



DLF 
BUILDING INDIA

Q4 & FY12 Analyst Presentation

May 30, 2012



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.

For the purposes of this presentation unit measurement of 1 sq meter = 10.76 sq feet.



FY 2012...Economic Outlook

➤ ECONOMY

- ❖ Weak macro environment and global uncertainties to continue:
 - ✓ De-acceleration of GDP growth; real GDP to grow between 6.5%-7%;
 - ✓ High interest rates & tight liquidity regime
 - ✓ Depreciating rupee
 - ✓ Inflation to be sticky
 - ✓ Weak investor sentiment thereby affecting investment climate
 - ✓ Reform agenda to take a back seat

- ❖ Conclusion: no signs of relief for the next few quarters.

FY 2012...Sectoral Outlook – Real Estate

➤ REAL ESTATE

- ❖ Real Estate sector to be adversely impacted:
 - ✓ Tough funding environment for the corporate sector
 - ✓ High interest rates shall impact demand
 - ✓ Inflationary pressures shall impact margins
 - ✓ Appropriate resource capacity constraints to continue
 - ✓ Stretched “Bringing to the Market” cycle in the current environment
 - ✓ Customers have become choosy and discerning
 - ✓ Commercial segment to be adversely impacted

- ❖ Only ray of hope:
 - ✓ Genuine consumer demand for high visibility projects by reputable developers

- ❖ Challenge:
 - ✓ To provide good product to increasingly discerning customers with all approvals
 - ✓ Make reasonable margins in a tough environment

Company Performance – FY 12

- Despite tough market conditions, the Company has broadly met with its business plan targets for FY 12:
 - ✓ Gross Sales bookings of 13.5 msf against 10 msf in FY11
 - ✓ Net Leasing of 1.41 msf against 4.38 msf in FY11
 - ✓ Completed projects of approx. 13 msf; delivery underway as against 7 msf in FY11
 - ✓ EBITDA margins between 45-50%
 - ✓ Divestment of non-core of Rs. 1,774 crores in FY 12 against a target of Rs. 5,000-6,000 crs in the medium term; Rs. 152 crs in Q4FY12
 - ✓ Continued focus on plotted developments to improve cash cycle and mitigate inflationary pressures
 - ✓ Limit land purchases to strategic purchases of land in New Gurgaon / New Chandigarh to maintain competitive advantage in high growth regions
 - ✓ Migrated all execution to 3rd party, best in class construction agencies

- Whilst budgeted costs have kept pace on a quarterly basis with inflation, however shift to 3rd Party best in class general contractors coupled with unabated inflationary pressures / forex devaluation in H2 led to a one time impact of approx Rs 300 Crs
 - ✓ Excluding the one off, EBITDA margins maintained at steady state level of 45-50%

Business Strategy – FY13

- In tough economic conditions, the Company continues to remain focussed on the existing business strategy:
 - ✓ Conserve cash with moderate capex and land acquisition
 - ✓ Focus on fresh launches with the improvement in the approval cycle
 - ✓ Focus on high margin projects (Luxury/Plotted) ; moderate volumes in mid-income segment .
 - ✓ Protect margins through 'cost escalation' clauses
 - ✓ Focus on delivery to create goodwill amongst customers; reap benefit in subsequent launches
 - ✓ Commercial Leasing – Increase average rentals and focus on leasing of semi-finished and ready to occupy properties thereby limiting capex in the near term.
 - ✓ Debt reduction – Strengthen operational cash flows, enhance momentum on non-core divestments along with a moderation in land aggregation & capex
 - ✓ Non- core asset divestment - Potential value for further divestments in next 6 months stands at Rs 3,000-4,000 crs. The overall target for asset divestments increased from Rs 4,500 crs to Rs 10,000 crs to be achieved in the medium term

Development Company “DevCo” FY12

- 13.5 msf sales achieved in FY 12 vs 10 msf in FY 11
- Q4FY12 sales booking at 6.75 msf versus 3.8 msf in Q4 FY 11 and 3.3 msf in Q3 FY 12
- Projects launched in FY12 :12 msf , of which 9.50 msf sold
- Input inflation has led to moderation in launch of construction intensive , mid range housing projects

FY 2012 - Sales Booked (msf / Rs Crs)

Region / Heads	City	Area Sold (msf)	Sales Value (Rs Crs)	Avg. Realisation (psf)
Gurgaon	Gurgaon & New Gurgaon	4.88	3022	6193
Rest of India *	Mullanpur, Lucknow, Hyderabad, Chennai, Kochi & Banglore	7.60	1706	2245
Super Metro	Indore,Delhi,GK & Kolkatta	1.07	550	5140
Total		13.55	5278	3895

* includes 2.30 msf of plotted development in Hyderabad sold at an average realisation of Rs 610 /sq ft.

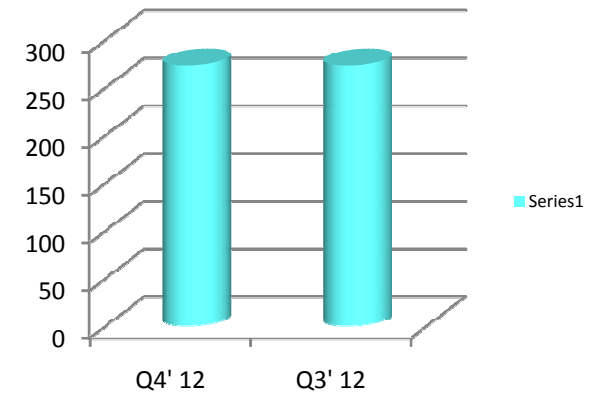
DevCo Q4 FY12

Particulars	Total msf		
	Q4-12	Q3- 12	Q4- 11
Sales Status			
Opening Balance	43.50	49.70	44.80
Add:- Sale Booked During the Qty	6.75	3.30	3.80
Less : Handed over / Suspended	(0.54)	(9.50)	(2.20)
Closing Balance	49.70	43.50	46.40

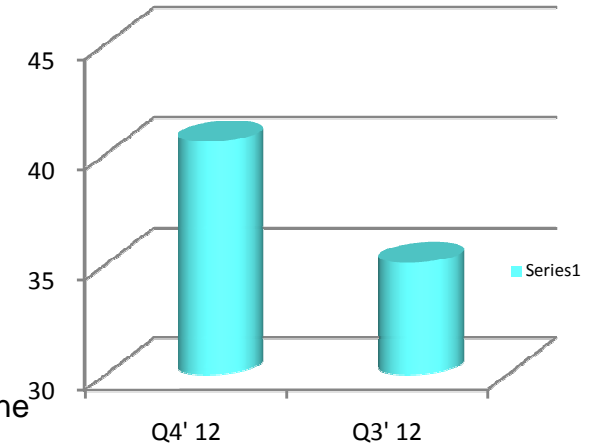
Under Construction			
Opening Balance	35.10	39.60	40.70
New Launches / Additions / Suspended	6.04	4.93	0.86
Less:- Handed over	(0.54)	(9.50)	2.20
Closing Balance	40.60	35.03	39.36

- 6.75 msf gross sales booked in Q4FY12 vs 3.30 msf in Q3FY12 & 3.80 msf in Q4 11
- Plotted development includes - Alameda, Lucknow ,New Chandigah & Hyderabad sales done during the Qtr
- 13.5 msf gross sales booked during FY12 vs 10 msf FY11

Development Potential (Msf)



Under Construction (Msf)



Rent Company “RentCo” FY12

Offices

- Net leasing 1.41 msf in FY12 vs 4.38 msf in FY11
- Total leased area as on date 21.28 msf
- Net leasing of 0.25 msf in Q4 FY 12
- Annualized Rental income increased to Rs 1350 Crs (Q4 FY12 – Rs 337 Crs)

Retail Malls

- Vacancies have reduced from 7% in FY 11 to 4% in FY 12
- Total leased area as on date 1.38 msf
- Annualized Rental income increased to Rs 250 Crs (Q4 FY12 – 60 Crs)

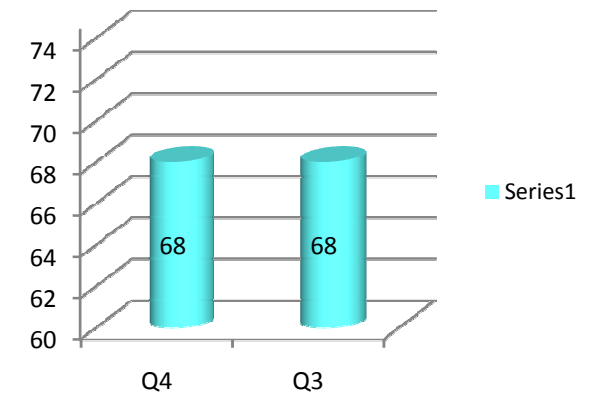
RentCo Q4 FY12

Particulars	Total msf		
	Q4-12	Q3- 12	Q4 - 11
Lease Status			
Opening Balance	22.54	24.72	23.73
Add:- Lease Booked During the Qty	0.64	0.42	1.38
Less :- Cancellation	(0.39)	(0.20)	(1.34)
Less :- Sold / Adjustment	(0.13)	(2.39)	-
Closing Balance	22.66	22.54	23.77

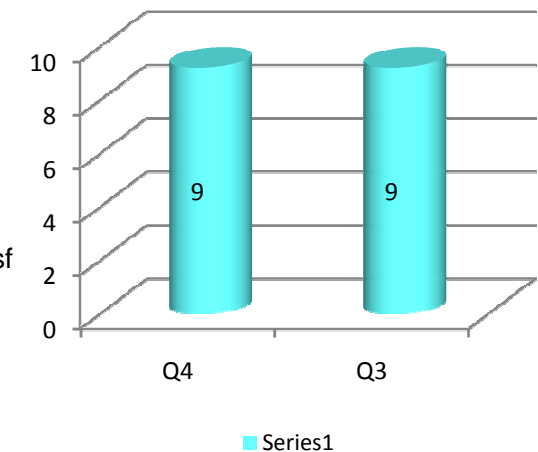
Under Construction			
Opening Balance	9.21	12.45	15.69
New Launches / Additions	-	-	0.00
Less:- Handed over	(0.00)	(1.00)	(1.20)
Less :- Suspension/Adju	(0.00)	(2.24)	(0.00)
Closing Balance	9.21	9.21	14.49

- 0.64 msf of gross leasing in Q4FY12 vs 0.42 msf in Q3 FY12 & 1.38 msf in Q4 FY11 [Net leasing – 0.25 msf in Q4 FY12 vs 0.22 msf in Q3 FY12 & 0.04 msf in Q4 FY11]
- Total annuity income of Rs 450 Crs including Rs 390 Crs rental income
- 2.72 msf of gross leasing FY12 vs 4 msf YTD FY11 [Net leasing 1.41 msf YTD FY12]
- Total annuity income of Rs 1,800 Crs

Development Potential (Msf)



Under Construction (Msf)



Profit & Loss Summary – Q4 FY12

Q4 FY 12 vs Q3 FY 12

- Sales (incl Other Income) at Rs 2747 Cr, compared to Rs 2,396 Cr.
- Net profit at Rs 212 Cr, as against Rs 258 Cr
- EBIDTA margins at 34% (after netting one time cost of Rs 300 crs) versus 49%

Profitability	Q4 12	Q3 12	% Change	Q4 11	% Change
All figures in Rs Crs					
Sales	2747	2396	15%	2870	-4%
Construction	1268	810	57%	1599	-21%
Staff Cost	149	138	8%	147	1%
Other Expenses	402	263	53%	270	49%
EBIDTA *	928	1184	-22%	853	9%
Finance Charges	604	620	-3%	456	33%
Depreciation	164	180	-9%	166	-1%
PBT	161	385	-58%	231	-31%
Tax	-41	135	-130%	16	-364%
Minority / Prior Period	-10	-9	13%	-129	-92%
PAT	212	258	-18%	345	-39%

* After netting one time cost of approx. Rs 300 crs



Consolidated P&L – Q4 & FY12

Sl.No.	Consolidated Financials	Q4 FY12 (Audited)		Q3 FY12 (Reviewed)		Q4 FY11 (Audited)		Year ended FY12 (Audited)		Year ended FY11 (Audited)	
		Rs. Crs.	Percentage of Total Revenue	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	2,617		2,034		2,683		9,629		9,561	
2	Other Income	131		362		187		594		584	
	Total Income(A1+A2)	2,747	100%	2,396	100%	2,870	100%	10,223	100%	10,145	100%
B)	Total Expenditure(B1+B2+B3)	1,819	66	1,213	51	2,017	70	5,724	56	5,808	57
1	Construction Cost	1,268	46	811	34	1,600	56	3,967	39	4,300	42
2	Staff cost	149	5	138	6	147	5	586	6	572	6
3	Other Expenditure	402	15	263	11	270	9	1,171	11	936	9
C)	Gross Profit Margin(%)		54%		66%		44%		61%		58%
D)	EBITDA (D/A1)	928	34	1,184	49	853	30	4,499	44	4,337	43
E)	EBIDTA (Margin)		34%		49%		29%		44%		42%
F)	Financial charges	604	22	620	26	456	16	2,246	22	1,706	17
G)	Depreciation	164	6	180	8	165	6	689	7	631	6
H)	Profit/loss before exception items	161	6	384	16	232	8	1,564	15	2,000	20
I)	Exception items	16	1	-		-		16	0	-	
J)	Profit/loss before taxes and after exception item	145	5	384	16	232	8	1,548	15	2,000	20
K)	Taxes expense	(41)	-2	135	6	16	1	369	4	459	5
L)	Prior period expense/(income) (net)	10	0	0	0	(94)	-3	9	0	(97)	-1
M)	Net Profit after Taxes before Minority Interest	176	6	249	10	310	11	1,170	11	1,638	16
N)	Minority Interest	4	0	11	0	31	1	(2)	0	(7)	0
O)	Profit/(loss) of Associates	32	1	(2)	0	4	0	34	0	9	0
P)	Net Profit	212	8	258	11	345	12	1,201	12	1,640	16
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 of Rs 229.5 crores for FY12 and Rs 76 crore for Q4FY12.

Consolidated Balance Sheet – FY12

Rs Crore

Particulars	As on March 31, 2012 (Audited)	As on March 31, 2011 (Audited)
A. Equity and Liabilities		
1 Shareholders' funds		
(a) Share capital	2,138.88	2,149.78
(b) Reserves and surplus	25,097.04	24,182.32
Sub-total - Shareholders' funds	27,235.92	26,332.10
2. Minority interests	420.67	575.20
3. Non-current liabilities		
(a) Long-term borrowings	16,824.16	18,307.63
(b) Other long-term liabilities	2,321.78	2,442.01
(c) Long-term provisions	48.52	31.21
Sub-total - Non-current liabilities	19,194.46	20,780.85
4. Current liabilities		
(a) Short-term borrowings	3,398.74	3,344.53
(b) Trade payables	2,580.70	2,263.63
(c) Other current liabilities	9,804.30	6,857.66
(d) Short-term provisions	754.65	663.75
Sub-total - Current liabilities	16,538.39	13,129.56
Total – Equity and Liabilities	63,389.44	60,817.71
B. Assets		
1. Non-current assets		
(a) Fixed assets	27,706.85	28,106.54
(b) Goodwill on consolidation	1,624.79	1,384.04
(c) Non-current investments	973.28	715.24
(d) Deferred tax assets (net)	334.93	163.28
(e) Long-term loans and advances	3,146.25	2,017.29
(f) Other non-current assets	144.10	187.66
Sub-total - Non-current assets	33,930.20	32,574.06
2 Current assets		
(a) Current investments	153.49	280.53
(b) Inventories	16,175.57	15,038.76
(c) Trade receivables	1,765.91	1,565.97
(d) Cash and cash equivalents	1,506.23	1,321.78
(e) Short-term loans and advances	2,027.87	2,149.16
(f) Other current assets	7,830.17	7,887.45
Sub-total - Current assets	29,459.24	28,243.65
Total – Assets	63,389.44	60,817.71

Consolidated Cashflow – FY12

Rs Crore

Particulars	31-Mar-12	31-Mar-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation and minority interest	1,547.50	2,000.20
Adjustments for:		
Depreciation, amortisation and impairment	688.83	630.72
(Profit) /Loss on sale of fixed assets, net	3.06	(66.00)
Interest/guarantee charges	2,246.48	1,705.62
Income from investment in trust	(3.76)	(1.50)
(Profit)/ loss from partnership firms, net	(2.95)	3.94
Provision for doubtful debts and advances	155.93	50.07
Advances / assets written off (including preliminary expenses)	19.54	8.84
Exchange fluctuations (net)	2.60	(9.39)
Prior period items	(6.14)	80.50
Profit on sale of investments, net	(261.44)	(158.68)
Unclaimed balances and provisions written back	(23.54)	(25.17)
Amortisation of deferred employees compensation, net	38.90	50.40
Amount forfeited on properties	(29.23)	(30.94)
Provision for employee benefits	(6.68)	3.55
Interest/ dividend income	(230.96)	(260.99)
Operating profit before working capital changes	4,138.13	3,981.17
Movements in working capital :		
(Increase) / decrease in trade and other receivables	(601.74)	(3,037.31)
(Increase)/decrease in inventories	(610.81)	(2,034.93)
Increase/(decrease) in current liabilities and provisions	713.21	4,595.02
Cash used in operations	3,638.79	3,503.94
Direct taxes paid (net of refunds)	(1,146.93)	(746.97)
Net cash generated from operating activities (A)	2,491.87	2,756.98
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Capital work in progress)	(211.71)	(1,101.28)
Proceeds from sale of fixed assets	123.08	414.85
Interest/dividend received	295.94	265.95
Purchase of investments	(137.19)	(389.80)
Proceeds from sale of investment	-	4,867.24
Net cash generated from/(used in) investing activities (B)	70.11	4,056.96

Consolidated Cashflow – FY12

Contd....

Particulars	Rs crore	
	31-Mar-12	31-Mar-11
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of debentures (net)	-	500.00
Proceeds from long-term borrowings	1,021.00	9,138.49
Repayment of long-term borrowings	-	(7,468.19)
Proceeds from (redemption) / issuance of preference shares	(11.06)	(4,109.60)
Premium on redemption of preference shares	-	(1,237.87)
Proceeds from short term borrowings (net)	54.21	145.41
Proceeds from issue of capital (including securities premium)	144.51	132.16
Dividend paid	(510.82)	(829.67)
Dividend tax paid	(84.41)	(82.81)
Interest/guarantee charges paid	(3,012.51)	(2,591.32)
Net cash (used in) / generated from financing activities (C)	(2,399.08)	(6,403.41)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	162.90	410.53
Cash and cash equivalents at the beginning of the year	1,245.94	835.41
Cash and cash equivalents at the end of the year	1,408.84	1,245.94
	162.90	410.53
Note:		
Cash and bank balance	1,506.23	1,346.05
Less: Fixed deposit (pledged/under lien/earmarked)	94.96	86.49
Margin money	-	3.98
Unclaimed dividend	2.43	2.01
Exchange gain/(loss)	-	7.63
	1,408.84	1,245.94

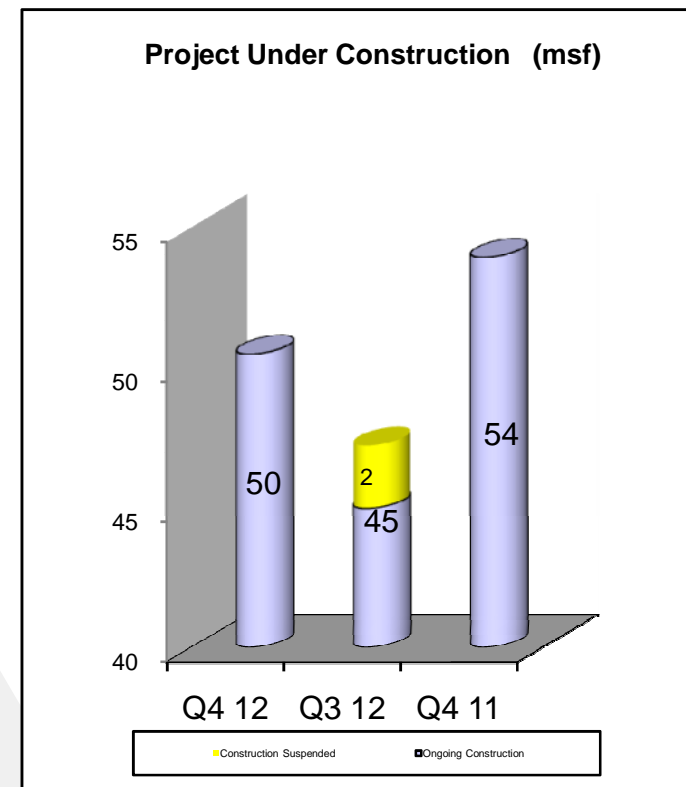
Debt Position – FY12

Net Debt Position	Q2	Q3	Q4	Net Reduction
	Rs Crs	Rs Crs	Rs Crs	Rs Crs
Gross Debt as per Balance Sheet	25450	25026	25066	
Less : Equity shown as Debt / JV Co Debt	962	1013	1030	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	24488	24013	24036	
Pref. Shares	202	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	24690	24215	24238	
Less : Cash in hand	-1763	-1328	-1513	
Less : Exchange fluctuation		-129		
Net Debt Position	22927	22758	22725	33

Execution

Region	Area in msf		
	Q4 12	Q3 12	Q4 11
Gurgaon	13	13	21
Super Metro	7	8	7
Rest of India	21	15	10
For Rent Co	9	9	15
	50	45	53

- Completed projects of approx 13 msf in FY 12; delivery underway (Q4 FY12 – 0.6 msf)
- FY13 expected deliveries between 10-12 msf spread across Gurgaon, Kolkatta, Chennai, Kochi etc
- Higher deliveries will lower future inflationary pressures, strengthen cash management and improve customer service and Company's goodwill.



Our Development Potential

Area (msf)	Other Land	Hotel Land	G.Total
Gross Area – as on 1 st Jan-12	341	8	349
Less : Projects Disposed off (Net)	0	0	0
Less : Handed over	0.54	0	0.54
Net Land Bank - as on 31 st Mar-12	340	8	348
- Dev. Co	272	8	348
- Rent. Co	68		

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