Depreciation	166	7	178	7	184	9	344	7
H)	Profit/loss before exceptional items	88	4	285	12	157	7	373	8
I)	Exceptional items - (net)	80	4	6	0	-	0	86	2
J)	Profit/loss before taxes and after exceptional ite	168	8	291	12	157	7	459	10
K)	Taxes expense	85	4	91	4	39	2	177	4
L)	Prior period expense/(income) (net)	(4)	0	1	0	(9)	0	(3)	0
M)	Net Profit after Taxes before Minority Interest	85	4	197	8	127	6	285	6
N)	Minority Interest	13	1	(24)	-1	12	1	(12)	0
O)	Profit/(losss) of Associates	1	0	7	0	(0)	0	8	0
P)	Net Profit	100	4	181	7	139	6	281	6

Consolidated Balance Sheet

Consolidated Balance Sheet as at Sept 30, 2013

(` in crores)

Particulars	As on September 2013 (Reviewed)	As on March 31, 2013 (Audited)
A. Equity and Liabilities		
1 Shareholders' funds		
(a) Share capital	2,155	2,139
(b) Reserves and surplus	27,474	25,389
Sub-total - Shareholders' funds	29,630	27,528
2. Share application money pending allotment	0	0
3. Minority interests	443	402
4. Non-current liabilities		
(a) Long-term borrowings	14,550	15,542
(b) Other long-term liabilities	2,197	2,242
(c) Long-term provisions	77	63
Sub-total - Non-current liabilities	16,824	17,847
5. Current liabilities		
(a) Short-term borrowings	3,186	3,536
(b) Trade payables	2,901	2,698
(c) Other current liabilities	14,297	11,947
(d) Short-term provisions	343	670
Sub-total - Current liabilities	20,727	18,850
Total – Equity and Liabilities	67,624	64,627

Consolidated Balance Sheet

Consolidated Balance Sheet as at Sept 30, 2013		
Particulars	As on September 2013 (Reviewed)	As on March 31, 2013 (Audited)
B. Assets		
1. Non-current assets		
(a) Fixed assets	25,804	26,121
(b) Goodwill on consolidation	1,671	1,562
(c) Non-current investments	985	1,011
(d) Deferred tax assets (net)	745	656
(e) Long-term loans and advances	3,483	3,658
(f) Other non-current assets	106	86
Sub-total - Non-current assets	32,792	33,095
2 Current assets		
(a) Current investments	1,145	323
(b) Inventories	18,079	17,646
(c) Trade receivables	1,604	1,653
(d) Cash and cash equivalents	2,524	1,844
(e) Short-term loans and advances	2,438	1,672
(f) Other current assets	9,042	8,394
Sub-total - Current assets	34,832	31,532
Total – Assets	67,624	64,627

Consolidated Cash flow

Unaudited Consolidated Cash flow details for the period ended September 30, 2013

Rs in crs

Particulars	Q2	Q1	Period ended	Year ended
			30-Sep-13	31-Mar-13
A. Cash flow from operating activities:				
Net profit before tax	168	291	459	806
Adjustments for:				
Depreciation	166	178	344	796
Profit on sale of Wind Mill, net	(79)	(73)	(152)	-
Loss / (profit) on sale of fixed assets, net	(2)	(4)	(6)	(19)
Provision for doubtful debts/unclaimed balances written back/ exchange fluctuations and others	60	(13)	47	159
Amortisation cost of Employee Stock Option	3	10	13	32
Profit on sale of investments, net	(1)	(1)	(1)	(892)
Prior period items	1	(0)	1	(4)
Interest / gurantee charges	609	591	1,200	2,314
Interest / dividend income	(123)	(92)	(216)	(275)
Operating profit before working capital changes	803	887	1,690	2,918
Adjustments for:				
Trade and other receivables	(247)	(1,033)	(1,280)	(594)
Inventories	(135)	(151)	(286)	(816)
Trade and other payables	923	648	1,571	1,441
Taxes paid (net of refunds)	149	(59)	89	(940)
Net cash from operating activities	1,492	293	1,784	2,009
B. Cash flow from investing activities:				
(Purchase) / Sale of fixed assets (Including CWIP), net	(102)	(292)	(394)	(1,150)
Proceeds from sale of Wind mill assets, net	495	185	680	-
Interest/Dividend received	52	72	124	242
Movement in share/debenture application money paid (net)	(15)	(50)	(65)	15
Movement in fixed deposits with maturity more than 3 months (net)	(0)	(56)	(56)	(286)
(Purchase) / Sale of Investment(net)	155	(992)	(837)	3,143
Net cash (used in) / generated from investing activities	585	(1,133)	(548)	1,964
C. Cash flow from financing activities:				
Proceeds / (repayment) from borrowings (net)	(322)	(181)	(504)	(265)
Increase in share capital / securities premium - IPP receipt	41	1,855	1,896	139
Interest paid	(779)	(722)	(1,502)	(3,243)
Dividend Paid (including dividend tax)	(464)	(47)	(511)	(583)
Net cash (used in) / generated from financing activities	(1,525)	904	(621)	(3,951)
Net increase / (decrease) in cash and cash equivalents	551	64	616	22
Opening cash and cash equivalents	1,018	954	954	932
Closing cash and cash equivalents	1,569	1,018	1,569	954
Net Increase / (decrease)	551	64	616	22

Liquidity Outlook

Net Debt Position	Q1 14	Q2 14	Net Change
	Rs Crs	Rs Crs	Rs Crs
Gross Debt as per Balance Sheet	24620	24298	
Less : Equity shown as Debt / JV Co Debt	1073	1038	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	23547	23260	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	23749	23462	
Less : Cash in hand (Opening)	-3175	-3573	
Less : Increase due to Exchange fluctuation	-205	-381	
Net Debt Position	20369	19508	-861

Liquidity Outlook

f.y.2013-14		
(Rs crs)		
Total Debt Repayment		6500
Less :		
Already paid during H1 14	3900	
Balance		2600
Cash in Hand as at Sep-13 end	3573	
Borrowings under active Finalisation	1500	
Non Core * - Closure expected during H2 14	1000	
* (Net of Related Debt)		

Issue of CMBS

- Whilst a standard, plain vanilla product in the developed world – such a product in the country does not exist.
- If successful, this could be path breaking initiative not only for DLF but also for the industry.
- The plan is to pilot it on two assets and then roll it on a bigger scale.
- The product is being structured as paper rated higher than the Company's overall rating, which will not only term out the liability but also be both cash flow efficient and save interest costs for the Company.
- As the product is usually structured as non-recourse to DLF, it will incrementally improve the corporate rating of DLF
- Going forward, it shall also release bank credit lines of DLF

Status on Aman Divestiture

- Currently, DGHL is in negotiations with multiple bidders / investors on the Share Purchase Agreement.
 - Substantial diligence has been completed.
 - Targeting closure of the transaction in near future
- ↗ State of Aman business:
 - The business of Aman has shown both organic and inorganic growth. In 2013, two new managed resorts were opened - Aman Canal Grande in Venice, Italy and Amanoi in Vietnam. Full calendar year impact on EBIDTA of these property will come in next year.
 - Pipeline of properties to open in calendar year 14 are Tokyo, Japan; Lijiang, China and Dibben, Jordan.
 - Business performance also improved substantially with operational EBITDA for the current calendar year being targeted at USD 20 mn vs USD 16 mn in 2012

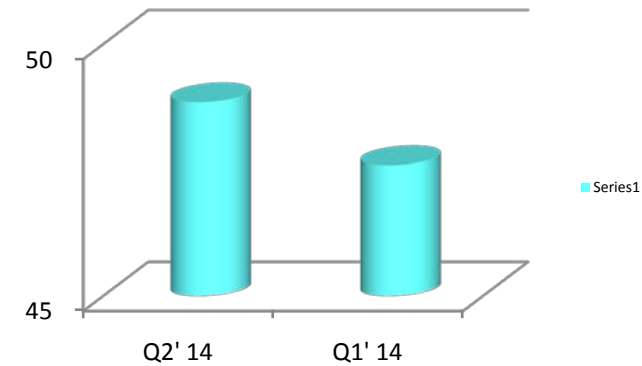
DevCo Q2 FY14

Particulars	Total msf		
	Q2-14	Q2- 13	Q1- 14
Sales Status			
Opening Balance	46.79	51.04	47.47
Add:- Sale Booked During the Qty	0.90	1.59	1.82
Less : Handed over / Suspended	-	-	2.49
Closing Balance	47.70	52.63	46.79

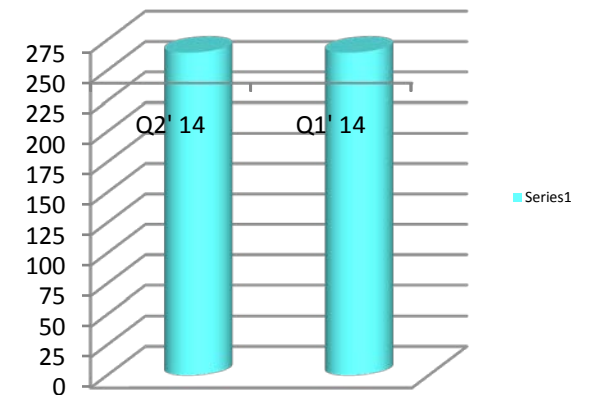
Under Construction			
Opening Balance	47.60	40.55	50.09
New Launches / Additions / Suspended	1.25	7.07	-
Less:- Handed over	-	-	2.49
Closing Balance	48.85	47.62	47.60

➤0.90 msf gross sales booked in Q2FY14 vs 1.82 msf in Q1FY14

Under Construction (Msf)



Development Potential (Msf)



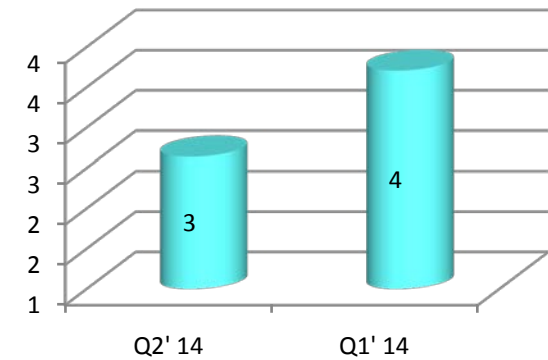
RentCo Q2 FY14

Particulars	Total msf		
	Q2-14	Q2- 13	Q1 – 14
Lease Status			
Opening Balance	24.21	22.96	23.82
Add:- Lease Booked During the Qty	1.02	0.51	0.90
Less :- Cancellation	(0.41)	(0.27)	(0.50)
Less :- Sold / Adjustment	-	-	-
Closing Balance	24.82	23.20	24.21

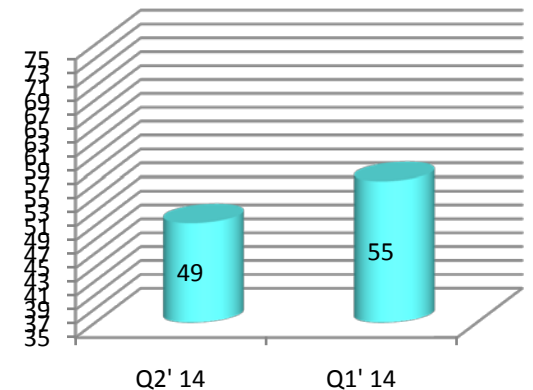
Under Construction			
Opening Balance	3.71	7.17	6.18
New Launches / Additions	-	0.74	-
Less:- Handed over	-	0.74	2.47
Less :- Suspension/Adju	1.07	-	-
Closing Balance	2.64	7.18	3.71

➤ 0.61 msf of net leasing in Q2FY14 vs 0.39 msf in Q1 FY14

Under Construction (Msf)



Development Potential (Msf)



Execution Q2 FY14

	(Q2 - 14)
Region	Const. Status as on 30/09/13 <i>Mn./Sqft</i>
Gurgaon	15
Delhi / Rest of India	34
Rent Co.	3
Total	52



Thank You