



Q3 FY13 Analyst Presentation

February 14, 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.

FY 2014...Economic Outlook

➤ ECONOMY

- ❖ Continued weakness in the macro environment and consumer sentiment, although early signs of the uptick
 - ✓ Domestic political factors and negative global cues shall continue to adversely affect investment climate
 - ✓ Given the current initiatives on the policy front, there will be a lag in the investment cycle to change; Real GDP expected to grow between 5.5%-6%
 - ✓ Core inflation continues to be sticky; supply bottlenecks need to be removed and fiscal consolidation
 - ✓ Possibility in reduction of interest rates in the near term though the consensus is on reduction of 75bps – 100 bps
 - ✓ Early signs of policy initiatives by the Govt – next 6 months critical both from the perspective of fiscal consolidation and legislation

- ❖ Conclusion: Uncertainties to mute growth prospects in the near term

FY 2014...Sectoral Outlook – Real Estate

- ✓ Reduced capital flows - private equity investment in the real estate sector has declined.
- ✓ While a cut of 25 base points in the CRR rate did infuse some liquidity, tight liquidity and high interest rates still continue to be a challenge for the industry
- ✓ Cost of capital continues to be high given the cost of debt and high equity premium pricing in political and currency risk
- ✓ Recent initiatives on the policy front and reform thrust, viz much-awaited FDI in multi brand retail, policy relaxation in single brand retail are positive for the real estate (RE) sector.
- ✓ Commodity & labour cost inflationary pressures shall continue to impact margins
- ✓ Stretched approval cycle continues to impact fresh supply; high land and construction costs continue to keep prices high across most of the micro markets
- ✓ Rental values across the cities have remained stagnant. Cybercity in Gurgaon expected to witness rental appreciation on back of infrastructure improvement
- ✓ Land acquisition bill may thwart aggregation of large parcels of land; Real estate regulatory Bill may result in another layer of approval process impacting project life cycles

Business Segment Performance – Q3FY 2013

■ DevCo:

- ↗ 2.27 msf gross sales booked in Q3FY13 vs 1.59 msf in Q2FY13
 - Gurgaon – 1.21 msf
 - Super Metro – 0.11 msf
 - Rest of India – 0.95 msf

■ RentCo:

- ↗ 0.44 msf of leasing in Q3FY13 vs 0.24 msf in Q2FY13
- ↗ ~ Rental income of Rs. 400 crore out of Rs. 440 crore of annuity income

■ Monetisation of Non-Core Assets: Rs. 2,227 crore

- ↗ Received full moneys of Rs. 2,727 crore for NTC Mills
- ↗ Signed the Share Purchase Agreement on the sale of Silverlink Resorts Ltd. (Aman Resorts) with Mr. Adrian Zecha.

■ Delivery: 0.58 msf handed during the Q3FY13

■ New Launches: 1.2 msf of new launches in Gurgaon & 0.57 msf in Chandigarh

Business Segment Performance – YTD 2013

■ DevCo:

- ↗ 5.23 msf gross sales booked during 9 months
 - Gurgaon – 2.11 msf
 - Super Metro – 0.49 msf
 - Rest of India – 2.63 msf

■ RentCo:

- ↗ 0.98 msf of leasing during 9 months
- ↗ ~ Rental income of Rs. 1,200 crore out of Rs. 1,400 crore of annuity income

■ Monetisation of Non-Core Assets: Rs. 3,160 crore

■ Delivery: 3.36 msf handed during 9 months

■ New Launches: 1.24 msf of new launch in Gurgaon, 0.57 msf in Chandigarh & 1.1 msf in Bangalore

Key Financial Changes – Q3FY13

- **Operation EBIDTA strained due to**
 - True up of final cost of completion of projects in final stages
 - Increase in cost of some projects on account of inflation / PMCs
 - Final provisions of TPR / MIR on all projects under handover
 - New Launch (Sky Court) not recognized for P&L under new accounting guidelines
 - Provision for potential loss of Aman Sales transaction
- **Profit of NTC Mumbai transaction has been accounted for.**
- **Reduction in Net Debt ~ Rs 1,870 crore.**

Profit & Loss Summary – Q3 FY13

Q3 FY 13 vs Q2 FY 13

- Sales (incl Other Income) at Rs 2,291 Cr, compared to Rs 2,157 Cr.
- Net profit at Rs 285 Cr, as against Rs 139 Cr
- EBIDTA margins at 46% versus 40%

Profitability	Q3 13	Q2 13	% Change	Q3 12	% Change
All figures in Rs Crs					
Sales	2291	2157	6%	2396	-4%
Operating Expenses	1068	1138	-6%	1074	-1%
Staff Cost	155	155	0%	138	12%
EBIDTA	1068	864	24%	1184	-10%
Finance Charges	581	522	11%	620	-6%
Depreciation	248	184	35%	180	38%
PBT	240	158	52%	384	-38%
Tax	-4	39	-110%	135	-103%
Minority / Prior Period	-41	-20	101%	-9	356%
PAT	285	139	105%	258	10%

Profit & Loss – Q3FY13 – SNAP SHOT

OPERATIONS	Rs crs	GAIN / PROVISIONS	Rs crs	Rs crs
Operating PBT - A	70	PBT from Mumbai Sales	838	
Add : Losses on a/c of Aman / Wind (which will cease post-divestiture)	80	Final cost to completion/Budget updation/ Inflation provisions / Contractual Customer	-562	
Normalized PBT	150	Rebates to paid later - provided for		
Add : Impact on a/c of Revenue Recognition deferment of New Launches *	200	Aman Transaction Loss	-65	
Total PBT	350	Net PBT - B	211	
* Revenue Recognition will lag by 4 to 6 Quarters till threshold is achieved under the new accounting policy		REPORTED PBT - (A+B)		281
		Less : Tax Provisions		-4
		REPORTED PAT		285

Profit & Loss Summary – 9M FY13

9M FY 13 vs 9M FY 12

- Sales (incl Other Income) at Rs 6,777 Cr, compared to Rs 7,477 Cr.
- Net profit at Rs 716 Cr, as against Rs 989 Cr
- EBIDTA margins at 46% versus 48%
- Tax Rate for the Qtr is 18%

Profitability	9M FY 13	9M FY 12	% Change
All figures in Rs Crs			
Sales	6777	7477	-9%
Construction	2305	2699	-15%
Staff Cost	451	437	3%
Other Expenses	891	770	16%
EBIDTA	3130	3571	-12%
Finance Charges	1726	1643	5%
Depreciation	610	525	16%
PBT	794	1403	-43%
Tax	141	410	-66%
Minority Interest / Prior Period	-63	4	-1675%
PAT	716	989	-28%

Consolidated Balance Sheet

(in Rs Crore)

Balance Sheet	As on December 31, 2012	As on September 30, 2012	As on March 31, 2012
A. Equity and Liabilities	(Reviewed)	(Reviewed)	(Audited)
1 Shareholders' funds			
(a) Share capital	2139	2,139	2,139
(b) Reserves and surplus	25855	25,515	25,097
Sub-total - Shareholders' funds	27994	27,654	27,236
2. Share application money pending allotment	0	0	0
3. Minority interests	378	411	421
4. Non-current liabilities			
(a) Long-term borrowings	16216	16,223	16,824
(b) Other long-term liabilities	2281	2,229	2,322
(c) Long-term provisions	64	58	49
Sub-total - Non-current liabilities	18561	18,510	19,194
5. Current liabilities			
(a) Short-term borrowings	3185	3,375	3,399
(b) Trade payables	2506	2,341	2,581
(c) Other current liabilities	12233	12,363	9,804
(d) Short-term provisions	254	206	755
Sub-total - Current liabilities	18178	18,284	16,538
Total – Equity and Liabilities	65111	64,860	63,389

Consolidated Balance Sheet

Contd.....

(in Rs Crore)

Balance Sheet	As on December 31, 2012	As on September 30, 2012	As on March 31, 2012
B. Assets			
1. Non-current assets			
(a) Fixed assets	26087	27,909	27,707
(b) Goodwill on consolidation	1567	1,605	1,625
(c) Non-current investments	1159	1,069	973
(d) Deferred tax assets (net)	537	351	335
(e) Long-term loans and advances	3325	3,171	3,146
(f) Other non-current assets	116	170	144
Sub-total - Non-current assets	32791	34,275	33,930
2 Current assets			
(a) Current investments	1541	211	153
(b) Inventories	17061	16,635	16,176
(c) Trade receivables	1578	1,654	1,766
(d) Cash and cash equivalents	1737	1,380	1,506
(e) Short-term loans and advances	1953	1,977	2,028
(f) Other current assets	8450	8,727	7,830
Sub-total - Current assets	32320	30,585	29,459
Total – Assets	65111	64,860	63,389

Consolidated Cashflow

Rs in crs				
Particulars	Q3	Period ended		
		31-Dec-12	30-Sep-12	31-Mar-12
A. Cash flow from operating activities:				
Net profit before tax	240	794	555	1,547
Adjustments for:				
Depreciation	248	610	362	689
Loss / (profit) on sale of fixed assets, net	(0)	(8)	(8)	3
Provision for doubtful debts/unclaimed balances written back/ exchange	18	140	122	116
Amortisation cost of Employee Stock Option	9	23	14	39
Profit on sale of investments, net	(870)	(904)	(34)	(264)
Prior period items	(0)	(4)	(3)	(6)
Interest / gurantee charges	581	1,726	1,145	2,246
Interest / dividend income	(85)	(191)	(106)	(232)
Operating profit before working capital changes	140	2,187	2,047	4,138
Adjustments for:				
Trade and other receivables	292	(443)	(735)	(561)
Inventories	(255)	(390)	(135)	(611)
Trade and other payables	158	1,057	899	703
Taxes paid (net of refunds)	(141)	(643)	(502)	(1,150)
Net cash from operating activities	194	1,768	1,574	2,520
B. Cash flow from investing activities:				
(Purchase) / Sale of fixed assets (Including CWIP), net	1,713	1,256	(457)	(42)
Interest/Dividend received	74	162	88	307
Movement in share/debenture application money paid (net)	-	0	0	(25)
Movement in fixed deposits with maturity more than 3 months (net)	(170)	(394)	(224)	(191)
(Purchase) / Sale of Investment(net)	(529)	(600)	(71)	(72)
Net cash used in investing activities	1,087	424	(663)	(24)
C. Cash flow from financing activities:				
Proceeds / (repayment) from borrowings (net)	(264)	323	587	1,075
Redemption of preference shares	-	-	-	(11)
Increase in share capital / securities premium	53	139	87	105
Interest paid	(813)	(2,283)	(1,469)	(3,013)
Dividend Paid (including dividend tax)	(47)	(536)	(489)	(595)
Net cash used in financing activities	(1,072)	(2,356)	(1,284)	(2,438)
Net increase / (decrease) in cash and cash equivalent	209	(164)	(374)	58
Opening cash and cash equivalent	558	932	932	874
Closing cash and cash equivalent	767	767	558	932
Net Increase / (decrease)	209	(164)	(374)	58

Debt Position – Q3 FY13

Net Debt Position	Q2 13	Q3 13	Net Reduction
	Rs Crs	Rs Crs	Rs Crs
Gross Debt as per Balance Sheet	25655	25388	
Less : Equity shown as Debt / JV Co Debt	1242	1025	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	24413	24363	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co	24615	24565	
Less : Cash in hand (Opening)	-1395	-3152	
Less : Increase due to Exchange fluctuation		-63	
Net Debt Position	23220	21350	1870

Near Term Debt Roadmap	
	Rs crs
Opening Net Debt (1st Jan-13)	21350
Anticipated Net Debt (post Aman / Wind)	19000

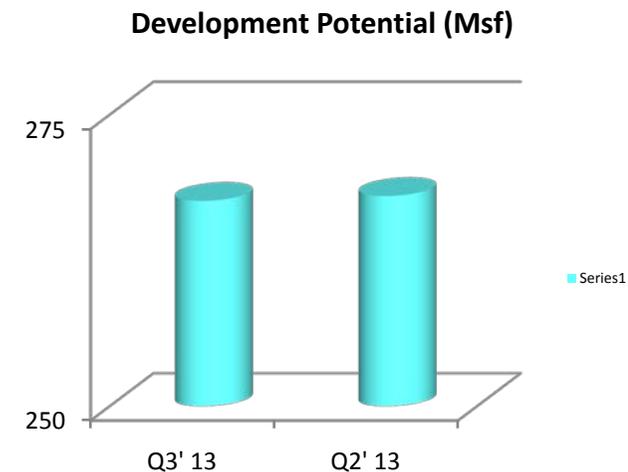
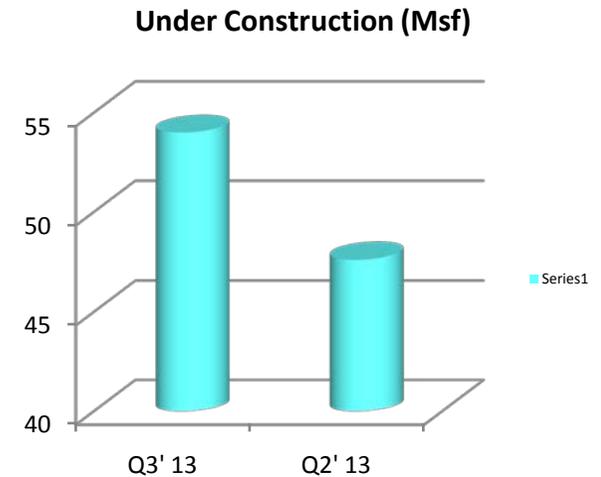
- Maintain a net debt guidance at Rs. 19,000 cr for FY13
- Continue to invest Rs 350 to Rs 400 cr in Capex / Land
- Operating cashflow - Breakeven

DevCo Q3 FY13

Particulars	Total msf		
	Q3-13	Q2- 13	Q3- 12
Sales Status			
Opening Balance	52.63	51.04	49.72
Add:- Sale Booked During the Qty	2.27	1.59	3.27
Less : Handed over / Suspended	(0.42)	-	9.50
Closing Balance	54.48	52.63	43.49

Under Construction			
Opening Balance	47.62	40.55	39.62
New Launches / Additions / Suspended	6.80	7.07	4.93
Less:- Handed over	(0.42)	-	(9.50)
Closing Balance	54.00	47.62	35.05

➤ 2.27 msf gross sales booked in Q3FY13 vs 1.59 msf in Q2FY13 & 3.27 msf in Q3 12



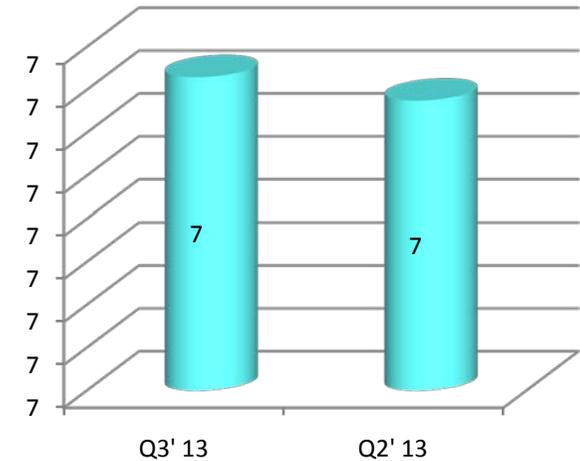
RentCo Q3 FY13

Particulars	Total msf		
	Q3-13	Q2- 13	Q3 – 12
Lease Status			
Opening Balance	23.20	22.96	24.72
Add:- Lease Booked During the Qty	0.69	0.51	0.42
Less :- Cancellation	(0.25)	(0.27)	(0.20)
Less :- Sold / Adjustment	-	-	(2.39)
Closing Balance	23.64	23.20	22.54

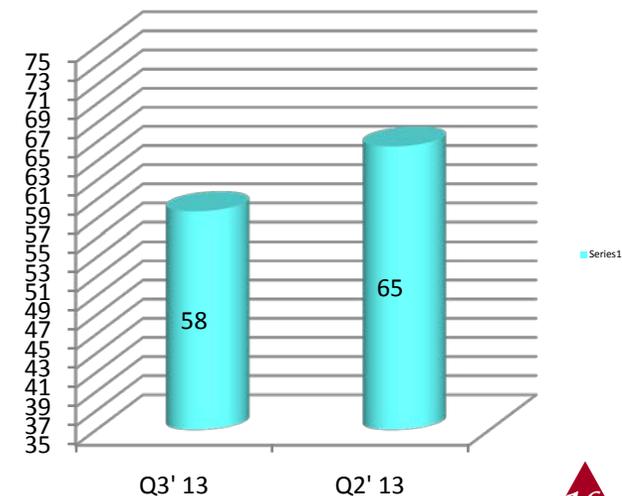
Under Construction			
Opening Balance	7.18	7.17	12.45
New Launches / Additions	0.21	0.74	-
Less:- Handed over	(0.16)	(0.74)	-
Less :- Suspension/Adju	(0.00)	-	-
Closing Balance	7.22	7.18	12.45

- 0.44 msf of net leasing in Q3FY13 vs 0.24 msf in Q2 FY13 & 0.22 msf in Q3 FY12
- Total annuity income of Rs 440 Cr including Rs 400 Cr rental income

Under Construction (Msf)



Development Potential (Msf)



Projects under Execution

Execution (Area in msf)			
Particulars	Q1	Q2	Q3
Gurgaon	13	17	21
Super Metro	7	7	10
Rest of India	21	24	24
Rent Co	7	7	7
Total	48	55	62

Projects added to the execution:

- **Gurgaon: Primus / Regal Garden (2.25 msf), & Garden City Ph II etc**

Projects delivered:

- **Devco – Kolkata**

Our Development Potential

Area (msf)	Devco	Rentco	Total
Gross Area – as on 1 st Oct-12	275	65	340
Less : Projects Disposed off (Net)	0.1	6.9	7
Less : Handed over	0.4	0.2	1
Net Land Bank - as on 31 st -Dec-12	275	58	332

Notes

1. High potential & short / medium development potential not affected by above actions
2. Project disposed off relate to Non core non strategic land Parcels across various locations and amount recovered thereof



Thank You