

2nd May, 2008

## BUY

Price	Target Price
<b>Rs705</b>	<b>Rs1,115</b>
<b>Sensex</b>	<b>17,287</b>

### Price Performance

(%)	1M	3M	6M	12M
Absolute	9	(20)	(26)	NA
Rel. to Sensex	(1)	(16)	(15)	NA

Source: Capitaline

### Stock Details

Sector	Real Estate
Reuters	DLF.BO
Bloomberg	DLFU@IN
Equity Capital (Rs mn)	3410
Face Value (Rs)	2
No of shares o/s (mn)	1705
52 Week H/L	1,225/506
Market Cap (Rs bn/USD mn)	1202/29,686
Daily Avg Vol. (No of shares)	4374672
Daily Avg Turnover (US\$m)	75.6

### Shareholding Pattern (%)

(31st Dec.'06)	
Promoters	88.2
FII/NRI	7.6
Institutions	0.7
Private Corp.	0.6
Public	3.0

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# DLF Limited

## No Evidence of Slowdown

Result  
Update

DLF reported results which were higher than our estimates. Revenue and net profit for the quarter stood at Rs.43bn and Rs.21.7bn respectively. The numbers were higher than our estimates, primarily due to higher revenue booking in the mid-housing segment. For FY08, the company reported revenue of Rs.142.2bn, growth of 446%. Net profit for FY08 increased by 306% to Rs.78.8bn. Further, the company witnessed strong pre-sales/leases in all the categories which address the issue of slowdown in the sales of its properties in the current challenging environment. The company received Rs.17.9bn from DAL during Q4FY08 and has outstanding receivables of Rs.19.3bn at the end of the fourth quarter. Key highlights for the quarter, we believe, is addressing two important concerns of the investors. Firstly slowdown in the sales (which has been addressed by strong pre-lease/sales numbers) and outstanding from DAL. We expect the company to report revenue of Rs.206.4bn in FY09 and Rs.312.9 bn in FY10. Net profit for FY09 and FY10 is estimated to be Rs.104.5bn and Rs.146.0bn respectively. Our DCF based NAV stands at Rs.898 and maintain our BUY rating with target price of Rs.1,115.

### Strong booking in all the segments

DLF witnessed strong pre-sales/lease booking in residential, retail and the office segment during the quarter. Table below highlights the sales in each of the segment. The company demonstrated strong project management capabilities with launching large projects during the quarter. DLF increased its project under development from 50.8mn sqft in Q1FY08 to 61.6mn sqft in Q4FY08. Further, the management is confident of delivery of 30mn sqft by 2010 and gradually increasing to 50mn sqft.

%Pre-Sales/Leased	Q1FY08	Q2FY08	Q3FY08	Q4FY08
Residential	64.2	65.5	97.3	120.4
Office	38.1	33.3	33.7	42.0
Retail	30.1	37.1	44.1	56.8

Under Development (mn sqft)	Q1FY08	Q2FY08	Q3FY08	Q4FY08
Residential	8.29	8.29	7.03	12.1
Office	29.54	34.43	39.84	38.2
Retail	12.98	13.44	11.62	11.31
Total	50.81	56.16	58.49	61.61

### Launches in the residential space

The company launched mid-housing residential properties in various cities across the countries. Prominent amongst these are Kolkata, Kochi, Chennai and New Gurgaon. However, there were no significant launches in the retail and the commercial space.

Launches (mn sqft)	Q1FY08	Q2FY08	Q3FY08	Q4FY08
Residential	0.0	0.0	0.55	4.87
Office	5.12	7.13	6.76	0.0
Retail	1.24	0.46	0.0	0.26

### High receivables from DAL – however, substantial amount received during the quarter

During Q4FY08, revenues from DAL stood at Rs.18.45bn as compared to Rs.20.5mn in Q3FY08. Receivables from DAL at the end of Q4FY08 were Rs.19.3bn. However, we note that the company received Rs.17.3bn from DAL during the quarter which demonstrates the ability of DAL to raise funds even during the time of liquidity crunch.

### Significant land bank payments during the year

During FY08, the company made payments towards land acquisition cost to the tune of Rs.56.8bn. DLF has outstanding land payment of Rs.66.4bn, majority of which needs to be paid to the government. We expect the company to become cash flow positive once substantial portion of the land bank is paid for.

### Approvals for IT/ITSEZ in place

Of the 63.5mn sqft of commercial office space that the company plans to launch in the next few years, the company has already received final approval/notification for 45mn sqft. We therefore, don't foresee any regulatory bottlenecks in the commercial segment.

### Quarterly Results

Rs.in mn	Q3FY08	Q4FY08
Revenue	35984.2	43065.4
Expense	10970.3	15236.4
Cost of land, plots & constructed properties	9511.6	12002.1
Staff Cost	608.6	1411.5
Other expenditure	850.1	1822.8
EBITDA	25013.9	27829.0
EBITDA %	69.5	64.6
Other Income	528.3	658.2
PBITDA	25542.2	28487.2
Depreciation	148.2	361.5
PBIT	25394.0	28125.7
Interest	787.7	1078.5
PBT	24606.3	27047.2
Tax including FBT	3217.6	4978.0
% of PBT	13.1	18.4
Adjusted PAT (Before Minority Interest)	21388.7	22069.2
Minority Interest	-4.3	-303.5
Share of Profit from Associates	56.8	2.5
Adjusted PAT (After Minority Interest)	21441.2	21768.2

### Key Statistics

Y/E March (Rs mn)	FY06	FY07	FY08	FY09E	FY10E
Net Sales	18,357.4	26,343.5	142,286.5	206,432.1	312,980.6
Growth (%)		43.5	440.1	45.1	51.6
EBIDTA	7503.4	14867.0	97518.3	143080.0	213075.0
Growth (%)		98.5	555.9	46.7	48.9
EBITDA (%)	40.9	56.4	72.4	69.3	68.1
PBT	6592.2	25402.0	96405.6	139357.5	208671.4
PAT	3992.2	19337.0	78871.3	104518.1	146070.0
Growth (%)		57.1	307.9	32.5	39.8
EPS (Rs)	108.8	12.6	46.5	61.3	85.7

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