



**Q4 FY13 Analyst Presentation**

**May 30, 2013**

# 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.

# Summary: Fiscal Year 2013 gone by ...

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- The Company discharged all obligations and commitments to stakeholders in difficult and weak macro economic conditions
  - High inflation; significantly lower GDP growth
  - High real interest rates; poor investment climate
  - Uncertain and delayed approval cycles
- Despite the above, continued to add substantial value to the existing development potential by focusing on infrastructure development and approvals – further deepened the embedded value in the existing high quality of land resource
- Stable, focused teams with deep knowledge of micro markets
- Reached steady state of business operations on an all-India basis
- Book profits impacted due to change in Accounting Policies wherein revenues are recognized only after 25% of budgeted construction spend has been incurred

# Summary: Year gone by FY13

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- **Low operational EBIDTA due to**
  - Under new accounting guidelines - new launches totaling 2.2 msf (Sky Court & Ultima) not recognized for P&L
    - **Had accounting guidelines not changed, the annual EBITDA would have been approximately Rs 4350 crore instead of Rs 3950 crore.**
  - Most of the old projects are at an advanced stage of completion, hence their residual contribution is declining
  - Conservative provisioning
  - Exceptional one time Loss of Rs 33 crore on account of sale of investments

# Profit & Loss Summary – Q4 FY13

## Q4 FY 13 vs Q3 FY 13

- Sales (incl Other Income) at Rs 2,319 crore, compared to Rs 2,291 crore.
- Net Loss of Rs 4 crore, as against Net Profit of Rs 285 crore
- EBIDTA margins at 35% versus 47%

Profitability	Q4 FY13	Q3 FY13	% Change	Q4 FY12	% Change
<b>All figures in Rs Crs</b>					
Sales & Other Income	2319	2291	1%	2747	-16%
Operating Expenses	1355	1068	27%	1670	-19%
Staff Cost	145	155	-7%	149	-3%
<b>EBIDTA</b>	<b>819</b>	<b>1068*</b>	<b>-23%</b>	<b>928</b>	<b>-12%</b>
Finance Charges	588	581	1%	604	-3%
Depreciation, Amortisation & impairment	186	248	-25%	164	13%
<b>PBT</b>	<b>45</b>	<b>240</b>	<b>-81%</b>	<b>160</b>	<b>-72%</b>
Exceptional Items	33	0	0%	16	106%
Tax	-20	-8	134%	-42	-53%
Minority Interest	14	-41	-135%	-36	-140%
Prior Period	21	4	486%	10	110%
<b>PAT</b>	<b>-4</b>	<b>285</b>	<b>-101%</b>	<b>212</b>	<b>-102%</b>

\* Q3 EBIDTA includes one time gain of Rs 825 crs and one time provisions of Rs 562 crs

Adjusted EBIDTA of Q3 is Rs 805 crs

# Consolidated Profit & Loss Account

(In Rs crore)

Sl.No.	Consolidated Financials	Q4 FY13 (Audited)		Q3 FY13 (Reviewed)		Year ended FY13 (Audited)	
		Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue
A)							
1	Sales and Other Receipts	2,226		1,310		7,773	
	Other Income	93		981		1,323	
	<b>Total Income(A1+A2)</b>	<b>2,319</b>	<b>100%</b>	<b>2,291</b>	<b>100%</b>	<b>9,095</b>	<b>100%</b>
B)	<b>Total Expenditure(B1+B2+B3)</b>	<b>1,500</b>	<b>65</b>	<b>1,223</b>	<b>53</b>	<b>5,147</b>	<b>57</b>
1	Construction Cost	1,051	45	788	34	3,356	37
2	Staff cost	145	6	155	7	596	7
3	Other Expenditure	304	13	280	12	1,195	13
C)	<b>Gross Profit Margin(%)</b>		<b>55%</b>		<b>66%</b>		<b>63%</b>
D)	<b>EBITDA (D/A1)</b>	<b>819</b>	<b>35</b>	<b>1,068</b>	<b>47</b>	<b>3,948</b>	<b>43</b>
E)	<b>EBIDTA ( Margin)</b>		<b>35%</b>		<b>46%</b>		<b>43%</b>
F)	Financial charges	588	25	581	25	2,314	25
G)	Depreciation	186	8	248	11	796	9
H)	<b>Profit/loss before exceptional items</b>	<b>45</b>	<b>2</b>	<b>239</b>	<b>10</b>	<b>838</b>	<b>9</b>
I)	Exceptional items	33	1	-	0	33	0
J)	<b>Profit/loss before taxes and after exceptional ite</b>	<b>12</b>	<b>1</b>	<b>239</b>	<b>10</b>	<b>805</b>	<b>9</b>
K)	Taxes expense	(20)	-1	(8)	0	125	1
L)	Prior period expense/(income) (net)	21	1	4	0	17	0
M)	<b>Net Profit after Taxes before Minority Interest</b>	<b>9</b>	<b>0</b>	<b>243</b>	<b>11</b>	<b>662</b>	<b>7</b>
N)	Minority Interest	(18)	-1	43	2	44	0
O)	Profit/(loss) of Associates	3	0	(2)	0	4	0
P)	<b>Net Profit</b>	<b>(4)</b>	<b>0</b>	<b>285</b>	<b>12</b>	<b>712</b>	<b>8</b>

# Consolidated Balance Sheet as at 31<sup>st</sup> Mar-2013

( In Rs crore)

Particulars	As on March 31, 2013 (Audited)	As on March 31, 2012 (Audited)
<b>A. Equity and Liabilities</b>		
<b>1 Shareholders' funds</b>		
(a) Share capital	2,139	2,139
(b) Reserves and surplus	25,389	25,097
<b>Sub-total - Shareholders' funds</b>	<b>27,528</b>	<b>27,236</b>
<b>2. Share application money pending allotment</b>	0	0
<b>3. Minority interests</b>	402	421
<b>4. Non-current liabilities</b>		
(a) Long-term borrowings	15,542	16,824
(b) Other long-term liabilities	2,242	2,322
(c) Long-term provisions	63	49
<b>Sub-total - Non-current liabilities</b>	<b>17,847</b>	<b>19,194</b>
<b>5. Current liabilities</b>		
(a) Short-term borrowings	3,536	3,399
(b) Trade payables	2,698	2,581
(c) Other current liabilities	11,947	9,804
(d) Short-term provisions	670	755
<b>Sub-total - Current liabilities</b>	<b>18,850</b>	<b>16,538</b>
<b>Total – Equity and Liabilities</b>	<b>64,627</b>	<b>63,389</b>



# Consolidated Balance Sheet as at 31<sup>st</sup> Mar-2013

Contd..

Particulars	As on March 31, 2013 (Audited)	As on March 31, 2012 (Audited)
<b>B. Assets</b>		
<b>1. Non-current assets</b>		
(a) Fixed assets	26,121	27,707
(b) Goodwill on consolidation	1,562	1,625
(c) Non-current investments	1,011	973
(d) Deferred tax assets (net)	656	335
(e) Long-term loans and advances	3,658	3,146
(f) Other non-current assets	86	144
<b>Sub-total - Non-current assets</b>	<b>33,095</b>	<b>33,930</b>
<b>2 Current assets</b>		
(a) Current investments	323	153
(b) Inventories	17,646	16,176
(c) Trade receivables	1,653	1,766
(d) Cash and cash equivalents	1,844	1,506
(e) Short-term loans and advances	1,672	2,028
(f) Other current assets	8,394	7,830
<b>Sub-total - Current assets</b>	<b>31,532</b>	<b>29,459</b>
<b>Total – Assets</b>	<b>64,627</b>	<b>63,389</b>



# Consolidated Cashflow - FY13

(In Rs crore)

Particulars		Period ended	
		31-Mar-13	31-Mar-12
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before tax	806	1,547
	Adjustments for:		
	Depreciation	796	689
	Loss / (profit) on sale of fixed assets, net	(19)	3
	Provision for doubtful debts/unclaimed balances written back/ exchange fluctuation	161	116
	Amortisation cost of Employee Stock Option	32	39
	Profit on sale of investments, net	(896)	(264)
	Prior period items	(4)	(6)
	Interest / gurantee charges	2,314	2,246
	Interest / dividend income	(275)	(232)
	<b>Operating profit before working capital changes</b>	<b>2,915</b>	<b>4,138</b>
	Adjustments for:		
	Trade and other receivables	(594)	(561)
	Inventories	(816)	(611)
	Trade and other payables	1,441	703
	Taxes paid ( net of refunds)	(940)	(1,150)
	<b>Net cash from operating activities</b>	<b>2,006</b>	<b>2,520</b>
<b>B.</b>	<b>Cash flow from investing activities:</b>		
	(Purchase) / Sale of fixed assets (Including CWIP), net	(1,150)	(42)
	Interest/Dividend received	242	307
	Movement in share/debenture application money paid (net)	15	(25)
	Movement in fixed deposits with maturity more than 3 months (net)	(286)	(191)
	(Purchase) / Sale of Investment(net)	3,146	(72)
	<b>Net cash used in investing activities</b>	<b>1,967</b>	<b>(24)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Proceeds / (repayment) from borrowings (net)	(265)	1,075
	Redemption of prefernce shares	-	(11)
	Increase in share capital / securities premium	139	105
	Interest paid	(3,243)	(3,013)
	Dividend Paid ( including dividend tax)	(583)	(595)
	<b>Net cash used in financing activities</b>	<b>(3,951)</b>	<b>(2,438)</b>
	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>22</b>	<b>58</b>
	<b>Opening cash and cash equivalents</b>	932	874
	<b>Closing cash and cash equivalents</b>	953	932
	<b>Net Increase / (decrease)</b>	<b>22</b>	<b>58</b>

# Change in Accounting Policy

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- Old Accounting Policy – Revenue recognition starts when project cost incurred exceeds 30% of the Budgeted project cost. ( Project cost includes both Land & construction Cost of the project )
- New Accounting Policy – Revenue recognition starts when construction cost incurred exceeds 25% of the Budgeted construction cost of the project
- Impact of the change in EBITDA for FY13
  - Q4FY13 – Rs 200 crore approximately
  - FY13 – Rs 400 crore approximately
- Impact of the change in Revenue for FY13
  - Q4FY13 – Rs 325 crore approximately
  - FY13 – Rs 750 crore approximately
- New accounting policy will result in lag of recognition of revenue and profits by 12-18 months. “ Cash shall precede earnings ”.

# Business Segment Performance....



# Business Segment Performance – Q4FY 2013

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## ■ DevCo:

- ↗ 2 msf gross sales booked in Q4FY13 vs 2.27 msf in Q3FY13
  - Gurgaon – 0.8 msf
  - Super Metro – 0.4 msf
  - Rest of India – 0.8 msf

## ■ RentCo:

- ↗ 0.18 msf of leasing in Q4FY13 vs 0.44 msf in Q3FY13
- ↗ Rental income of Rs. 425 crore out of Rs. 440 crore of annuity income

## ■ **Completion** : 9 msf completed during the Q4FY13

## ■ **New Launches**: 1 msf of new launches in Gurgaon, 0.36 msf in Bangalore

# Business Segment Performance – FY13

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## ■ DevCo:

- ↗ 7.23 msf gross sales booked during FY13 vs 13.55 msf in FY12
  - Gurgaon – 2.94 msf
  - Super Metro – 0.88 msf
  - Rest of India – 3.40 msf

## ■ RentCo:

- ↗ 1.14 msf of leasing in FY13 against 1.41 msf in FY 12
- ↗ Annuity Income ( ex-Wind ) Rs. 1700 crore approximately

## ■ Non Core : Divestment of Rs 3,160 crore in FY 13 against Rs 1,774 crore in FY 12

## ■ Completion: 12.4 msf completed during FY13 against 13 msf in FY12

## ■ New Launches: 2.2 msf of new launch in Gurgaon, 0.57 msf in Chandigarh & 1.5 msf in Bangalore

## ■ EBIDTA Margin : 43% in FY 13 against 44% in FY 12

# Development Company “DevCo” FY13

- 7.23 msf sales achieved in FY 13 vs 13.55 msf in FY 12
- Q4FY13 sales booking at 2 msf versus 6.75 msf in Q4 FY 12
- Projects completed in FY13 - 12.4 msf versus 13 msf in FY12

## FY 2013 - Sales Booked (msf / Rs Crore)

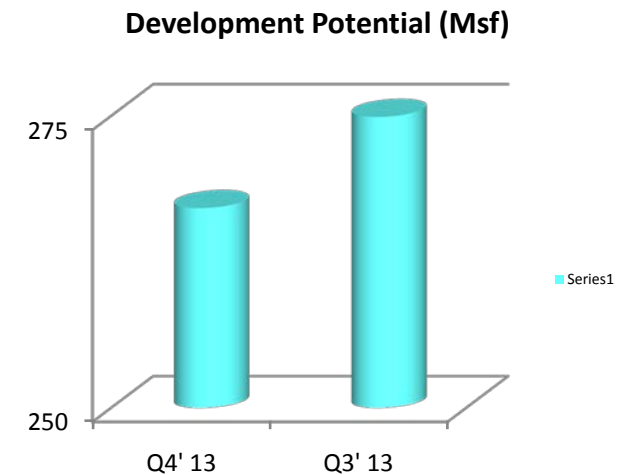
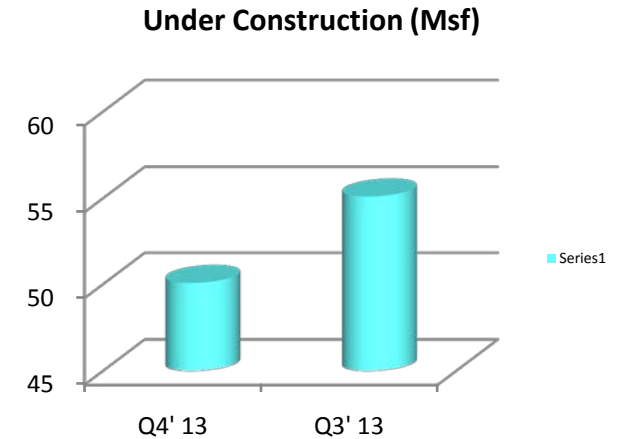
Region	City	Area Sold msf	Sales Value Rs Crs
Gurgaon	Gurgaon & New Gurgaon	2.94	2179
Rest of India	Chandigarh Tri City, Bengaluru, Lucknow, Chennai, Kochi, Kasauli & Hyderabad	3.40	1059
Super Metro	Delhi, Kolkata & Indore	0.89	577
	<b>Total</b>	<b>7.22</b>	<b>3815</b>

# DevCo Q4 FY13

Particulars	Total msf		
	Q4-13	Q3- 13	Q4- 12
<b>Sales Status</b>			
Opening Balance	54.48	52.63	43.49
Add:- Sale Booked During the Qty	1.99	2.27	6.75
Less : Completed	(9.00) *	(0.42)	(0.54)
Closing Balance	47.47	54.48	49.70

<b>Under Construction</b>			
Opening Balance	55.11	48.73	35.05
New Launches / Additions / Suspended	3.97	6.80	6.04
Less:- Completed	(9.00)	(0.42)	(0.54)
Closing Balance	50.09	55.11	40.55

- 2 msf gross sales booked in Q4FY13 vs 2.27 msf in Q3FY13 & 6.75 msf in Q4 12
- \* Includes 1msf of saleable area handed over by us in pursuant to certain joint venture arrangements
- 1.1 msf transferred from Rentco to Devco



# Rent Company “RentCo” FY13

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## Offices

- Net leasing of 1 msf in FY13 vs 1.37 msf in FY13
- Total leased area as on date 22.28 msf
- Net leasing of 0.18 msf in Q4 FY 13
- Annualized Rental income increased to Rs 1410 crore , ( Q4 FY13 – Rs 352 crore)

## Retail Malls

- Net leasing of 0.14 msf in FY13 vs 0.04 msf in FY13
- Total leased area as on date 1.54 msf
- Annualized Rental income increased to Rs 260 crore ( Q4 FY12 – Rs 65 crore)

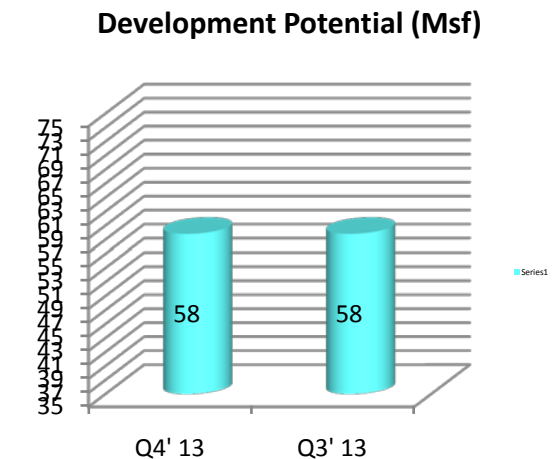
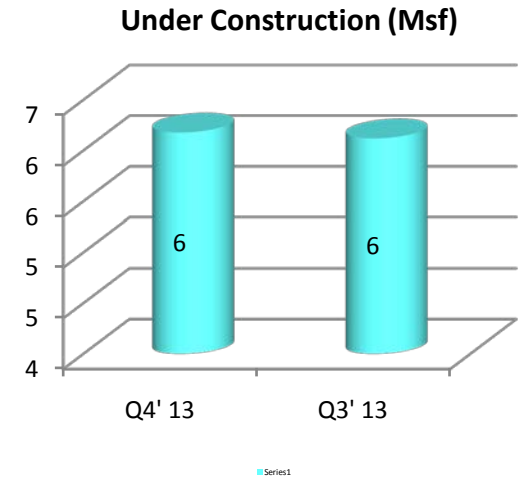


# RentCo Q4 FY13

Particulars	Total msf		
	Q4-13	Q3- 13	Q4 – 12
<b>Lease Status</b>			
Opening Balance	23.64	23.20	22.54
Add:- Lease Booked During the Qty	0.52	0.69	0.64
Less :- Cancellation	(0.34)	(0.25)	(0.39)
Less :- Sold / Adjustment	-	-	(0.13)
Closing Balance	23.82	23.64	22..66

<b>Under Construction</b>			
Opening Balance	6.12	6.07	8.10
New Launches / Additions	0.06	0.21	-
Less:- Completed	(0.00)	(0.16)	-
Less :- Suspension/Adju	-	-	-
Closing Balance	6.18	6.12	8.10

- 0.18 msf of net leasing in Q4FY13 vs 0.44 msf in Q3 FY13 & 0.25 msf in Q4 FY12
- Total annuity income of Rs 440 crore including Rs 425 crore rental income
- 1.1 msf transferred to Devco from Rentco



## Debt Position – Q4 FY13

Net Debt Position	Q3 13	Q4 13	Net Change
	Rs Crs	Rs Crs	Rs Crs
Gross Debt as per Balance Sheet	25489	24801	
Less : Equity shown as Debt / JV Co Debt	1025	1197	
Gross Debt ( Net of Equity shown as Debt / JV Co Debt )	24464	23604	
Pref. Shares	202	202	
<b>Gross Debt Position ( Net of Equity shown as Debt / JV Co Debt )</b>	<b>24666</b>	<b>23806</b>	
Less : Cash in hand ( Opening )	-3170	-2075	
Less : Increase due to Exchange fluctuation	-63		
<b>Net Debt Position</b>	<b>21433</b>	<b>21731</b>	<b>298</b>

- Continue to invest Rs 300 to Rs 400 crore in Capex / Land
- Operating cashflow - Breakeven

# Targeted Net Debt Reduction for FY14

In Rs crore

Net Debt (April 1, 2013)			21,731
Less:			
Wind/Energy Equipment Divestments		1,000	
Aman/Misc. Divestments		1,750	
Mandatory Equity Raise		1,860	4,610
Targetted Net Debt (March 31, 2014)			17,121

- Aman is expected to close by June 30, 2013. Given that it is a MBO, it is taking some time to achieve financial closure.
- Rs 178 crore received on the wind transaction. Rs 580 crore expected to be received shortly and the balance during the FY14.

# Business Strategy....



# Business Strategy - Medium Term

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- The new business strategy as outlined, envisages an uncertain and lower growth environment
- Even in such an environment, high visibility of the cash flows and earnings has been assured
- Cautious & conservative approach, given the environment. Strong emphasis on compliances, accounting policies, capex spends, etc.
- Margin protection - mitigate the cost escalations through engagement with best in class vendors in construction and PMCs and time the release of stock
- The business model can be ratcheted up should the Indian economy start to grow at a higher growth plane – can exploit an unprecedented opportunity in all asset classes - residential, office and retail developments
  - Well poised to take the advantage of this opportunity due to the unique strengths we possess:
    - Unquestioned leadership backed by delivery
    - Presence on an all India basis
    - High value land resource
    - Availability of capital and knowledge

***Moved to a risk mitigated, steady state business environment***

## 3 Year Goal...

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- **Reach a steady state EBITDA of Rs. 8,200 crore in 3 years**
  - ↗ RentCo contribution of Rs. 2,700 crore
  - ↗ DevCo contribution of Rs. 5,500 crore
- **Reduction of Net Debt to levels to less than 10,000 crore**
  - ↗ Coverage of 3x RentCo EBITDA
- **Free cash positive in FY15**
- **Significant improvement in ROE's**

# Our Development Potential

Type of Real Estate Development	Development Business	Lease Business	Total
	Development Potential ( <i>msf</i> )		
Gurgaon	120	34	<b>154</b>
Bengaluru	31	--	<b>31</b>
Delhi Metropolitan Region	19	5	<b>25</b>
Chennai	16	6	<b>23</b>
Hyderabad	19	1	<b>20</b>
Chandigarh Tri-City	23	--	<b>23</b>
Kolkata	4	2	<b>5</b>
Other Indian Cities	36	9	<b>45</b>
<b>Total</b>	<b>267</b>	<b>58</b>	<b>325</b>



**Thank You**