

RETAIL

RESEARCH 

DLF Ltd.

Sector: Construction: Housing – Large

Initial Public Offering Prospectus Extracts

Company overview

DLF Ltd. (DLF) is one of the largest real estate development companies in India, in terms of completed residential and commercial projects. The company was founded by Late Mr. Raghvendra Singh and traces its roots to pre-independence period in 1946. DLF's primary business is development of commercial and retail properties and their operations span all aspects of real estate development, from the identification and acquisition of land, the planning, execution and marketing of their projects, through the maintenance and management of their completed developments.

Issue Details

Type of Issue	: Book Building
Issue Size	: 175m Equity Shares
Price	: Rs.500 – Rs.550
Issue Opens	: 11 June 2007
Issue Closes	: 14 June 2007
Minimum Bid Lot	: 10 Equity shares and in multiples of 10 thereafter
Listing	: BSE & NSE
Global Co-ordinators & Book Running Lead Managers	: • Kotak Mahindra Capital Co. Ltd. • DSP Merrill Lynch Ltd.
Senior Book Running Lead Managers	: • Lehman Brothers
Book Running Lead Managers	: • Citigroup Global Markets India Pvt. Ltd. • Deutsche Equities India Pvt. Ltd. • ICICI Securities Primary Dealership Ltd. • UBS Securities India Pvt. Ltd.
Co-Book Running Lead Managers	: • SBI Capital Market Ltd.
Registrar to the Issue	: Karvy Computershare Pvt. Ltd.

Profile

■ Established brand name

DLF has strong brand value, rich experience in real estate development and works in tandem with reputed Architects, design and engineering firms and construction and project management firms, which enables it to attract Indian and multinational clients for its projects.

■ Land reserves

DLF has one of the largest land bank in India of 10,255 acres, with an aggregate estimated developable area of about 574m sq. ft. Out of these 10,255 acres, 51% of land is located in NCR, 3% in Kolkata, 5% in Goa and Maharashtra, 4% in Punjab, 3% in Indore, 2% in Bangalore and the balance spread in various other states. The current land reserves of DLF are sufficient for DLF's planned developments over the next ten years and provide it with a major competitive advantage as well as protection against land price inflation.

■ Scale of operations

With large scale of operations, DLF strength lies in accumulating large land bank at very low cost over a period of time. Similarly, with activities spanning residential, commercial and retail space, DLF can integrate its activities at one location and achieve economies of scale in executing different types of projects. Moreover, DLF has sound centralized purchase systems in place for procuring Steel, Cement, and other materials. Also, it deploys latest construction technologies such as pre-casting, as well as high cost equipment such as shuttering machines and tower cranes for its projects.

■ Project execution

DLF has developed 224m sq. ft. so far, which comprises of 195m sq. ft. of land area sold as plots, 19m sq. ft. of residential properties, 7m sq. ft. of commercial properties and 3m sq. ft. of retail properties. DLF has strong project execution capabilities and has to its credit completion of 22 urban colonies as well as entire integrated township of 3,000 acres 'DLF City' in the National Capital Region (NCR).

Retail Research

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Objects to the issue

- Acquisition of land and developmental rights.
- Development and construction costs for existing projects.
- Prepayment of loans.

Intended use of proceeds

■ Net proceeds

(Rs. m)

Particulars	Amount
Acquisition of land & development rights	35,000
Development & construction costs for existing projects	34,934
Prepayment of loans of our company	[•]
Total	[•]

Source: Company data, IDBI Capital Market Services

Financial history

■ Profit & loss account

(Rs m)

Year-end: March	FY05	FY06	FY07
Net Sales	4,420	9,844	11,335
Other Income	378	1,606	2,967
Stock Adjustments	165	-	(120)
Total Income	4,963	11,450	14,182
Total Expenditure	3,629	6,471	4,152
Operating Profit	1,334	4,979	10,030
Interest	331	1,461	3,563
Depreciation	34	39	94
Tax	294	1,200	2,000
Fringe Benefit tax	-	5	47
Deferred Tax	(2)	-	148
Reported Net Profit	677	2,274	4,178
Earnings Per Share-Unit Curr	192.9	60.1	2.7
Book Value-Unit Curr	1,480	171	7

Source: Company data, IDBI Capital Market Services

Balance sheet

(Rs m)

Year-end: March	FY05	FY06	FY07
Share Capital	35	378	3,059
Reserves Total	5,144	6,098	7,574
Total Shareholders Funds	5,179	6,476	10,633
Secured Loans	6,302	30,109	62,428
Unsecured Loans	30	30	5,265
Total Debt	6,332	30,139	67,693
Total Liabilities	11,511	36,615	78,326
Net Block	720	797	3,287
Capital Work in Progress	4,066	4,567	6,650
Investments	1,738	13,973	7,692
Total Current Assets	13,759	31,101	94,715
Total Current Liabilities	8,035	13,752	33,812
Net Current Assets	5,724	17,349	60,903
Net Deferred Tax	(737)	(71)	(206)
Total Assets	11,511	36,615	78,326

Source: Company data, IDBI Capital Market Services

Ratios

(Rs m)

Year-end: March	FY05	FY06	FY07
Key Ratios			
Debt-Equity Ratio	1.2	3.1	5.7
Long Term Debt-Equity Ratio	0.8	2.6	5.2
Current Ratio	1.5	1.6	2.2
Turnover Ratios			
Fixed Assets	4.9	9.5	4.8
Inventory	0.8	2.2	0.5
Debtors	8.1	65.4	11.3
Interest Cover Ratio	3.9	3.4	2.8
PBIDTM (%)	30.2	50.6	88.5
PBITM (%)	29.4	50.2	87.7
PBDTM (%)	22.7	35.7	57.1
CPM (%)	16.1	23.5	37.7
APATM (%)	15.3	23.1	36.9
ROCE (%)	11.9	20.5	17.3
RONW (%)	13.7	39.0	48.8

Source: Company data, IDBI Capital Market Services

IDBI Capital Market Services Ltd. (A wholly owned subsidiary of IDBI Ltd.)

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Disclaimer

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