



**DLF**   
**BUILDING INDIA**

**Q1 FY12 Analyst Presentation**

**August 2<sup>nd</sup>, 2011**



# 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.



# Q1 FY 12...a cautious start

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- The economic environment continues to be subdued with the 11<sup>th</sup> rate hike by the Reserve Bank since March 2010; inflation yet to show any significant signs of subsiding. Concerns on inflation, prospects of a lower GDP growth and global macro factors continue.
  
- Demand showing signs of moderation (micro market specific) in both the residential & office space
  - Homes
    - Fewer launches as compared to trailing quarters
    - Flat to marginal price appreciation given the prevailing mortgage rate scenario
    - Inability to pass on input price inflation pressures to customers
  
  - Offices
    - Lower leasing volumes as uncertainty on economic growth remains
    - Clarity on SEZs yet to emerge, leading to a hold on fresh planned expansion by SEZ developers / corporates
  
  - Retail – FDI proposal gaining momentum, policy expected in next few months

Fresh launches in both the offices & retail segments are minimal; which will correct the demand supply gap over time

- The Real Estate Sector continues to face funding constraints due to higher cost of borrowings, lack of PE interest and slack in capital markets; may result in some inventory liquidation in select micro markets with resultant impact on prices
  
- Recent developments on land acquisition and the proposed Land Acquisition bill may adversely impact land acquisition for urban / industrial development. However, the exact implications will be evaluated only on finalization of the policy.

# Performance of Company – Q1 FY12

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## ➤ **DevCo:**

- 2.2 msf gross sales booked vs 3.80 msf in Q4 11 & 1.90 msf in Q1 11
- Sec – 91 / 92, Gurgaon - Plotted development – 1.1 msf
- Indore Plotted development – 0.2 msf
- New Gurgaon, Chennai, Bangalore and Panchkula mid-income homes – 0.9 msf

## ➤ **RentCo :**

- 0.73 msf of leasing vs 0.98 msf in Q1 FY11& 1.4 msf in Q4 FY 11 - in line with the plan for FY 12
- Rs. 365 Crs rental income from offices and retail combined

## ➤ **Monetization** of non-core assets - Rs. 165 Crs.

## ➤ **Delivery**- 1.9 msf handed over during the Qtr.

# Company Strategy

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- Continue with the strategy of launching plotted developments
  - Less construction intensive and hence lower inflationary risks
  - Accelerated cash flows and robust profitability margins
- Demand remains buoyant for such products despite economic environment.
- Non-core asset monetization gaining momentum, some deals at an advanced stage while others are seeing encouraging responses at desired price points. On track to meet the divestment target of Rs 6000-7000 Crore over the next 2-3 years.
- Stable debt levels in the quarter, visibility with respect to non-core divestments to be seen by end of Q2. Consequently, the proceeds from these to be applied for debt reduction.
- Deliveries of >12 msf for the year on track – will lower outstanding construction commitments, mitigate inflation risks and further build customer goodwill.

**Company strategy remains on track - Maintain profitability margins while at the same time aggressively pursue non-core assets / business divestments**

## Debt Position – Q1 FY 12

|  | All figures in Rs. Crs |           |         |
|--|------------------------|-----------|---------|
|  | Debt                   | Pref Cap. | Consol. |
| Gross Opening Bal ( as on 1 <sup>st</sup> April-11 )   | 23,990                 | 202       | 24,192  |
| Less / Add : Repaid during Q1-12                       | (781)                  |           | (775)   |
| : New loan availed                                     | 667                    |           | 668     |
| : Debt Increase due to Consolidation                   | (13)                   |           | (24)    |
| Gross Debt position ( as on 30 <sup>th</sup> June-11 ) | 23,863                 | 202       | 24,065  |
| Less : Cash in hand                                    |                        |           | 1,178   |
| : Equity shown as Debt / JV Co. Debt                   |                        |           | 1,363   |
| Net Debt ( as on 30 <sup>th</sup> June-11 )            |                        |           | 21,524  |
| Net Debt ( as on 31 <sup>st</sup> Mar-11 )             |                        |           | 21,424  |

# Profit & Loss Summary – Q1 FY12

## Q1 FY 12 vs Q4 FY 11

- Sales (incl Other Income) at Rs 2,503 Cr, compared to Rs 2,870 Cr.
- Net profit at Rs 358 Cr, as against Rs 345 Cr ( which includes Rs 93 crs of prior period )
- EBIDTA margins at 47% versus 29%
- Tax Rate for the Qtr is 25%

| Particulars                | All figures in Rs. Crs |              |           |            |            |              |
|----------------------------|------------------------|--------------|-----------|------------|------------|--------------|
|                            | Q1 12                  | Q4 11        | Change    | Q1 12      | Q1 11      | Change       |
| Sales                      | 2503                   | 2,870        | (13%)     | 2503       | 2161       | 16%          |
| EBIDTA ( Core Operations ) | 1216                   | 864          | 41%       | 1216       | 1164       | 4%           |
| EBIDTA ( Consolidated )    | 1168                   | 853          | 37%       | 1168       | 1112       | 5%           |
| %                          | 47%                    | 29%          |           | 47%        | 51%        |              |
| PBT ( Consolidated )       | 502                    | 232          | 116%      | 502        | 574        | (13%)        |
| <b>PAT</b>                 | <b>358</b>             | <b>345 *</b> | <b>4%</b> | <b>358</b> | <b>411</b> | <b>(13%)</b> |

\* Includes Rs 93 crs of prior period income

# Consolidated P&L – Q1 FY12

| Sl.No.        | Consolidated Financials  | Q1 FY12 (Reviewed) |                             | Q1 FY11 (reviewed) |                             | Q4 FY11 (Audited) |                             | Year ended FY11 |                             |
|---------------|--|--------------------|-----------------------------|--------------------|-----------------------------|-------------------|-----------------------------|-----------------|-----------------------------|
|               |  | 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   | 2,446              |                             | 2,029              |                             | 2,683             |                             | 9,561           |                             |
| 2             | Other Income   | 57                 |                             | 132                |                             | 187               |                             | 584             |                             |
|               | <b>Total Income(A1+A2)</b>   | <b>2,503</b>       | <b>100%</b>                 | <b>2,161</b>       | <b>100%</b>                 | <b>2,870</b>      | <b>100%</b>                 | <b>10,145</b>   | <b>100%</b>                 |
| B)            | <b>Total Expenditure(B1+B2+B3)</b>   | <b>1,335</b>       | <b>53</b>                   | <b>1,049</b>       | <b>49</b>                   | <b>2,017</b>      | <b>70</b>                   | <b>5,808</b>    | <b>57</b>                   |
| 1             | Construction Cost  | 942                | 38                          | 734                | 34                          | 1,600             | 56                          | 4,300           | 42                          |
| 2             | Staff cost   | 146                | 6                           | 129                | 6                           | 147               | 5                           | 572             | 6                           |
| 3             | Other Expenditure  | 247                | 10                          | 186                | 9                           | 270               | 9                           | 936             | 9                           |
| C)            | <b>Gross Profit Margin(%)</b>  |                    | <b>62%</b>                  |                    | <b>66%</b>                  |                   | <b>44%</b>                  |                 | <b>58%</b>                  |
| D)            | <b>EBITDA (D/A1)</b>   | <b>1,168</b>       | <b>47</b>                   | <b>1,112</b>       | <b>51</b>                   | <b>853</b>        | <b>30</b>                   | <b>4,337</b>    | <b>43</b>                   |
| E)            | <b>EBIDTA ( Margin)</b>  |                    | <b>46%</b>                  |                    | <b>51%</b>                  |                   | <b>29%</b>                  |                 | <b>42%</b>                  |
| F)            | Financial charges  | 496                | 20                          | 388                | 18                          | 456               | 16                          | 1,706           | 17                          |
| G)            | Depreciation   | 170                | 7                           | 150                | 7                           | 165               | 6                           | 631             | 6                           |
| H)            | <b>Profit/loss before taxes</b>  | <b>502</b>         | <b>20</b>                   | <b>574</b>         | <b>27</b>                   | <b>232</b>        | <b>8</b>                    | <b>2,000</b>    | <b>20</b>                   |
| I)            | Taxes expense  | 128                | 5                           | 168                | 8                           | 16                | 1                           | 459             | 5                           |
| J)            | Prior period expense/(income) (net)  | 3                  | 0                           | (3)                | 0                           | (94)              | -3                          | (97)            | -1                          |
| K)            | <b>Net Profit after Taxes before Minority Interest</b>   | <b>371</b>         | <b>15</b>                   | <b>409</b>         | <b>19</b>                   | <b>310</b>        | <b>11</b>                   | <b>1,638</b>    | <b>16</b>                   |
| L)            | Minority Interest  | (17)               | -1                          | (3)                | 0                           | 31                | 1                           | (7)             | 0                           |
| M)            | Profit/(loss) of Associates  | 4                  | 0                           | 5                  | 0                           | 4                 | 0                           | 9               | 0                           |
| N)            | <b>Net Profit</b>  | <b>358</b>         | <b>14</b>                   | <b>411</b>         | <b>19</b>                   | <b>345</b>        | <b>12</b>                   | <b>1,640</b>    | <b>16</b>                   |
| <b>Note :</b> |  |                    |                             |                    |                             |                   |                             |                 |                             |
| 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 – Q1 FY12

| (Rs. In Crores)                           |          |                          |                          |                        |
|---|----------|--------------------------|--------------------------|------------------------|
| Particulars                               | Schedule | As at                    |                          |                        |
|   |          | 30-Jun-11<br>(Unaudited) | 30-Jun-10<br>(Unaudited) | 31-Mar-11<br>(Audited) |
| <b>SOURCES OF FUNDS</b>                   |          |                          |                          |                        |
| <b>Shareholders' funds</b>                |          |                          |                          |                        |
| Capital                                   | 1        | 2,150                    | 3,361                    | 2,150                  |
| Reserves and surplus                      | 2        | 24,510                   | 23,736                   | 24,182                 |
|   |          | <b>26,659</b>            | <b>27,096</b>            | <b>26,332</b>          |
| Minority Interests                        |          | 592                      | 653                      | 575                    |
| Loan funds                                | 3        | 23,863                   | 23,375                   | 23,990                 |
| Deferred tax liabilities (net)            | 5        | -                        | 297                      | -                      |
|   |          | <b>51,114</b>            | <b>51,421</b>            | <b>50,898</b>          |
| <b>APPLICATION OF FUNDS</b>               |          |                          |                          |                        |
| <b>Fixed assets (Including CWIP)</b>      |          |                          |                          |                        |
|   | 6        | 28,411                   | 27,804                   | 28,184                 |
| Investments                               | 7        | 961                      | 3,006                    | 996                    |
| Goodwill on consolidation                 |          | 1,506                    | 1,258                    | 1,384                  |
| Deferred Tax Assets                       | 5        | 126                      | -                        | 163                    |
| <b>Current assets, loans and advances</b> |          |                          |                          |                        |
| Stocks                                    | 8        | 15,261                   | 13,096                   | 15,039                 |
| Sundry debtors                            | 9        | 1,818                    | 1,438                    | 1,726                  |
| Cash and bank balances                    | 10       | 1,104                    | 1,297                    | 1,346                  |
| Loans and advances                        | 11       | 7,585                    | 7,364                    | 7,271                  |
| Other Current Assets                      | 12       | 7,703                    | 4,768                    | 7,890                  |
|   |          | <b>33,470</b>            | <b>27,963</b>            | <b>33,272</b>          |
| Less :                                    |          |                          |                          |                        |
| <b>Current liabilities and provisions</b> |          |                          |                          |                        |
| Liabilities                               | 13       | 9,426                    | 5,059                    | 9,225                  |
| Provisions                                | 14       | 3,934                    | 3,552                    | 3,876                  |
|   |          | <b>13,360</b>            | <b>8,611</b>             | <b>13,101</b>          |
| Net current assets                        |          | <b>20,110</b>            | <b>19,353</b>            | <b>20,170</b>          |
|   |          | <b>51,114</b>            | <b>51,421</b>            | <b>50,898</b>          |

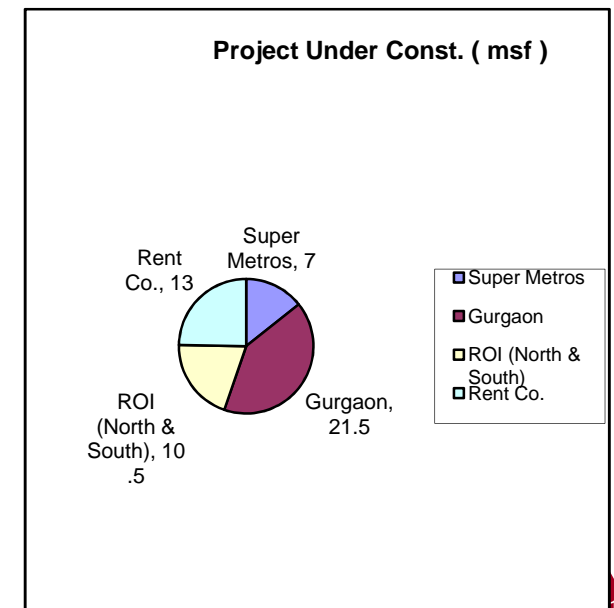
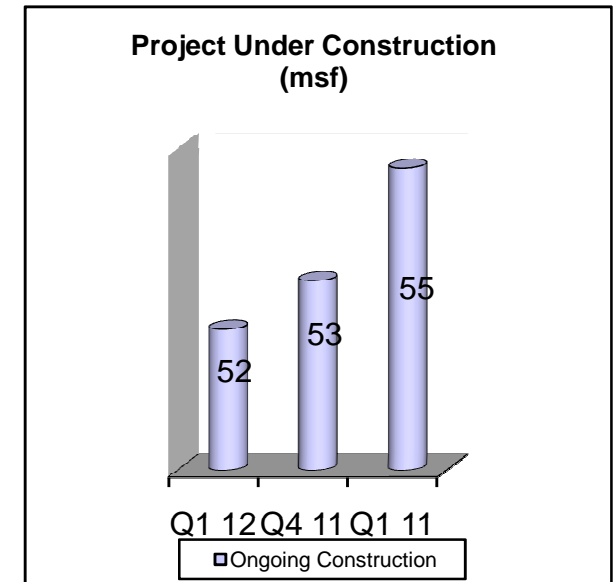
# Consolidated Cashflow – Q1 FY12

|             |   | Rs. In crores |                |                |
|-------------|---|---------------|----------------|----------------|
| Particulars |   | Period ended  |                |                |
|             |   | 30-Jun-11     | 31-Mar-11      | 30-Jun-10      |
| <b>A.</b>   | <b>Cash flow from operating activities:</b>                             |               |                |                |
|             | Net profit before tax   | 502           | 2,000          | 573            |
|             | <b>Adjustments for:</b>   |               |                |                |
|             | Depreciation  | 170           | 631            | 150            |
|             | Loss/(profit) on sale of fixed assets, net                              | 1             | (66)           | 1              |
|             | Provision for doubtful debts/unclaimed balances written back and others | 3             | (1)            | (3)            |
|             | Loss/(profit) on sale of Investments                                    | -             | (159)          | (12)           |
|             | Amortisation cost of Employee Stock Option                              | 14            | 50             | 15             |
|             | Prior period items  | -             | 81             | -              |
|             | Interest/guarantee expense  | 496           | 1,706          | 389            |
|             | Interest/dividend income  | (50)          | (261)          | (97)           |
|             | <b>Operating profit before working capital changes</b>                  | <b>1,136</b>  | <b>3,981</b>   | <b>1,016</b>   |
|             | <b>Adjustments for:</b>   |               |                |                |
|             | Trade and other receivables   | (200)         | (3,037)        | (84)           |
|             | Inventories   | (97)          | (2,035)        | (389)          |
|             | Trade and other payables  | 84            | 4,595          | 371            |
|             | Taxes paid  | (86)          | (747)          | (267)          |
|             | <b>Net cash (used in) / from operating activities</b>                   | <b>837</b>    | <b>2,757</b>   | <b>647</b>     |
| <b>B.</b>   | <b>Cash flow from investing activities:</b>                             |               |                |                |
|             | Sale/Purchases of fixed assets(net)                                     | (331)         | (686)          | (172)          |
|             | Interest/Dividend received  | 111           | 266            | 122            |
|             | Sale/Purchases of Investment(net)                                       | (76)          | 4,477          | 2,549          |
|             | <b>Net cash used in investing activities</b>                            | <b>(296)</b>  | <b>4,057</b>   | <b>2,499</b>   |
| <b>C.</b>   | <b>Cash flow from financing activities:</b>                             |               |                |                |
|             | Proceeds/(repayment) from long term borrowings (net)                    | (75)          | 2,170          | 1,802          |
|             | Proceeds from issuance/(redemption) of preference shares                | -             | (5,347)        | (3,742)        |
|             | Proceeds of short term borrowings (net)                                 | (53)          | 145            | (107)          |
|             | Interest paid   | (579)         | (2,591)        | (550)          |
|             | Dividend Paid   | (72)          | (912)          | (206)          |
|             | Increase in share capital / securities premium                          | -             | 132            | -              |
|             | <b>Net cash used in financing activities</b>                            | <b>(779)</b>  | <b>(6,403)</b> | <b>(2,803)</b> |
|             | <b>Net increase / (decrease) in cash and cash equivalents</b>           | <b>(238)</b>  | <b>411</b>     | <b>343</b>     |
|             | <b>Opening cash and cash equivalents</b>                                | <b>1,246</b>  | <b>835</b>     | <b>835</b>     |
|             | <b>Closing cash and cash equivalents</b>                                | <b>1,008</b>  | <b>1,246</b>   | <b>1,178</b>   |
|             | <b>Net Increase / (decrease)</b>  | <b>(238)</b>  | <b>411</b>     | <b>343</b>     |

# Execution

| Region        | Area in msf |           |           |
|---------------|-------------|-----------|-----------|
|               | Q1 12       | Q4 11     | Q1 11     |
| Gurgaon       | 21.5        | 21        | 21        |
| Super Metro   | 7           | 7         | 5         |
| Rest of India | 10.5        | 10        | 12        |
| For Rent Co   | 13          | 15        | 16        |
|               | <b>52</b>   | <b>53</b> | <b>55</b> |

- Deliveries of approx . 1.9 msf in Offices during the Qtr
- FY 12 expected deliveries of > 12 msf spread across Gurgaon, Kolkatta, Chennai, etc
- Higher deliveries will lower future inflationary pressures, strengthen cash management and improve customer service and company goodwill.



# Dev Co.

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## Homes

- Q1-FY 12 witnessed sales of 2.2 msf, comprising 1.1 msf of new launch of Sec 91 / 92, Gurgaon and 1.1 msf from existing stock
- New launches in Q1 low as approvals are awaited . In line with Co's strategy of launching only upon receiving full & final approvals
- Successful launch of plotted development in Sec 91/92 Gurgaon – “ DLF Garden City”
  - Plotted colony spread across an area of 101 acres
  - 1.1 msf launched comprising plots sized between 300 – 500 sq yds
  - Price of Rs 40,000 per sq yd, excluding PLC & other charges
  - Launched volumes sold out

# DevCo Q1 FY12

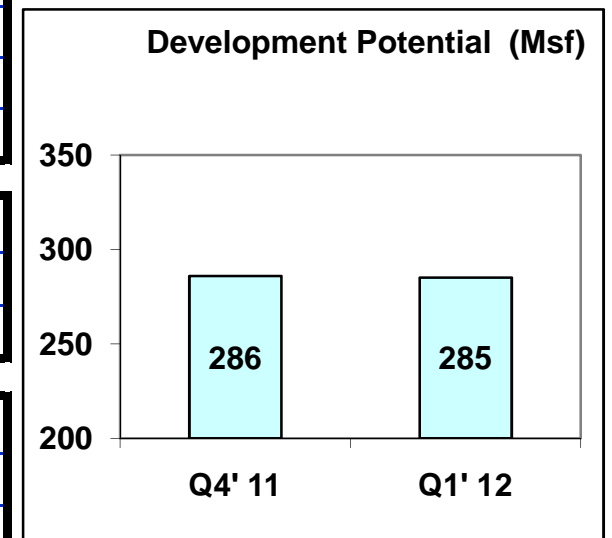
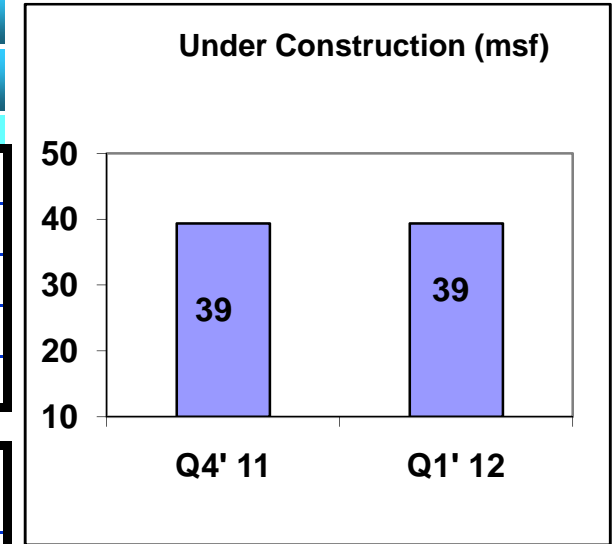
| Particulars | Total Mn sqft |        |         |
|-------------|---------------|--------|---------|
|             | Q1-12         | Q4- 11 | Q1 - 11 |

| <u>Sales Status</u>              |       |       |       |
|----------------------------------|-------|-------|-------|
| Opening Balance                  | 46.40 | 44.80 | 38.85 |
| Add:- Sale Booked During the Qty | 2.25  | 3.80  | 1.90  |
| Less : Handed over / Suspended   | -     | 2.19  | 0.51  |
| Closing Balance                  | 48.65 | 46.40 | 40.24 |

| <u>Under Construction</u>            |       |       |       |
|--------------------------------------|-------|-------|-------|
| Opening Balance                      | 39.36 | 40.69 | 38.83 |
| New Launches / Additions / Suspended | -     | 0.86  | 0.00  |
| Less:- Handed over                   | -     | 2.19  | 0.51  |
| Closing Balance                      | 39.26 | 39.36 | 38.32 |

| <u>Wt. Avg. Sales Rate</u> |       |       |      |
|----------------------------|-------|-------|------|
| Homes (in Rs.sqft )        | 5032  | 4980  | 6074 |
| C.Complexes (in Rs.sqft )  | 10436 | 12265 | 8965 |

| <u>Wt. Avg. Project Cost</u> |      |      |      |
|------------------------------|------|------|------|
| Homes (in Rs.sqft )          | 1577 | 1560 | 2667 |
| C.Complexes (in Rs.sqft )    | 2770 | 2450 | 2225 |



# RentCo Q1 FY12

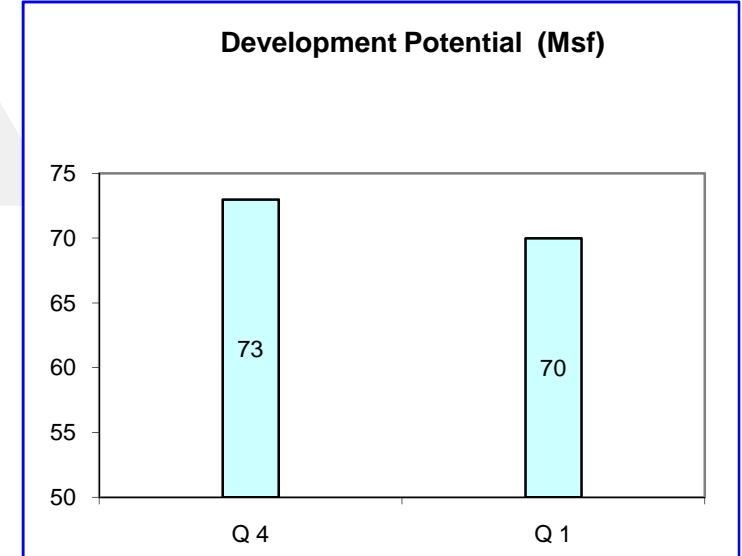
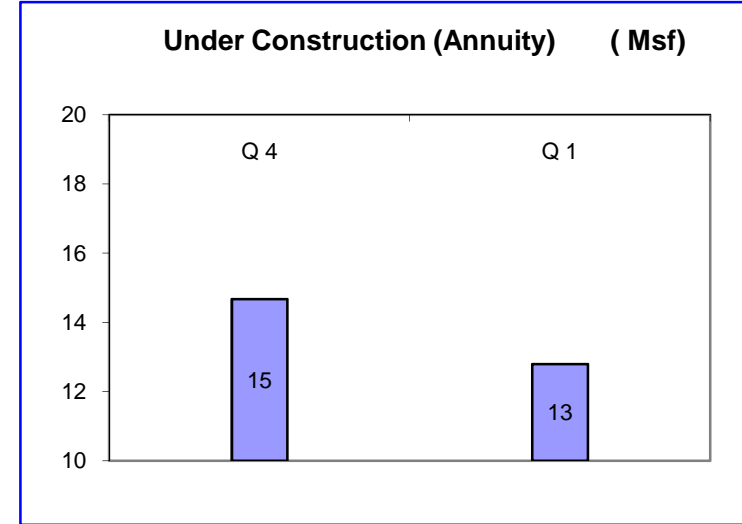
| Particulars | Total Mn sqft |        |         |
|-------------|---------------|--------|---------|
|             | Q1-12         | Q4- 11 | Q1 - 11 |

| <u>Lease Status</u>               |        |        |        |
|-----------------------------------|--------|--------|--------|
| Opening Balance                   | 23.77  | 23.73  | 19.40  |
| Add:- Lease Booked During the Qty | 0.97   | 1.38   | 1.17   |
| Less :- Cancellation / Adjustment | (0.24) | (1.34) | (0.18) |
| Closing Balance                   | 24.51  | 23.77  | 20.38  |

| <u>Under Construction</u> |        |       |       |
|---------------------------|--------|-------|-------|
| Opening Balance           | 14.49  | 15.69 | 17.13 |
| New Launches / Additions  | (0.15) | 0.00  | 0.00  |
| Less:- Handed over        | 1.89   | 1.20  | 0.86  |
| Less :- Suspension/Adju   | 0.00   | 0.00  | 0.00  |
| Closing Balance           | 12.45  | 14.49 | 16.27 |

| <u>Wt. Avg. Leasing Rate</u>  |     |     |    |
|-------------------------------|-----|-----|----|
| Office Building (in Rs.sqft ) | 47  | 43  | 48 |
| Retail Building (in Rs.sqft ) | 236 | 144 | 77 |

| <u>Wt. Avg. Project Cost</u>  |      |      |      |
|-------------------------------|------|------|------|
| Office Building (in Rs.sqft ) | 2267 | 2090 | 2173 |
| Retail Building (in Rs.sqft ) | 7951 | 7800 | 7530 |



# Our Development Potential

| Area ( msf )                                   | Other Land | Hotel Land | G.Total |
|--|------------|------------|---------|
| Gross Area – as on 1 <sup>st</sup> April-11    | 359        | 8          | 367     |
| Less : Projects Disposed off ( Net )           | 2          | 0          | 2       |
| Less : Handed over                             | 2          | -          | 2       |
| Net Land Bank - as on 30 <sup>th</sup> June-11 | 355        | 8          | 363     |
| - Dev. Co                                      | 285        | 8          | 363     |
| - Rent. Co                                     | 70         |            |         |

## 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**