DLF Limited

Q3FY10

Analyst Presentation

• The Previous Quarter figures have been regrouped / rearranged wherever necessary to make them comparable. All figures for the current quarter are unedited, but reviewed by statutory auditors

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.

Market Update – Summary: Q3 FY10

- Q3 FY10 witnessed sustained demand led by buoyant economic growth indicators and stronger business confidence measures in India & overseas. Focus was on continuation of new product launches, scale up in execution and further strengthening of the balance sheet.

- **Industry growth continues to be led by**
  - Positive macro - economic factors and strengthening consumer confidence
  - Continued availability of ample liquidity & lower interest rates
  - No significant change in key economic / monitory policy by the government

- **Housing**
  - Robust demand in all segments – luxury / high end and mid-income
  - Volume recovery continues - sustained demand in both suburban & city centric residential segments
  - Pricing environment better in luxury / high end homes segment, marginal price increases in suburban / mid-income homes

- **Offices**
  - Increased traction in transactions in the offices pre-lease segment , encouraging signs of recovery in leasing of office space picking up by mid-FY11

- **Fund flows to the Sector**
  - Developers continue to explore fund raising options via capital markets; slew of real estate IPO's in the offing.
  - Continuation of stimulus measures by developed economies will ensure robust liquidity flows; any marginal increase in interest rates / policy measures to curb inflation unlikely to hamper demand momentum

Performance of Company – Q3 FY10

- **Sales gaining momentum:**
  - ~ 3.1 msf sales booked in the quarter, YTD FY10 sales booked ~ 8.5 msf – well balanced mix between luxury/ high end & mid-income homes
  - Robust sales in the quarter of luxury/high end homes; 550+ apartments sold with an area of ~ 2 msf in the NCR region. ~1 msf sales booked in mid-income homes. (New Gurgaon, Bangalore, Goa, Cochin)
- **Leasing Business**: Rental values in the office leasing market are likely to stabilise across all micro markets owing to renewed interest from corporate's. Though new leasing volume demand is subdued, few transactions have taken place and interest / number of enquiries have been steadily improving.
- **Enhanced Operations:**
  - Scale up in execution - Construction of approx. 2.6 msf commenced in Homes & Commercial Complexes (Gurgaon & New Gurgaon). Total area under construction presently stands at ~ 51 msf
  - 0.73 msf of homes handed over during the quarter, YTD FY10 ~ 1.6 msf (The Summit, Gurgaon – Phase V).

Performance of Company – Q3 FY10 (Cont..)

- **Non- Core asset divestments** : Focus on divesting assets judiciously and at fair market value continues. Realized approx. Rs.170 Crs during the Qtr taking the total in FY 10 to Rs. 1,234 Crs.

- **Debt Reduction Program:** Despite marginal increase in gross debt, Company continues on track to become net debt zero in the medium term led by strengthening operational cash flows and non-core asset divestments.

- **Business Integration**: DLF – DAL integration underway. Will ensure substantial consolidation of group's rental assets and provide an opportunity to unlock value through appropriate & timely monetization.

Profit & Loss Summary – Q3 FY10

Q3 FY 10 vs Q2 FY 10

- Sales at Rs 2026 Cr, compared to Rs 1751 Cr.
- Net profit at Rs 468 Cr , as against Rs 440 Cr
- EBIDTA margins at 45% versus 53%

All figures in Rs. Crs

Particulars	Q3 - 10	Q2 - 10	Change	Q3 - 10	Q3 - 09	Change
Sales	2026	1751	16%	2026	1367	48%
EBIDTA (Core Operations)	1020	1020	0%	1020	933	9%
EBIDTA (Consolidated)	969	973	0%	969	908	7%
%	45%	53%		47%	60%	
PBT (Cosolidated)	633	648	-2%	633	736	-14%
PAT	**468**	**440**	**6%**	**468**	**671**	**-30%**

Consolidated P&L – Q3 FY10

		Q3 FY10 (reviewed)		Q3 FY09 (reviewed)		Q2 FY10 (reviewed)		Nine Months FY10 (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	2,026		1,367		1,751		5,427	
2	Other Income	126		136		59		282	
	Total Income(A1+A2)	2,152	100%	1,503	100%	1,810	100%	5,709	100%
B)	Total Expenditure(B1+B2+B3)	1,182	55	595	40	837	46	2,925	51
1	Construction Cost	796	37	283	19	515	28	1,977	35
2	Staff cost	129	6	121	8	108	6	350	6
3	Other Expenditure	258	12	191	13	214	12	598	10
C)	Gross Profit Margin(%)		**63%**		**81%**		**72%**		**65%**
D)	EBITDA (D/A1)	969	45	908	60	973	54	2,784	49
E)	EBIDTA (Margin)		**45%**		**60%**		**53%**		**48%**
F)	Financial charges	257	12	94	6	249	14	793	14
G)	Depreciation	80	4	79	5	77	4	230	4
H)	Profit/loss before taxes	633	29	736	49	648	36	1,760	31
I)	Taxes								
	Current Taxes	168	8	106	7	236	13	496	9
	Deferred Tax	0	0	(52)	-3	(45)	(2)	(37)	-1
J)	Prior period expense/(income) (net)	(5)	0	-	-	5	0	(0)	0
K)	Net Profit after Taxes before Minority Interest	469	22	682	45	452	25	1,301	23
L)	Minority Interest	3	0	(2)	0	(12)	(1)	7	0
M)	Profit/(losss) of Associates	(4)	0	(10)	-1	0	0	(4)	0
N)	Net Profit	468	22	671	45	440	24	1,304	23
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

Consolidated Balance Sheet – Q3 FY10

	As at				
	Schedule	31-Dec-09	31-Dec-08	30-Sep-09	31-Mar-09
SOURCES OF FUNDS					
Shareholders' funds					
Capital	1	1735	1737	1735	1735
Reserves and surplus	2	23764	23015	23270	22419
		25499	**24752**	**25005**	**24154**
Minority Interests		630	482	629	634
Loan funds					
Secured loans	3	14684	10600	13297	13262
Unsecured loans	4	2484	4925	1431	3058
Deferred tax liabilities (net)	5	-	-	-	-
		43,297	**40,759**	**40,362**	**41,108**
APPLICATION OF FUNDS					
Fixed assets	6				
Gross block		9466	6947	8700	8486
Less: Depreciation		894	555	725	574
Net block		**8572**	**6392**	**7975**	**7912**
Capital work in progress		5782	7268	6374	5688
Investments	7	2975	1548	1542	1403
Goodwill on consolidation		2007	2192	2018	2265
Deferred Tax Assets	5	80	58	79	41
Current assets, loans and advances					
Stocks	8	11550	10698	11392	10928
Sundry debtors	9	1983	10190	1567	2165
Cash and bank balances	10	814	697	634	1196
Loans and advances	11	8329	9363	8306	9712
Other Current Assets	12	8263	86	7306	7622
		30939	**31034**	**29205**	**31623**
Less :					
Current liabilities and provisions					
Liabilities	13	3429	4369	3008	4140
Provisions	14	3629	3364	3823	3684
		7058	**7733**	**6831**	**7824**
Net current assets		**23881**	**23301**	**22374**	**23799**
		43297	**40759**	**40362**	**41108**

**** Other current assets include unbilled receivables which were previously shown in sundry debtors. Accordingly, the previous figures pertaining to Mar 31, 2009 have been restated.***

Cashflow Statement – Q3 FY10

		Rs in crores		
	Period ended	Period ended	Period ended	Year ended
Particulars	**31-Dec-09**	**31-Dec-08**	**30-Sep-09**	**31-Mar-09**
A. Cash flow from operating activities:				
Net profit before tax	1,760	5,222	1,123	5,200
Adjustments for:				
Depreciation	230	184	152	239
Loss/(profit) on sale of fixed assets, net	(78)	-	-	4
Provision for doubtful debts/unclaimed balances written back	102	27	46	61
Loss/(profit) on sale of current Investments	(2)	(54)	1	(75)
Amortisation cost of Employee Stock Option	36	29	24	38
Interest/gurantee expense	793	195	536	555
Interest/dividend income	(157)	(184)	(125)	(235)
Operating profit before working capital changes	**2,684**	**5,418**	**1,757**	**5,787**
Adjustments for:				
Trade and other receivables	1,016	(3,915)	2,301	(3,341)
Inventories	(180)	(1,246)	(276)	(753)
Trade and other payables	(821)	25	(1,231)	(407)
Taxes paid	(311)	(722)	(184)	(1,112)
Net cash (used in) / from operating activities	**2,388**	**(440)**	**2,368**	**175**
B. Cash flow from investing activities:				
Sale/Purchases of fixed assets(net)	(635)	(3,841)	(557)	(3,249)
Interest/Dividend received	113	122	86	102
Sale/Purchases of Investment(net)	(1,364)	(604)	48	(444)
Net cash used in investing activities	**(1,885)**	**(4,323)**	**(422)**	**(3,590)**
C. Cash flow from financing activities:				
Proceeds/(repayment) from long term borrowings (net)	1,163	2,978	(1,224)	3,630
Proceeds from issuance of prefernce shares				
Proceeds of short term borrowings (net)	(355)	297	(392)	482
Proceeds from issuance of prefernce shares				
Interest paid	(1,298)	(129)	(844)	(1,601)
Share premium	-	90	-	-
Dividend Paid	(365)	(354)	(1)	(372)
Increase in share capital	-	446	(1)	304
Net cash used in financing activities	**(856)**	**3,328**	**(2,463)**	**2,442**
Net increase / (decrease) in cash and cash equivalents	**(353)**	**(1,436)**	**(518)**	**(972)**
Opening cash and cash equivalents	1,096	2,069	1,096	2,069
Closing cash and cash equivalents	743	633	578	1,096
Net Increase / (decrease)	**(353)**	**(1,436)**	**(518)**	**(972)**

Debt Position – Q3 FY10

DEBT STATUS			
Gross Opening Debt (as on 1st April-09)		16,320	
Gross Opening Debt (as on 1st Oct-09)		**14,729**	
Less : Repaid during Q310	(444)		
New Loans availed during Q3 10	2,703		
Net Debt Availed	2,259		
Debt. Increase due to consolidation	180		
Net Increase in Debt		2439	
Gross Debt position (as on 1st Oct-09)		**17,168**	
Less : Cash in hand	2677		
Equity shown as Debt / JV Co. Debt	1660	4337	
Net Debt		**12,830**	**VS 12135 Crs was at 30th Sep-09**

DEBT REPAYMENT ACTION PLAN			
Mandatory Debt Payable in F.Y. 09-10		**3,549**	
Less : Paid till 31 Dec-09		2,892	Rs. 2,391 Crs in Q1 10 & Rs. 312 Crs in Q2 10& Rs 189 crs in Q3 10
Balance payable during Q4 of F.Y.09-10		657	Present cash in hand of Rs. 2677 Crs can comfortability meet this liability.

All Repayment commitments made in time.
All residual Debt will be Long Term in Nature and backed by Assets.

Debt De-Leveraging Plan

- **Focus on de-leveraging continues with monies from non-core asset divestments & operational cash flows**
  - Plans ongoing for achieving the divestment targets of non-core assets / businesses
  - Substantially improved cash flows from operations given the success of recent launches as well as slew of launches yet to be done
  - With commencement of construction for SBM (Capital Greens) and other projects, the cash flows (net of construction) over next many quarters are expected to further improve
- **Reduction in Cost of Debt**
  - Average cost of debt has come down from 11.9% in Dec 2008 to 10.6% in Dec 2009
  - Current net debt/equity ratio: 0.5 .
- **On-going Strategy**
  - Continue to use all free cash flows to reduce debt on an accelerated basis
  - Keep improving the tenure and quality of debt

Divestments Plans of Non-core assets / businesses

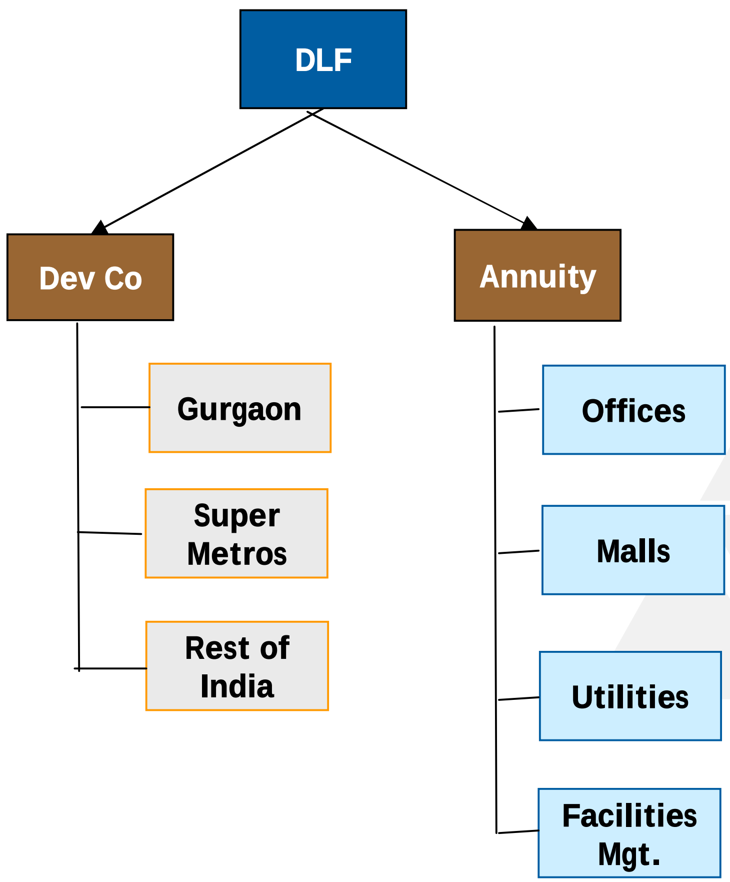
- Focus on divesting non-core assets / businesses continues as before
- Asset divestments to be undertaken judiciously and at fair market value.
- Postponement / delays more from a timing perspective pending certain regulatory approvals or in expectation of a better deal / price realization given an improving economic environment.
- Enhanced visibility on approx. Rs 1250 Cr of asset sales / refunds due by end FY 10 taking the total for the year to approx. Rs 2500 Cr, with the balance going to FY 11.
- Continue to be in dialogue with DDA for appropriate & fair settlement of Dwarka ~ Rs 900 Cr.
- Offer on the wind power business under consideration ~ Rs 1000 Cr value. Business generates revenues of approx Rs 160 - 170 Cr.
- Incrementally, FY 11 expected to see further divestments of pre-identified non-core assets/ businesses taking the cumulative amount in excess of Rs 5500 Cr.

Update on DLF - DAL:

- The closure of DLF DAL integration is expected to be completed before end of Q4FY10
- With this integration, DLF achieves –
  - Substantial Consolidation of Group's rental assets with stable income
  - A Rental conglomerate: with interest in SEZ's, IT Parks, Commercial Assets and Retail Malls across Delhi, Gurgaon, Mumbai, Kolkata, Chennai, Hyderabad and Chandigarh
  - Resolution of "Perceived" Conflict of Interest
  - Estimated consolidated rental income post DLF / DAL integration is expected to be approx. Rs.1500 Crs.
  - Monetisation Potential Enhanced: An opportunity to unlock value in an integrated Company with all legal structures and enablers in place
- REIT update:
  - Integration exercise underway & preparatory steps ongoing for listing
  - Timing dependent on market conditions – both from a capital markets standpoint & commercial leasing visibility pickup

Business Operations

Business Re-structuring



- Optimizing value of DLF's real estate businesses in their respective regions / businesses
- Development Company with three divisions focused on the Gurgaon Market, Super Metro's & the Rest of India
- Rental Business under DCCDL comprising annuity streams from Offices, Malls, Utilities & Facilities Management
- Sharper focus on execution with emphasis on robust systems, processes & risk management
- Independent Board managed Companies with suitable empowerment & delegation
- Full accountability & responsibility for respective P&L, Balance Sheet & Cash Flows

Sale Business – Homes & Commercial Complexes

Q3-10

- Successful re-launch of Belaire & Park Place under the luxury/ high end segment ~ approx. 1.8 msf sold out
  - Sales momentum expected to continue in the next quarter
- Mid-income home sales ~ approx 0.5 msf sold in the South region and 0.4msf in NCR
- 0.73 msf handed over during the quarter (The Summit, Gurgaon, Phase V)

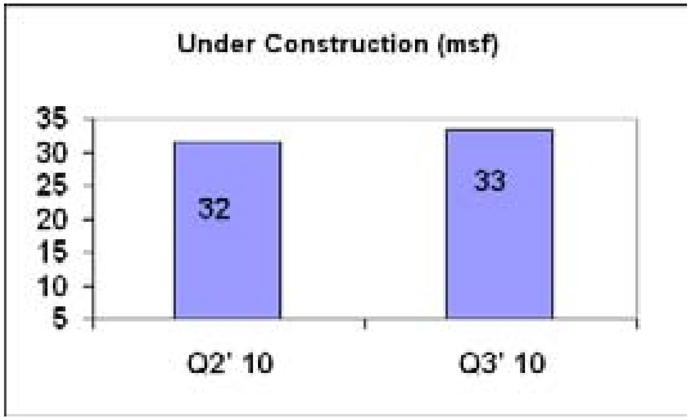
Medium Term Strategy

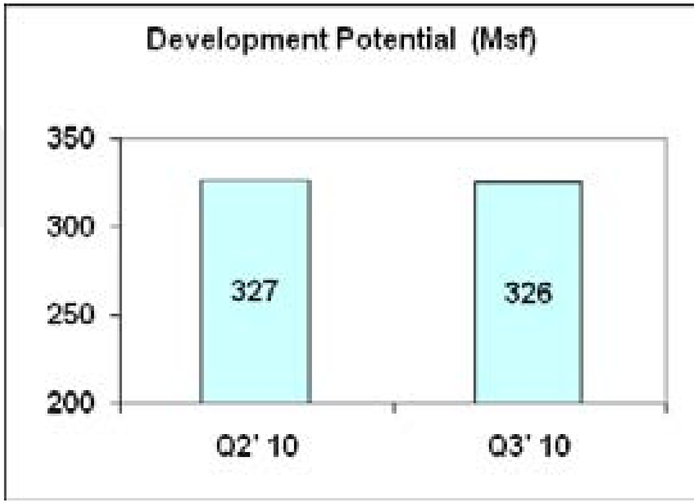
- Continue to focus on sales of Mid – Income housing projects PAN India [Hyderabad, Chennai, Kochi].
- Focus on sales of Homes at City Center locations in Chennai / Kochi at attractive price points
- Plans progressing well on the New "Value" Housing segment - launch expected shortly
- Commercial Complexes – Demand continues to be subdued

Development Business (Homes & C. Complexes)

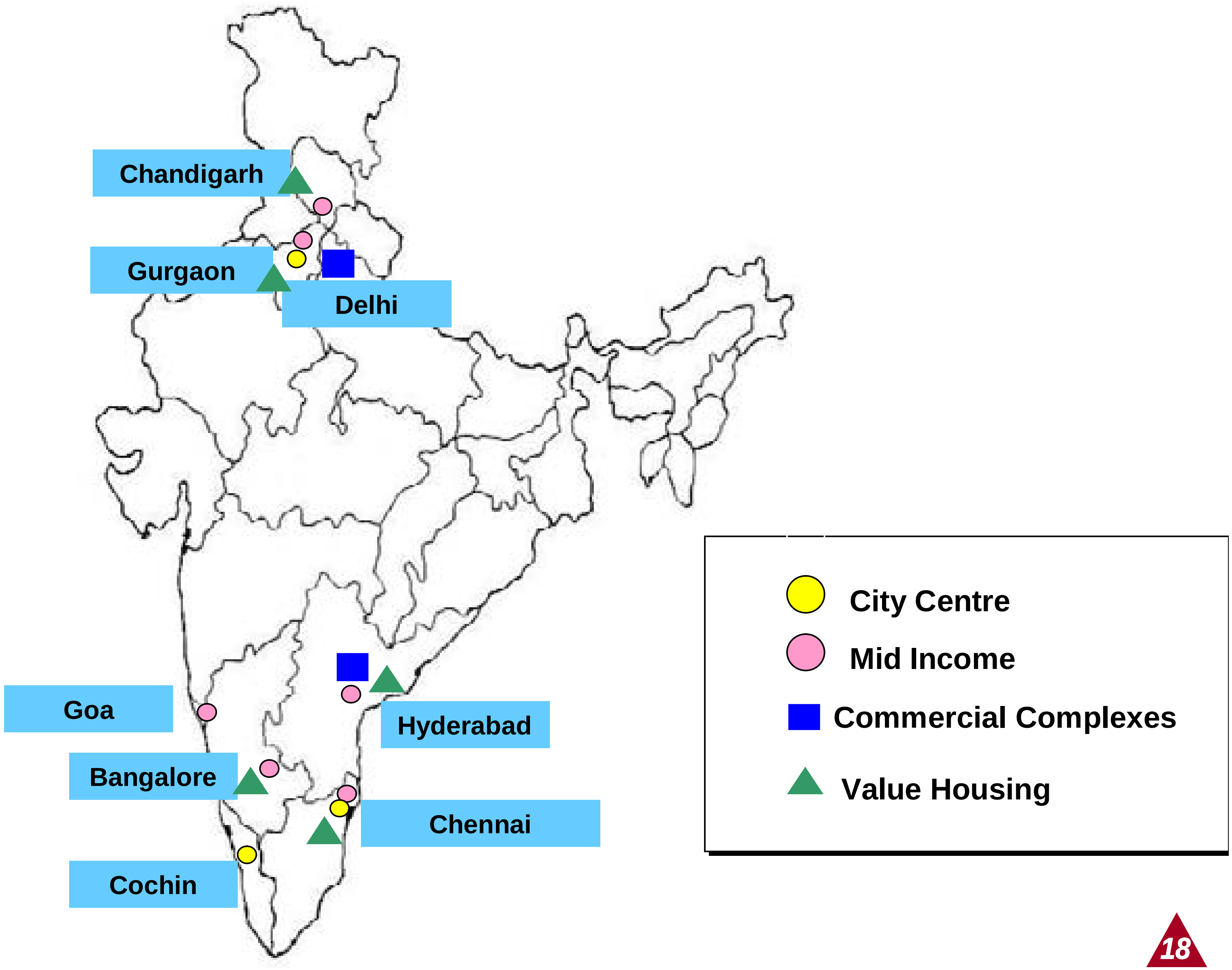
Particulars	TOTAL			
	Total mn sqft			
	Q3 10	Q3 09	Q2 10	YTD 10
Sales Booked (msf)				
Opening Balance	32.82	26.79	30.09	28.25
Booked during Qtr	3.12	0.69	2.74	8.53
Handed Over	0.73	0.00	0.00	1.56
Closing Balance*	35.21	27.48	32.82	35.21
Under Construction				
Opening Balance	31.56	18.25	25.00	18.31
New Launched	2.57	0.00	6.56	16.66
Handed Over	0.73	0.96	0.00	1.56
Closing Balance	33.40	17.29	31.56	33.40
Wt. Avg. Rate (Sale Price)				
Homes	5832	2719	7328	5734
C.Complex	7065	6944	12917	11065
Wt. Avg. Rate (Project Cost)				
Homes	1839	1661	2707	2299
C.Complex	2270	2325	3355	3685
Margin (Per sqft)				
Homes	3994	1059	4621	3435
C.Complex	4795	4620	9563	7380

* Break Up -	Homes	28.68
	C.Complex	6.54





Homes & Commercial Complexes - Forthcoming Launches



Construction Update ~ Gurgaon

Park Place – DLF Phase V, Gurgaon

Magnolias – DLF Phase V, Gugaon

Belaire – DLF Phase V, Gurgaon

External Development – Phase- V, Gurgaon

Construction Update ~ New Gurgaon

NTH – Sector 91, New Gurgaon

NTH – Sector 86, New Gurgaon

Sector 90 EWS, New Gurgaon

NTH – Sector -90, New Gurgaon

Lease Business – Offices and Retail Malls

Current Market Situation

- Increased traction in pre - leasing activity. Few transaction closures have taken place but companies continue to be cautious and price sensitive
- The rental values remained steady across most micro markets in Q3 2009 with some markets witnessing a marginal increase in rentals.
- The rental value in suburban locations such as Gurgaon and Noida stabilized over the quarter despite addition of new stock due to latent demand in the region.
- Retail Malls ~ Prime retail locations picked up as compared to the first half of the year.

Company Focus & Medium Term Strategy

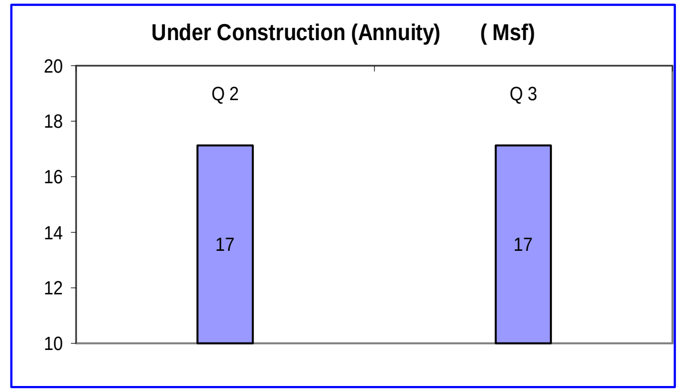
- Focus on meeting deliveries of outstanding pre-leases
- Meeting customer requirements & providing further services through higher value engineering
- Strengthening delivery mechanism to meet the anticipated demand in the near future

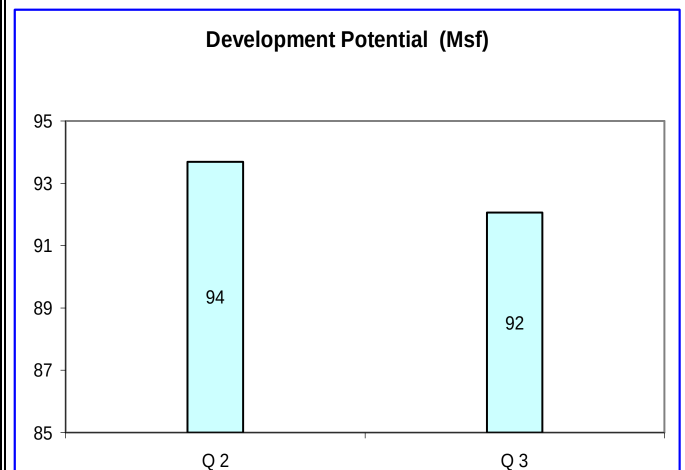
Annuity Business (Offices & Retail Leasing)

Annuity Business

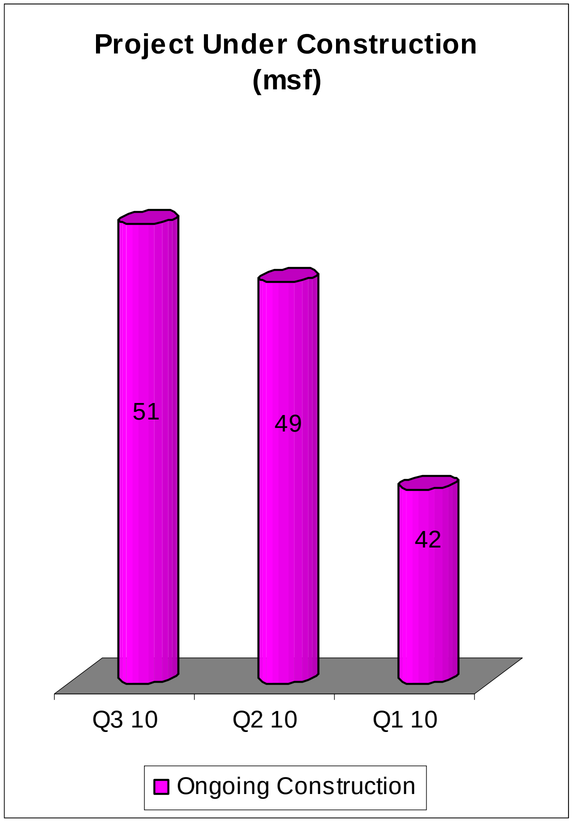
Particulars	Q3 10	Q3 09	Q2 10	YTD 10
	Total mn sqft			
Sales / Leased Booked				
Opening Balance	16.51	17.20	16.95	17.42
Add : Lease Booked during Qtr	0.42	0.24	(0.44)	0.07
Add : Sales Booked during Qtr	0.00	0.80	0.00	0.00
Less : Handed Over	0.00	0.80	0.00	0.56
Closing Balance *	16.93	17.44	16.51	16.93
Under Construction				
Opening Balance	17.13	44.91	17.13	17.69
New Launched / Adjustment	0.00	0.02	0.00	0.00
Handed Over	0.00	0.80	0.00	0.56
Closing Balance	17.13	44.14	17.13	17.13
For Sale Business				
Wt. Avg. Rate (Sale in Rs.sqft)	0	7599	0	0
Wt. Avg. Project Cost (Rs.sqft)	0	1635	0	0
Margin	**0**	**5964**	**0**	**0**
Wt. Avg. Leasing Rate - Office Building (in Rs.sqft)	49	51	45	49
- Retail Mall (in Rs. Sqft)	141	213	145	144
Wt. Avg. Project Cost - Office Building (in Rs.sqft)	1626	2343	2160	2153
- Retail Mall (in Rs. Sqft)	7680	8310	7821	7767

*****	**Breakup**	**Retail Mall**	**0.53**
		Office Lease / Pre-Lease / Sales	**16.40**





Execution Capability



- Added new projects of ~ 2.6 msf under construction during the Qtr
- Handed over 0.73 msf under luxury segment

Our Land Resources

	Other Land	Hotel Land	Grand Total
Area (Mln Sft)			
Gross Area (Mln.Sft.)-As on 30th Sep-09	421	12	432
Less:Projects Disposed off during Q3-10	2.8		2.8
Net Land Bank (as on 31st Dec-09)	418	12	430
COST (Rs./Crs.)			
Total Payable as per Q2	1779	2	1781
Less : Paid during Q3	28	0	28
Less : Amritsar -II (Ref. recd from Govt ~ not payable in future)	138	0	138
Payable as on 31st-Dec-2009	1613	2	1615

Break up of 432 Mln sft of Land Bank available

	Development Business	*Annuity Business*	*Hotel*	*Total*
* Break up of 430 Mln Sft	326	92	11	*430*
**Projects Under Construction	33	17		*51*

Notes

1. High Potential & Short / Medium Development Potential not affected by above actions.

2. Development Business - 326 mln sft (Homes- 298 mln sft & C.Complex- 28 mln sft)

3. Annuity Business- 92 mln sqft (Offices- 70 mln sft and Retail Malls- 22 mln sft)

4. 2.58 mln sqft has been added in under construction in Q3

Summary

- Expected sales bookings for FY10 progressing well. Sales bookings for FY11 to be a mix of luxury/high end, mid-income and value housing comprising launch of new projects & additional phases of existing projects.
- New launches to be supplemented with ramp up in execution providing a further growth impetus.
- Strengthening of the annuity business with the DLF – DAL integration underway and an expected pick up in commercial leasing market in FY11.
- De-leveraging focus continues unabated – mix of strengthening operational cash flows and non-core asset sale divestments to help reduce debt substantially going forward.
- Business restructuring to streamline operations and create a sharper focus on execution with emphasis on robust systems, processes & risk management

Thank You