BUILDING INDIA

Q2 FY12 Analyst Presentation

November 10, 2011

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.

Q2 FY 12…Macro Environment

- ECONOMY
  - The macro environment remains challenging with repeated rate hikes by the Central Bank leading to an expected slowdown in GDP growth. Global head-winds have added to the uncertainty.
  - Over the next 6 months, inflation is expected to taper off and an expected sharp deceleration in growth may see lower credit off-take leading to the beginning of a reversal in the interest rate cycle. This could augur well for interest rate sensitive sectors such as Real Estate.

- REAL ESTATE SECTOR
  - In the current scenario, the Real Estate sector continues to witness tight credit conditions, stiffer banking credit norms, low 'pure' PE interest and higher borrowing costs. Smaller developers facing a credit squeeze may liquidate inventory at reduced prices in select micro markets.
  - Volumes are subdued as buyers defer purchasing decisions due to higher interest rates and the approval process for new launches lags.
    - Homes

      - Reduced sales volumes given high interest rates and no signs of significant price correction

      - Flat to marginal price appreciation witnessed in most micro markets

      - New launch momentum yet to pick up
    - Offices - Leasing volumes subdued due to Global uncertainty
    - Retail – Policy on FDI in multi brand retail and a proposed increase in FDI cap in single brand retail may bolster demand

Company’s strategy given the current scenario

- Company remains well prepared to scale up launches given impending approvals which would expectedly coincide with an improvement in market sentiment over the next 6 months.

- Despite a difficult economic environment, Company continues to maintain its profitability margins by garnering optimum prices for its products albeit at lower volumes. Targets to maintain core EBIDTA margins at steady state levels ~ 45%

- Reduce absolute interest cost which have impacted profits/cash flows in last 12 months (~ 250 bps increase / ~ Rs 600 Crs p.a.). Debt reduction target of ~ Rs 3000 Crs for FY 12 on track with all planned divestments progressing well .i.e.Noida IT Park , Pune IT SEZ, select land transactions and the Hospitality Assets.

- Company continues to improve quality of land bank and undertake strategic capital expenditures on infrastructure and select commercial projects in order to be well positioned when demand revives.

- Company remains relatively insulated to the proposed Land Acquisition & R&R Bill. Not expected to significantly impact existing land bank.

- Given a stable and robust growing rental income stream, a quality monetizable land bank and visibility on non-core divestment proceeds, the Company is much better placed vis-à-vis credit availability, cost of borrowings, etc.

Performance of Company – Q2 FY12

- **DevCo:**
  - 1.28 msf gross sales booked vs 2.2 msf in Q1 12 & 2.1 msf in Q2 11
  - Plotted development - Sec – 91 / 92, Gurgaon – 0.4 msf, Indore - 0.2 msf
  - New Gurgaon, Chennai, Bangalore and Panchkula mid-income homes – 0.7 msf
- **RentCo** :
  - 0.66 msf of gross leasing vs 0.97 msf in Q1 FY12& 2 msf in Q2 FY 11 - in line with the plan for FY 12
  - Total annuity income of Rs 480 Crs including Rs 392 Crs rental income from offices and retail combined
- **Monetization** of non-core assets - Rs 245 Crs in Q2.
  - Licensed Land FSI sales of approx 2.9 msf under closure (aggregate value of Rs 615 Crs, monies received in the quarter Rs 210 Crs)
  - Noida , IT Park - Definitive Agreements signed; transaction closure in the current quarter.
  - Pune, IT SEZ - Documentation at advanced stages; transaction closure in the current quarter.
- **Execution** – Added 0.5 msf & handed over 0.2 msf of DevCo projects during the Qtr.
- Proceeds incurred on Capex and Land replenishment in the quarter – Rs 233 Crs

Performance of Company – H1 FY12

- **DevCo:**
  - 3.54 msf gross sales booked during H1 FY12 vs 4 msf in H1 FY11
- **RentCo** :
  - 1.63 msf of gross leasing during H1 FY12 vs 3.18 msf in H1 FY11
  - Total annuity income of Rs 935 Crs vs 775 Crs in H1 FY11 including Gross Rental income of Rs 757 Crs vs Rs 610 Crs in H1 FY11
- **Monetization** of non-core assets - Rs. 410 Crs in H1 FY12 (including FSI sales in Q2 FY 12 under closure - aggregate value of Rs 615 Crs, monies received Rs 210 Crs) vs Rs 707 Crs in H1 FY11
- **Execution** – Added 0.5 msf & handed over 2.1 msf in H1 FY 12 vs 3.2 msf added & 2.7 msf handed over in H1 FY11.
- Proceeds incurred on Capex and Land replenishment in H1 – Rs 614 Crs

Non- core asset divestment update

- On track for divestments of Rs 6,000 – 7,000 Crs over next 2-3 years
- Strong visibility of culmination of under mentioned transactions in the current fiscal .
- Proceeds to be utilized primarily for debt reduction
- Next phase of unlocking / divestments being initiated simultaneously to keep the momentum going

S.No	Particulars	Progress
1	IT PARK, Noida	Company has entered into definitive agreements. Closing to be completed in the current quarter.
2	IT SEZ, Pune	Documentation at advanced stages, transaction closure in the current quarter.
3	Hospitality	4 Bids received in the second round, currently being evaluated and negotiated

Launches – H2 FY 12

- Pace of new launches to increase in H2 - total planned launches of 7- 8 msf
- Given previous successes, focus on plotted launches to continue
- Launched in October '11 – Group Housing in Bengaluru (Maiden Heights, Rajapura)

S.No	Particulars	Segment	Size
1	Mullanpur, New Chandigarh	Plots	1 msf
2	Panchkula	Plots	1-1.5 msf
3	Gurgaon	Plots	0.5 msf
4	Lucknow	Plots	1.5 msf
5	Gurgaon	Group Housing	1.5 – 2 msf
6	Bangalore	Group Housing	1 msf
	TOTAL		**6.5 – 7.5 msf**

Completions – H2 FY 12

- On track to deliver > 12 msf spread across Gurgaon, Delhi, Chennai, and Cochin.

S.No	Particulars	Segment	Size
1	Phase V	Group Housing	9.5 msf
2	Jalandhar Mall	Commercial Complex	0.2 msf
3	SIEL, Delhi	Commercial Complex	0.5 msf
4	OMR, Chennai (9 towers)	Group Housing	1.1 msf
5	Vytilla, Cochin	Group Housing	0.5 msf
6	RentCo	Offices	1.5 msf
	TOTAL		**~ 13 msf**

Debt Position – Q2 FY 12

	All figures in Rs. Crs		
	Debt	Pref Cap.	Consol.
Gross Opening Bal (as on 1st July-11)	23,863	202	24,065
Add : Debt availed during Q2 FY12	1438		1438
: Increase due to exchange fluctuation	142		142
: Debt Increase due to Consolidation	7		7
Gross Debt position (as on 30th Sep-11)	25,450	202	25,652
Less : Cash in hand			1,763
: Equity shown as Debt / JV Co. Debt			1,370
Net Debt (as on 30th Sep-11)			22,519
Net Debt (as on 30th June-11)			21,524

Increase in net debt largely due to :

- **Deferment of divestment proceeds expected to be received in Q2 to Q3 .i.e. Noida IT Park, Pune IT SEZ**
- **Bunching up of select payments normally due in the Sep quarter .i.e. taxes, etc**
- **Impact of foreign exchange fluctuations**

Debt Coverage

	Figures in Rs. Crs
Net Debt (as on 1st Oct-11)	22,500
Less : Realization from non-core divestments currently underway	3,000
Targeted Net Debt position (as on 31st Mar-12)	**19,500**
Less : Debt attributable to the RentCo *(Self liquidating – 6xSecuritized cash flows of Rs 1750 Crs** annualized EBIDTA)*	10,500
Debt attributable to the DevCo	9,000
Less : Debt reduction through next phase of non-core asset/business divestments	4,000
Residual Debt in the DevCo (EBIDTA of Rs 3500 Crs p.a. ~ 1.4 x Debt / EBIDTA)	**~ 5,000**

*** Gross Amount*

Profit & Loss Summary – Q2 FY12

Q2 FY 12 vs Q1 FY 12

- Sales (incl Other Income) at Rs 2,577 Cr, compared to Rs 2,503 Cr.
- Net profit at Rs 372 Cr, as against Rs 358 Cr
- EBIDTA margins at 47% versus 47%
- Tax Rate for the Qtr is 28% vs 25%

	All figures in Rs. Crs					
Particulars	**Q2 12**	**Q1 12**	**Change**	**Q2 12**	**Q2 11**	**Change**
Sales	2577	2503	3%	2577	2520	2%
EBIDTA (Core Operations)	1271	1216	5%	1271	1153	10%
EBIDTA (Consolidated)	1216	1168	4%	1216	1080	13%
%	47%	47%		47%	43%	
PBT (Consolidated)	515	502	3%	515	492	5%
PAT	**372**	**358**	**4%**	**372**	**418**	**(11%)**

Profit & Loss Summary – H1 FY12 vs H1 FY 11

H1 FY 12 vs H1 FY 11

- Sales (incl Other Income) at Rs 5,080 Cr, compared to Rs 4,681 Cr.
- Net profit at Rs 731 Cr, as against Rs 829 Cr
- EBIDTA margins at 47% versus 46%

	All figures in Rs. Crs		
Particulars	**H1 12**	**H1 11**	**Change**
Sales	5080	4681	9%
EBIDTA (Core Operations)	2487	2317	7%
EBIDTA (Consolidated)	2386	2191	9%
%	47%	46%	
PBT (Consolidated)	1017	1065	(5)%
PAT	**731**	**829**	**(12)%**

Consolidated P&L – Q2 FY12

		Q2 FY12 (Reviewed)		Q1 FY12 (Reviewed)		Q2 FY11 (reviewed)		H2 FY12 (Reviewed)		H2 FY11 (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	Rs. Crs.	Percentage of Total Revenue
A)											
1	Sales and Other Receipts	2,532		2,446		2,369		4,978		4,398	
2	Other Income	45		57		151		102		283	
	Total Income(A1+A2)	2,577	100%	2,503	100%	2,520	100%	5,080	100%	4,681	100%
B)	Total Expenditure(B1+B2+B3)	1,361	53	1,335	53	1,440	57	2,694	53	2,489	53
1	Construction Cost	948	37	942	38	1,014	40	1,888	37	1,748	37
2	Staff cost	154	6	146	6	162	6	300	6	291	6
3	Other Expenditure	259	10	247	10	264	10	506	10	450	10
C)	Gross Profit Margin(%)		**63%**		**62%**		**60%**		**63%**		**63%**
D)	EBITDA (D/A1)	1,216	47	1,168	47	1,080	43	2,386	47	2,191	47
E)	EBIDTA (Margin)		**47%**		**46%**		**42%**		**47%**		**46%**
F)	Financial charges	526	20	496	20	434	17	1,023	20	822	18
G)	Depreciation	175	7	170	7	154	6	346	7	304	6
H)	Profit/loss before taxes	**515**	20	**502**	20	492	20	**1,017**	20	**1,065**	23
I)	Taxes expense	147	6	128	5	73	3	275	5	241	5
J)	Prior period expense/(income) (net)	(4)	0	3	0	(6)	0	(1)	0	(10)	0
K)	Net Profit after Taxes before Minority Interest	372	14	371	15	425	17	743	15	834	18
L)	Minority Interest	0	0	(17)	-1	(7)	0	(17)	0	(10)	0
M)	Profit/(losss) of Associates	(0)	0	4	0	(0)	0	4	0	5	0
N)	Net Profit	**372**	14	**358**	14	418	17	**731**	14	**829**	18

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 FY12

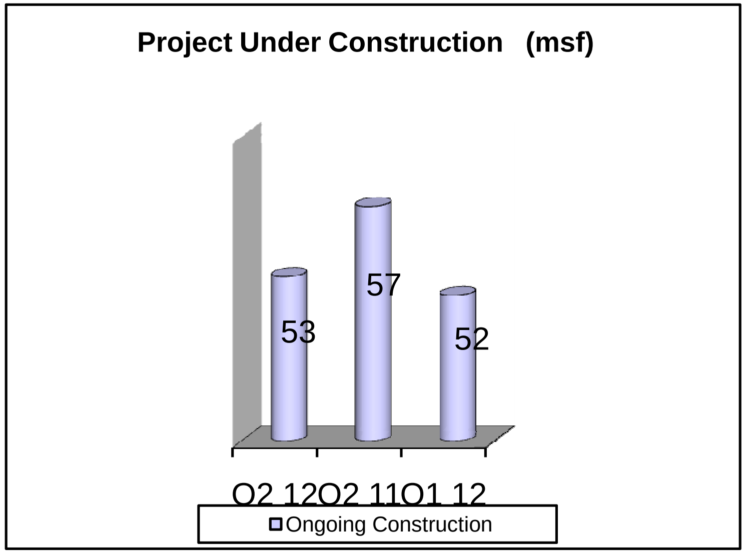
Particulars	As at			
	30-Sep-11	30-Sep-10	30-Jun-11	31-Mar-11
	(Reviewed)	(Reviewed)	(Unaudited)	(Audited)
SOURCES OF FUNDS				
Shareholders' funds				
Capital	2,150	2,423	2,150	2,150
Reserves and surplus	24,873	24,232	24,510	24,182
	27,022	**26,656**	**26,659**	**26,332**
Minority Interests	616	602	592	575
Loan funds	25,450	23,239	23,863	23,990
Deferred tax liabilities (net)	-	-	-	-
	53,088	**50,496**	**51,114**	**50,898**
APPLICATION OF FUNDS				
Fixed assets (Including CWIP)	28,507	26,222	28,411	28,184
Investments	1,504	1,682	961	996
Goodwill on consolidation	1,509	1,277	1,506	1,384
Deferred Tax Assets	147	77	126	163
Current assets, loans and advances				
Stocks	15,234	14,397	15,261	15,039
Sundry debtors	1,954	1,918	1,818	1,726
Cash and bank balances	1,182	1,556	1,104	1,346
Loans and advances	8,057	7,548	7,585	7,271
Other Current Assets	7,936	4,734	7,703	7,890
	34,363	**30,152**	**33,470**	**33,272**
Less :				
Current liabilities and provisions				
Liabilities	9,105	5,162	9,426	9,225
Provisions	3,837	3,752	3,934	3,876
	12,941	**8,915**	**13,360**	**13,101**
Net current assets	**21,422**	**21,238**	**20,110**	**20,170**
	53,088	**50,496**	**51,114**	**50,898**

Consolidated Cashflow – Q2 FY12

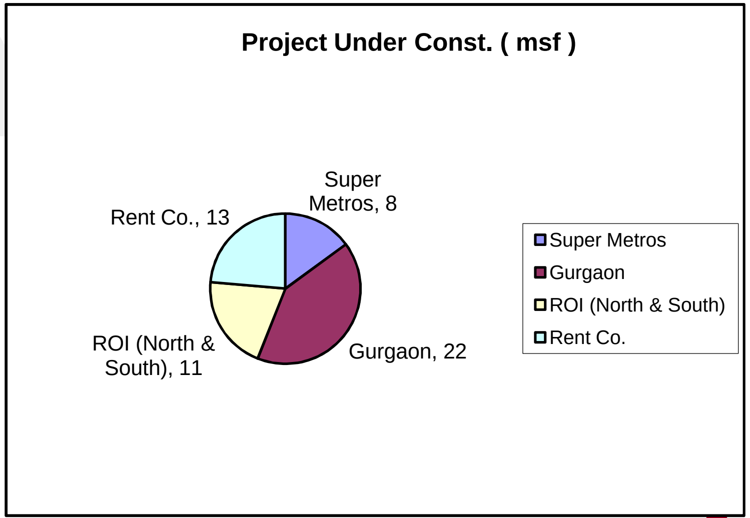
Particulars		Q2 FY 12	Period ended 30-Sep-11	30-Jun-11	30-Sep-10
A.	**Cash flow from operating activities:**				
	Net profit before tax	516	1,018	502	1,065
	Adjustments for:				
	Depreciation	175	347	171	303
	Loss/(profit) on sale of fixed assets, net	1	1	1	12
	Provision for doubtful debts/unclaimed balances written back and others	52	55	3	19
	Loss/(profit) on sale of current Investments	0	0	0	(86)
	Amortisation cost of Employee Stock Option	9	23	14	30
	Prior period items	(3)	(3)	-	-
	Interest/gurantee expense	526	1,023	496	822
	Interest/dividend income	(42)	(92)	(50)	(172)
	Operating profit before working capital changes	**1,235**	**2,371**	**1,136**	**1,994**
	Adjustments for:				
	Trade and other receivables	(357)	(527)	(170)	(410)
	Inventories	142	45	(97)	(123)
	Trade and other payables	(351)	(266)	84	455
	Taxes paid	(394)	(509)	(116)	(444)
	Net cash generated from operating activities	**276**	**1,113**	**837**	**1,472**
B.	**Cash flow from investing activities:**				
	Sale/Purchases of fixed assets(net) (including CWIP)	(170)	(501)	(330)	(180)
	Interest/Dividend received	20	131	111	144
	Sale/Purchases of Investment(net)	(558)	(634)	(76)	3,914
	Net cash generated from / (used in) investing activities	**(708)**	**(1,003)**	**(296)**	**3,877**
C.	**Cash flow from financing activities:**				
	Proceeds/(repayment) from long term borrowings (net)	1,779	1,704	(75)	1,547
	Proceeds from issuance of prefernce shares	-	-	-	(4,887)
	Proceeds / (repayment) of short term borrowings (net)	(201)	(254)	(53)	18
	Interest paid	(694)	(1,274)	(580)	(1,180)
	Dividend & Dividend Tax paid	(429)	(501)	(72)	(260)
	Increase in share capital / securities premium	33	33	-	14
	Net cash (used in) financing activities	**488**	**(292)**	**(780)**	**(4,748)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**57**	**(182)**	**(238)**	**601**
	Opening cash and cash equivalents	-	1,246	1,246	835
	Closing cash and cash equivalents	57	1,064	1,008	1,436
	Net Increase / (decrease)	57	**(182)**	**(238)**	**601**

Execution

	Area in msf		
Region	**Q2 12**	**Q1 12**	**Q2 11**
Gurgaon	**21.5**	**21.5**	**22**
Super Metro	**8**	**7**	**7**
Rest of India	**11**	**10.5**	**12**
For Rent Co	**12.5**	**12.5**	**16**
	53	**52**	**57**



- Added 0.5 msf & Handed over approx 0.19 msf (DevCo projects) during the Qtr.
- Higher deliveries will lower future inflationary pressures, strengthen cash management and improve customer service and company goodwill.



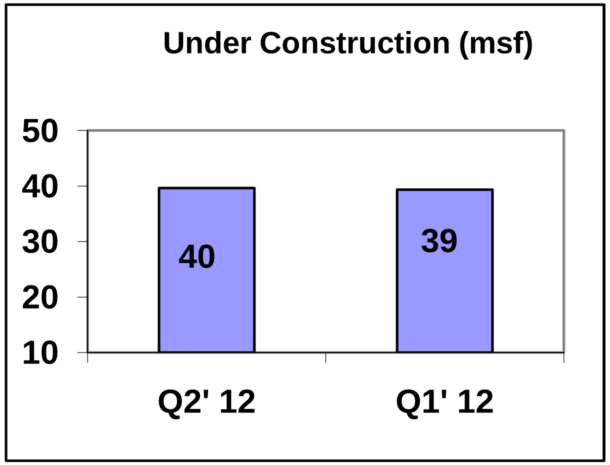
Dev Co.

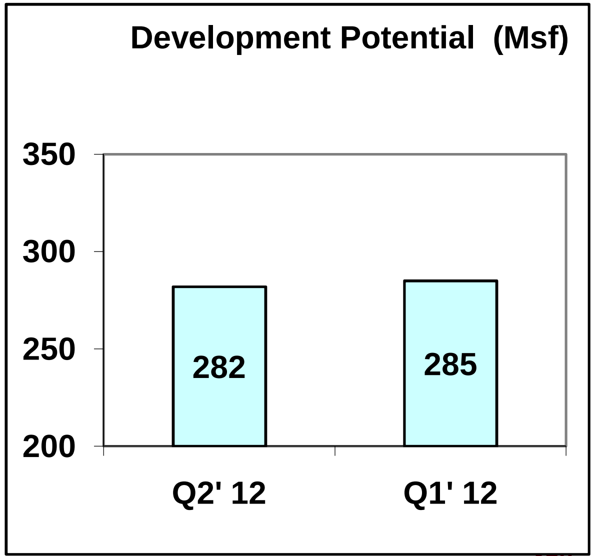
Homes

- Q2-FY 12 witnessed sales of 1.28 msf in plotted / group housing (GHS) and FSI sales of 2.9 msf comprising GHS & commercial sites.
- New launches low as approvals are awaited . In line with Co’s strategy of launching only upon receiving full & final approvals.
- Strategic sale of FSI in Q2 FY12 in Gurgaon - balancing the risk-reward equation based on current discounting rates.

DevCo Q2 FY12

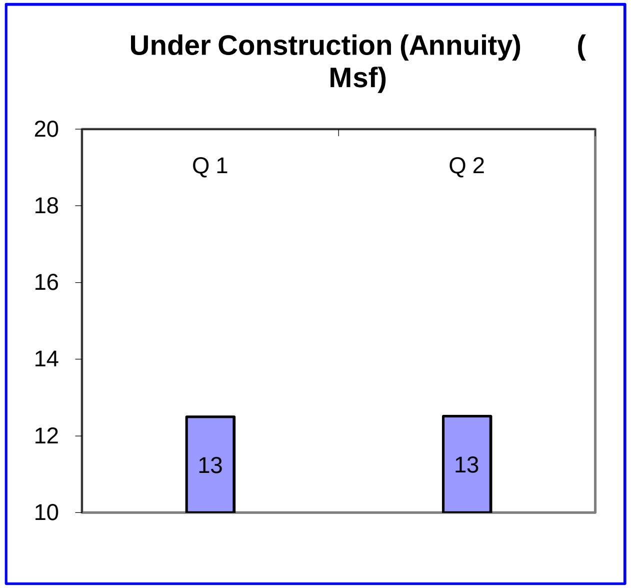
Particulars	Total Mn sqft		
	Q2-12	Q1- 12	Q2 - 11
Sales Status			
Opening Balance	48.65	46.40	40.24
Add:- Sale Booked During the Qty	1.28	2.25	2.08
Less : Handed over / Suspended	0.20	-	-
Closing Balance	49.73	48.65	42.32
Under Construction			
Opening Balance	39.36	39.36	38.32
New Launches / Additions / Suspended	0.5	-	2.37
Less:- Handed over	0.20	-	-
Closing Balance	39.66	39.36	40.69
Wt. Avg. Sales Rate			
Homes (in Rs.sqft)	4147	5032	6078
C.Complexes (in Rs.sqft)	13286	10436	16671
Wt. Avg. Project Cost			
Homes (in Rs.sqft)	1664	1577	2491
C.Complexes (in Rs.sqft)	2925	2770	5336

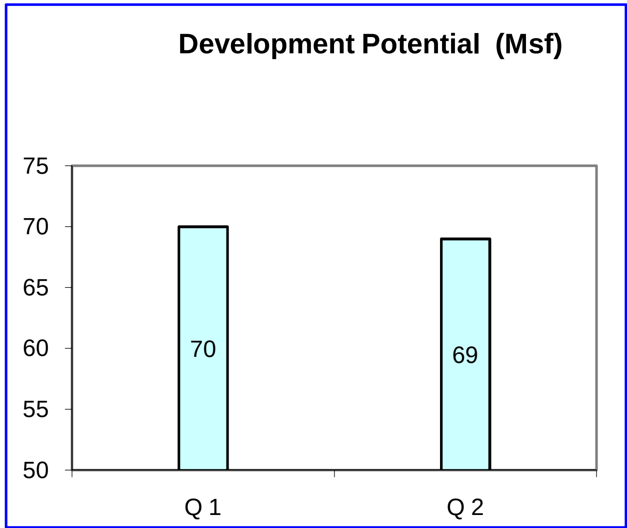




RentCo Q2 FY12

Particulars	Total Mn sqft		
	Q2-12	Q1- 12	Q2 - 11
Lease Status			
Opening Balance	24.51	23.77	20.38
Add:- Lease Booked During the Qty	0.66	0.97	2.01
Less :- Cancellation / Adjustment	(0.45)	(0.24)	(0.33)
Closing Balance	24.72	24.51	22.06
Under Construction			
Opening Balance	12.45	14.49	16.27
New Launches / Additions	-	(0.15)	0.85
Less:- Handed over	-	1.89	1.32
Less :- Suspension/Adju	-	0.00	0.00
Closing Balance	12.45	12.45	15.80
Wt. Avg. Leasing Rate			
Office Building (in Rs.sqft)	44	47	43
Retail Building (in Rs.sqft)	189	236	64
Wt. Avg. Project Cost			
Office Building (in Rs.sqft)	2121	2267	2110
Retail Building (in Rs.sqft)	6838	7951	6310





Our Development Potential

Area (msf)	Other Land	Hotel Land	G.Total
Gross Area – as on 1^{st} April-11	355	8	363
Less : Projects Disposed off (Net)	4*	0	4
Less : Handed over	0.19	-	0.19
Net Land Bank - as on 30^{th} Sep-11	351	8	359
- Dev. Co	282	8	359
- Rent. Co	69		

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 amounts recovered thereof

**** Includes FSI sales in the quarter***

Thank You