
DLF Limited

Q2 FY10

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: Q2 FY10

- Q2 FY 10 continued to witness recovery in demand, a scale up in business activity and receding concerns on the balance sheet front. H1 FY 10 has witnessed a strong comeback vis-à-vis H2 FY09
- **Industry revival & growth being led by**
 - Economic revival & increasing confidence of a relatively robust economic growth
 - Ample availability of liquidity & lower interest rates
 - Scale up in businesses across industry segments .i.e. auto's, consumer goods, telecom, etc
 - A positive sentiment amongst buyers / increased consumer confidence
- **Housing**
 - Sustained demand in suburban & city centric residential segments
 - First signs of revival in the luxury housing market as witnessed by higher number of enquiries & start of transactions
 - Marginal price increases in suburban housing, pricing premium in city centric launches - prices have increased by 5-20% depending on locations & products segment
 - Value housing - an increasingly attractive product segment
- Encouraging signs of recovery in leasing of office space with higher number of enquiries; existing clients looking to take up additional space indicating increasing business momentum
- Developers continue to tap the capital markets for fund raising activities in order to garner funds for execution, strengthen balance sheets & scale up business activities
- Selective & strategic land acquisitions by relatively stronger developers

Performance of Company – Q2 FY10

- Construction of approx. 6.5 msf commenced in Homes & Commercial Complexes (Cochin, New Gurgaon).
- Strong start in Capital Green Phase-II (SBM), Delhi. ~ 1200+ apartments (2 msf) sold out. Average Selling Price at Rs 8,400 psf - 30% higher than previous launch price in April.
- Focus on unlocking money in non- core assets. Realized approx. Rs.550 Crs during the Qtr taking the total in FY 10 to Rs. 1,064 Crs.
- New leasing volume demand subdued, though gradual interest / number of enquiries steadily improving.
- Won the HSIDC bid for acquiring strategic land parcel of 350 acres in Gurgaon.
- Retail Mall segment continues to lag.
- Targeted Debt reduction for FY 2010 on track.

Profit & Loss Summary

Q2 FY 10 vs Q1 FY 10

- Sales at Rs 1751 Cr, compared to Rs 1650 Cr.
- Net profit at Rs 440 Cr , as against Rs 396 Cr
- EBIDTA margins at 53% versus 47%

<i>All figures in Rs. Crs</i>						
Particulars	Q2 - 10 vs Q1 - 10			Q2 - 10 vs Q2 - 09		
	Q2 - 10	Q1 - 10	Change	Q2 - 10	Q2 - 09	Change
Sales	1751	1650	6%	1751	3840	-54%
EBIDTA (Core Operations)	1020	874	17%	1020	2347	-57%
EBIDTA %	53%	47%	16%	53%	60%	-58%
PBT	648	479	35%	648	2215	-71%
PAT	440	396	11%	440	1935	-77%

Consolidated P&L – Q2 FY10

Sl.No.	Consolidated Financials	Q2 FY10 (reviewed)		Q2 FY09 (reviewed)		Q1 FY10 (reviewed)		Half year FY10 (reviewed)	
		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	1,751		3,744		1,650		3,401	
2	Other Income	59		96		96		156	
	Total Income(A1+A2)	1,810	100%	3,840	100%	1,746	100%	3,557	100%
B)	Total Expenditure(B1+B2+B3)	837	46	1,527	40	906	52	1,743	49
1	Construction Cost	515	28	1,286	33	666	38	1,181	33
2	Staff cost	108	6	58	2	113	6	221	6
3	Other Expenditure	214	12	183	5	127	7	341	10
C)	Gross Profit Margin(%)		72%		67%		62%		67%
D)	EBITDA (D/A1)	973	54	2,313	60	840	48	1,814	51
E)	EBIDTA (Margin)		53%		60%		47%		50%
F)	Financial charges	249	14	47	1	287	16	536	15
G)	Depreciation	77	4	50	1	73	4	150	4
H)	Profit/loss before taxes	648	36	2,215	58	479	27	1,127	32
I)	Taxes								
	Current Taxes	236	13	323	8	92	5	328	9
	Deferred Tax	(45)	-2	(41)	-1	8	0	(37)	-1
J)	Prior period expense (net)	5	0	-	-	-	-	5	0
K)	Net Profit after Taxes before Minority Interest	452	25	1,934	50	380	22	832	23
L)	Minority Interest	(12)	-1	(7)	0	16	0	4	0
M)	Profit/(loss) of Associates	0	0	8	0	(0)	0	(0)	0
N)	Net Profit	440	24	1,935	50	396	23	836	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 – Q2 FY10

	Schedule	As at			
		30-Sep-09	30-Sep-08	30-Jun-09	31-Mar-09
SOURCES OF FUNDS					
Shareholders' funds					
Capital	1	1,735	1,737	1,735	1,735
Reserves and surplus	2	23,269	22,376	22,804	22,419
		25,004	24,113	24,539	24,154
Minority Interests	3	629	477	606	634
Loan funds					
Secured loans	4	13,298	9,466	13,386	13,262
Unsecured loans	5	1,431	5,207	1,389	3,058
		14,729	14,673	14,775	16,320
Deferred tax liabilities (net)	6	-	(6)	-	-
		40,362	39,257	39,920	41,108
APPLICATION OF FUNDS					
Fixed assets	7				
Gross block		8,701	5,594	8,562	8,487
Less: Depreciation		726	472	644	574
Net block		7,975	5,122	7,918	7,913
Capital work in progress		6,374	7,529	5,851	5,688
Investments	8	1,542	1,149	2,138	1,402
Deferred Tax Asset		79	-	34	41
Goodwill on consolidation		2,018	2,192	2,208	2,265
Current assets, loans and advances					
Stocks	9	11,392	10,167	11,296	10,928
Sundry debtors	10	1,567	9,754	1,821	2,165
Cash and bank balances	11	634	1,333	717	1,196
Other current assets	12	7,306	67	6,494	7,622
Loans and advances	13	8,306	10,176	8,593	9,712
		29,205	31,497	28,921	31,623
Less :					
Current liabilities and provisions					
Liabilities	14	3,008	4,621	3,557	4,140
Provisions	15	3,823	3,611	3,593	3,684
		6,831	8,232	7,150	7,824
Net current assets		22,374	23,265	21,771	23,799
		40,362	39,257	39,920	41,108

* 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 – Q2 FY10

Rs Cr.

Particulars	6 months period ended	6 months period ended	3 months Period ended	Year ended
	30-Sep-09	30-Sep-08	30-Jun-09	31-Mar-09
A. Cash flow from operating activities:				
Net profit before tax	1,123	4,487	479	5,200
Adjustments for:				
Depreciation	152	105	73	239
Loss/(profit) on sale of fixed assets, net	(0)	0	0	4
Provision for doubtful debts/unclaimed balances written back	46	3	7	61
Loss/(profit) on sale of current Investments	1	21	(1)	(75)
Amortisation cost of Employee Stock Option	23	25	12	38
Interest/guarantee expense	536	101	287	555
Interest/dividend income	(125)	(109)	(82)	(235)
Operating profit before working capital changes	1,756	4,633	776	5,787
Adjustments for:				
Trade and other receivables	2,301	(4,342)	2,485	(3,341)
Inventories	(276)	(714)	(180)	(753)
Trade and other payables	(1,230)	311	(599)	(406)
Taxes paid	(184)	(656)	(70)	(1,112)
Net cash (used in) / from operating activities	2,368	(768)	2,411	175
B. Cash flow from investing activities:				
Sale/Purchases of fixed assets(net)	(102)	(407)	(65)	(3,180)
Increase in Capital work in progress	(455)	(2,345)	(163)	(69)
Interest/Dividend received	86	65	61	102
Sale/Purchases of Investment(net)	48	(300)	(651)	(443)
Net cash used in investing activities	(422)	(2,987)	(818)	(3,590)
C. Cash flow from financing activities:				
Proceeds/(repayment) from long term borrowings (net)	(1,224)	1,943	(1,039)	3,630
Proceeds of short term borrowings (net)	(392)	479	(532)	482
Interest paid	(844)	(73)	(471)	(1,601)
Share premium	-	148	-	-
Dividend Paid	(1)	1	(0)	(372)
Increase in share capital	(1)	446	(1)	304
Net cash used in financing activities	(2,463)	2,945	(2,043)	2,443
Net increase / (decrease) in cash and cash equivalents	(518)	(810)	(449)	(972)
Opening cash and cash equivalents	1,096	2,069	1,096	2,068
Closing cash and cash equivalents	578	1,258	647	1,096
Net Increase / (decrease)	(518)	(810)	(449)	(972)

Debt Position – Q2 FY10

Rs Cr.

DEBT STATUS			
Gross Opening Debt (as on 1st April-09)		16,320	Against mandatory due of Rs 312crs
Gross Opening Debt (as on 1st July-09)		14,775	
Less : Repaid during Q2 10	(394)		
New Loans availed during Q2 10	183		
Net Debt repaid	(211)		
Debt. Increased due to consolidation	165		
Net reduction in Debt		(46)	
Gross Debt position (as on 1st Oct-09)		14,729	
Less : Cash in hand	1114		
Equity shown as Debt / JV Co. Debt	1480	2594	
Net Debt		12,135	
DEBT REPAYMENT ACTION PLAN			
Mandatory Debt Payable in F.Y. 09-10		3,549	Rs. 2,391 Crs in Q1 10 & Rs. 312 Crs in Q2 10
Less : Paid during Q1/ Q210		2,703	
Balance payable during F.Y.09-10		846	
Present cash in hand of Rs. 1114 Crs can comfortably 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

Rs Cr.

DEBT DE-LEVERAGING PLAN			
Opening Net Debt (as on 1st-Oct-09)		12,135	Includes Rs. 2500 Crs recd from DAL in Q1 10
Recovery action to unlock Non Core Assets	5500		
Less : Already received in Q1/Q2 10	1064		
		4436	Action plans are progressing well
		7699	
Operational Surplus Expected during H2 10		1000	
Further funds expected from DAL in F.Y.10		500	
Net Debt		6,199	
Total Closing Long Term (> 3 years) Debt in Place		8500	

Business Operations



Sale Business – Homes & Commercial Complexes

■ Q2-10

- Successful launch of Capital Greens, Phase-II Delhi ~ 2 msf in Phase II completely sold out
 - Phase III launch expected at a higher price than Phase II
- Strong traction in Phase V. Sold approx. 0.35 msf of Magnolias

■ Medium Term Strategy

- Continue to focus on sales / launch of Mid – Income housing projects PAN India [Hyderabad, Chennai, Kochi, Bangalore, New Gurgaon & Goa].
- Focus on launch of Homes at City Center locations in Chennai / Kochi at attractive price points
- Re launch of existing stock in Phase V, Gurgaon
- Launch of New “Value” Housing segment with a distinct brand under planning
- Commercial Complexes – Demand continues to be subdued

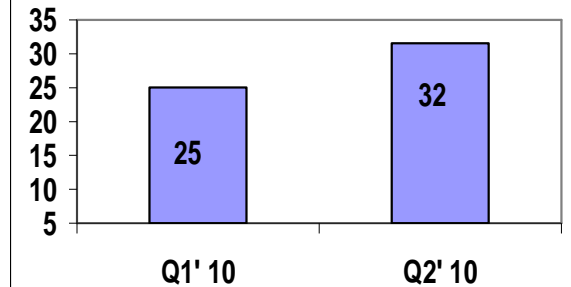
Development Business (Homes & C. Complexes)

Development Business

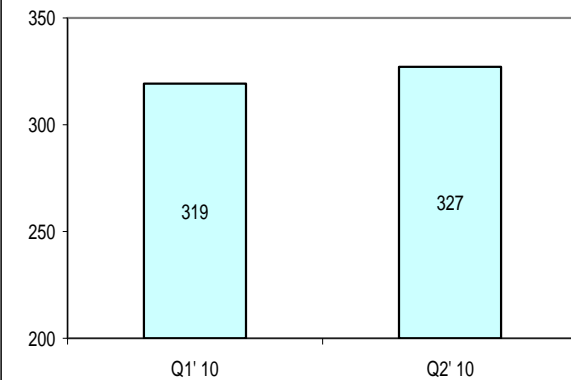
Particulars	TOTAL			
	Total mn sqft			
	Q2'10	Q2'09	Q1'10	YTD'10
Sales Booked (msf)				
Opening Balance	30.09	23.83	28.25	28.25
Booked during Qtr	2.74	3.12	2.67	5.41
Handed Over	0.00	0.17	0.83	0.83
Closing Balance*	32.82	26.79	30.09	32.82
Under Construction				
Opening Balance	25.01	19.30	18.31	18.31
New Launched	6.56	0.26	7.53	14.09
Handed Over	0.00	1.31	0.83	0.83
Closing Balance	31.57	18.25	25.01	31.57
Wt. Avg. Rate (Sale Price)				
Homes	7328	2985	5369	6437
C.Complex	12917	6944	13132	13026
Wt. Avg. Rate (Project Cost)				
Homes	2707	1736	2452	2728
C.Complex	3355	2325	5372	4380
Margin (Per sqft)				
Homes	4621	1249	2917	3709
C.Complex	9562	4620	7760	8647

* Break Up -
 Homes 26.30
 C.Complex 6.52

Under Construction (msf)



Development Potential (Msf)



Construction Update



Park Place – DLF Phase V, Gurgaon



G.K. II – E Block, New Delhi

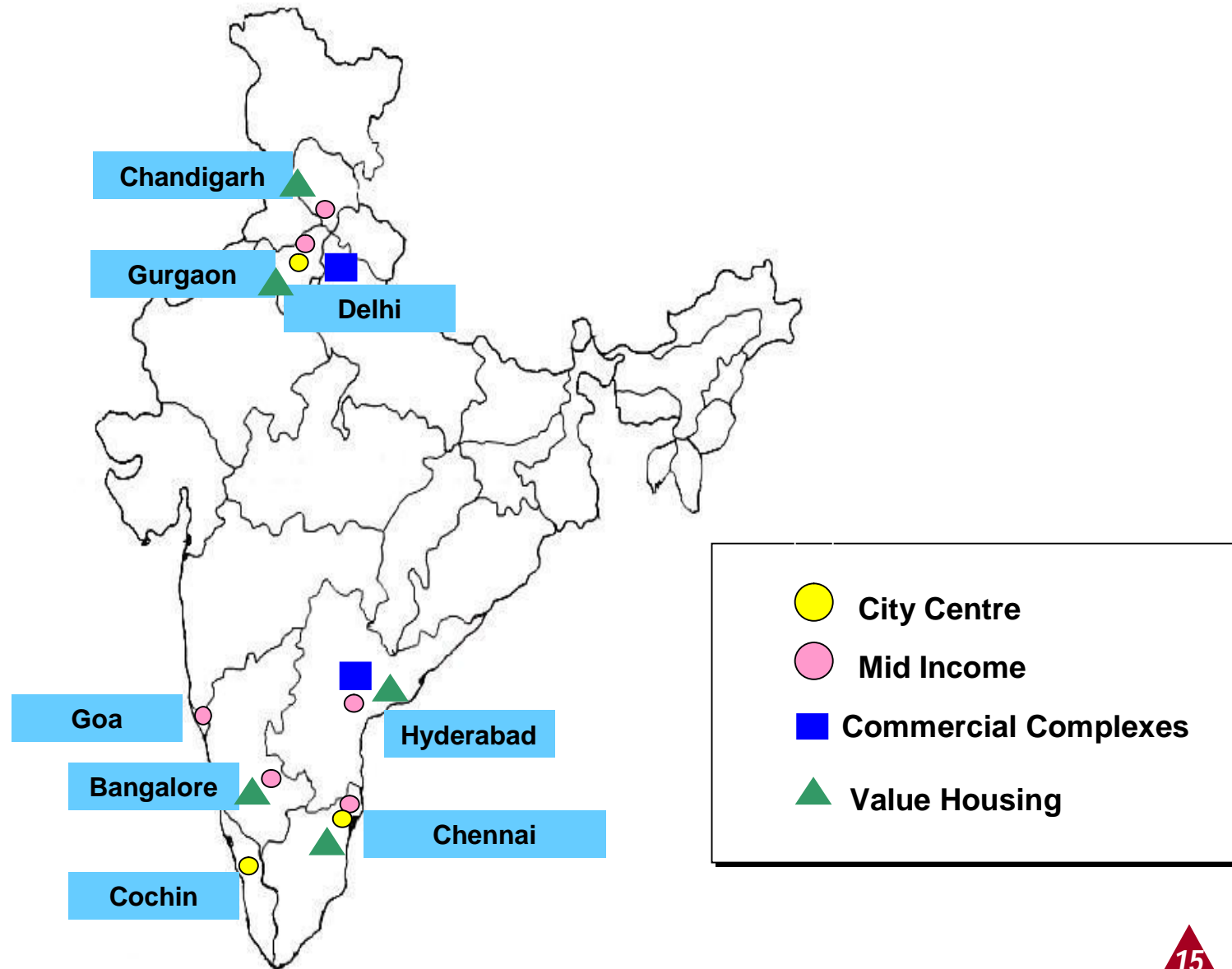


Belaire – DLF Phase V, Gurgaon



Sector 90, New Gurgaon

Homes & Commercial Complexes - Forthcoming Launches



Lease Business – Offices and Retail Malls

Current Market Situation

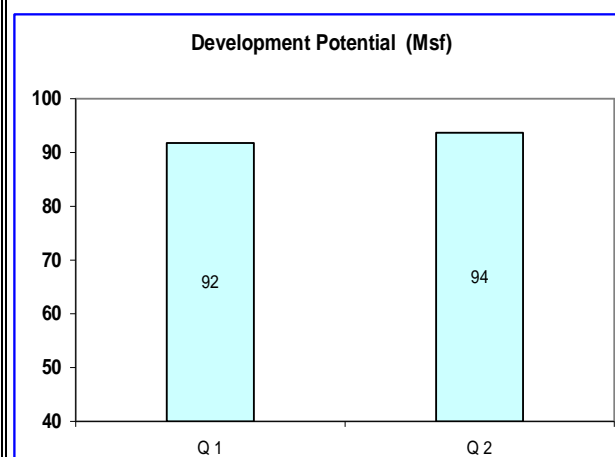
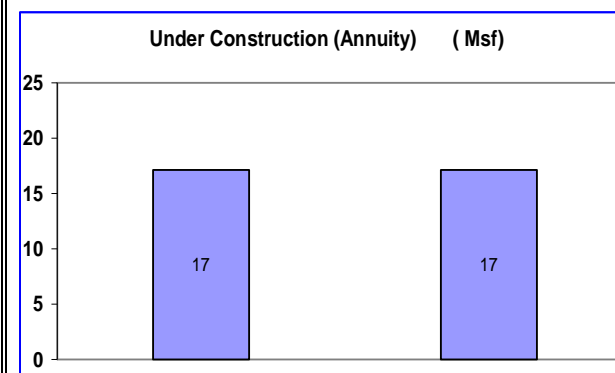
- Signs of revival with stronger economic outlook & increasing business confidence
- Increasing number of enquires being witnessed although demand remains subdued
- Optimistic of pre-lease volumes restarting & strengthening in the next 3 to 6 months.
- Retail Malls still lagging

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

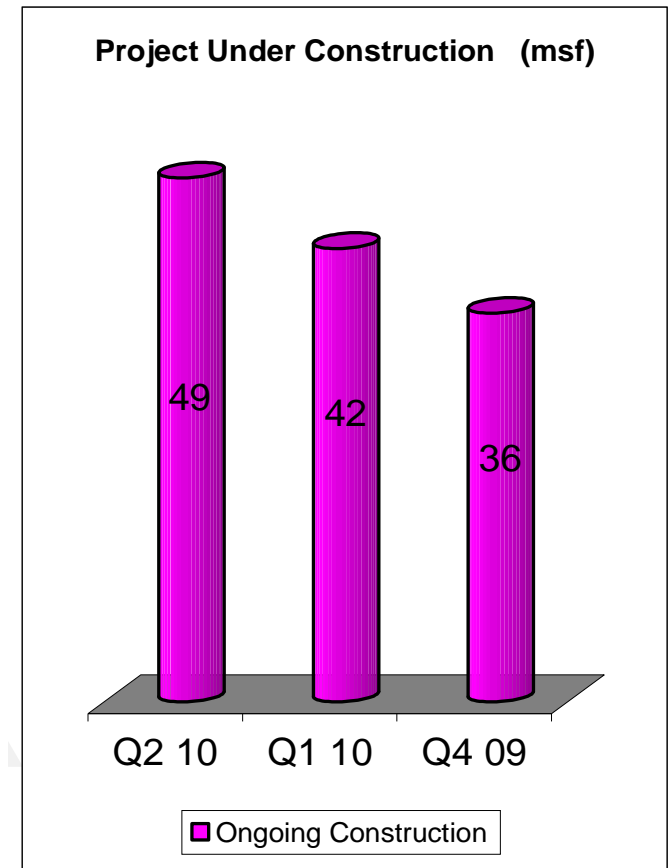
Annuity Business (Offices & Retail Leasing)

Annuity Business		Total			
		Total mn sqft			
Particulars		Q2 10	Q2 09	Q1 10	YTD 10
Sales / Leased Booked					
Opening Balance		16.95	15.60	17.42	17.42
Add : Lease Booked during Qtr		(0.44) **	0.51	0.09	(0.35)
Add : Sales Booked during Qtr		0.00	1.84	0.00	0.00
Less : Handed Over		0.00	0.75	0.56	0.56
Closing Balance *		16.51	17.20	16.95	16.51
Under Construction					
Opening Balance		17.13	45.68	17.69	17.69
New Launched / Adjustment		0.00	(0.01)	0.00	0.00
Handed Over		0.00	0.75	0.56	0.56
Closing Balance		17.13	44.91	17.13	17.13
For Sale Business					
Wt. Avg. Rate (Sale in Rs.sqft)		0	7990	0	0
Wt. Avg. Project Cost (Rs.sqft)		0	1738	0	0
Margin		0	6252	0	0
Wt. Avg. Leasing Rate - Office Building (in Rs.sqft)		45	76	30	49
- Retail Mall (in Rs. Sqft)		145	105	152	146
Wt. Avg. Project Cost - Office Building (in Rs.sqft)		2160	2058	1891	2219
- Retail Mall (in Rs. Sqft)		7821	7253	7762	7792
* Breakup					
Retail Mall		0.50			
Office Lease / Pre-Lease / Sales		16.01			



** Includes approx. 0.5 msf cancellation of Satyam area in Pune IT Park

Execution Capability



- ➔ Added new projects of ~ 6.5 msf under construction during the Qtr
- ➔ Integrating DLOR JV to strengthen execution capability

Our Land Resources

	Other Land	Hotel Land	Grand Total	
Area (Mln Sft)				
Gross Area (Mln.Sft.)-As on 30th June-09	411	12	423	
Add:New Land in Gurgaon	10		10	
Less:Projects Disposed off during Q2-10	0.4		0.4	
Net Land Bank (as on 30th Sep-09)	421	12	432	
COST (Rs./Crs.)				
New Land in Gurgaon	1703	0	1703	
Less : 1st instalment Paid in Q2-10	170	0	170	
Balance Payable over next seven years	1533	0	1533	
Add: O/S Land Payments as on 30th June-2009	246	2	247	
Payable as on 30th-Sep-2009	1779	2	1781	
Break up of 432 Mln sft of Land Bank available				
	<i>Development Business</i>	<i>Annuity Business</i>	<i>Hotel</i>	<i>Total</i>
* Break up of 432 Mln Sft	327	94	12	432
**Projects Under Construction	32	17		49
Notes				
<p>1. DLF has won the bid and has been awarded 350 acres of Land by HSIIDC in Gurgaon</p> <p>2. Plans under review for land (O/S payable of Rs 247 Crs as on Q1'10) & accordingly money may or may not be payable going fwd</p> <p>3. High Potential & Short / Medium Development Potential not affected by above actions.</p> <p>4. Development Business - 327 mln sft (Homes- 298 mln sft & C.Complex- 29 mln sft)</p> <p>5. Annuity Business- 94 mln sqft (Offices- 70 mln sft and Retail Malls- 24 mln sft)</p> <p>6. 6.57 mln sqft has been added in under construction in Q2</p>				

