

DLF Limited

2QFY10- "Value housing" plans unveiled

- 2QFY10 results inline with estimates-** DLF reported 2QFY10 earnings of Rs 4.4B -77% Y/Y and +12% Q/Q. This was inline with our estimate but lower than consensus forecast of Rs 5B. Revenues of Rs 17.5B were down -53% Y/Y but up +6% Q/Q. 2Q Net Debt of Rs 141B was stable Q/Q. Stellar sales of 1200+ units in Delhi (SBM) project and asset sales of Rs 5.5B were the key highlights for the quarter. Overall contract sales in 1HFY10 amounted to Rs 38B which is 49% of our FY10 estimate of Rs 79B.
- Key Strategic initiative: Value housing plans unveiled-** Following the lead of the other players, DLF too has announced its plans to enter the value housing segment (Rs 1-1.5MM unit price market, sub Rs 2,000psf ASP). Company plans is to launch 3-4 msf in this market in FY10 and may look to scale this up exponentially going ahead. DLF expects its gross margins to remain at 25-30% in this segment. Total FY10 launch plans for residential segment have thus been increased to 17-20 msf with 8-9 msf in city centers, 6-7 msf in suburbs, and 3-4 msf of value housing.
- Office recovery seems to be round the corner -** Management commentary indicates that inquiries for office space continue to improve and the company is hopeful of seeing a pick up in the leasing business in the coming 1-2 quarters. Considering DLF's primary exposure is to the commercial segment (64% of NAV), any improvement in this market could provide a substantial valuation boost. Further, we note that company already has 8 msf of pre-leased assets in its annuity business (ex DAL). This helps de-risk office volume growth over FY10/11 and nicely places it to catch on the expected pick-up in the leasing market later.
- Listing of DAL a distinct possibility in our view** given the opening up primary markets and a substantial decline in comparable S-REIT cap rates on account of reduced risk aversion. DAL's closest peer AIT (AIT SP OW) is now trading at a 10% premium to book or a 10-10.5% cap rate (NOI basis). A DAL merger/ listing may not be materially valuation accretive but could be a sentiment positive, given simplification of corporate structure.
- Maintain OW-** We continue to maintain our OW rating on the stock and SOTP based Mar-10 PT of Rs 440/Share. Key risk to our PT is 1) A slower than anticipated FY11 recovery in the commercial market and 2) A sudden and material derating of the overall macro fundamentals in India.

Bloomberg: DLFU IN; Reuters: DLF.BO

Rs in millions, year-end March	FY08	FY09	FY10E	FY11E	FY12E
Sales	144,331	100,354	73,966	93,209	108,061
Net profit	78,088	44,697	18,153	25,415	32,522
EPS (Rs)	45.8	26.2	10.7	15.0	19.2
P/E (x)	8.1	14.1	34.6	24.7	19.3
Net D/E	51%	63%	35%	30%	24%
P/B	3.2	2.6	2.4	2.2	2.0
ROE (%)	67%	20%	7%	9%	11%

Source: Company reports and J.P. Morgan estimates

Overweight

DLF.BO, DLFU IN

Price: Rs370.25

Price Target: Rs440.00

India

India Property

Saurabh Kumar^{AC}

(91-22) 6157-3590

saurabh.s.kumar@jpmorgan.com

J.P. Morgan India Private Limited

Gunjan Prithyani

(91-22) 6157-3593

gunjan.x.prithyani@jpmorgan.com

J.P. Morgan India Private Limited

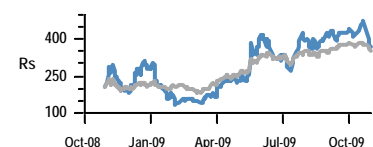
Christopher Gee, CFA

(65) 6882-2345

christopher.ka.gee@jpmorgan.com

J.P. Morgan Securities Singapore Private Limited

Price Performance



	YTD	1m	3m	12m
Abs	26.9%	-15.5%	-7.9%	82.9%
Rel	-33.6%	-8.3%	-11.2%	7.1%

Company Data

52-wk range (Rs)	124-519.9
Mkt cap. (Rs MM)	628,382
Mkt cap. (US\$ MM)	13,091
Avg. daily volume (MM)	15
Avg daily value (US\$ MM)	129
Shares O/S (MM)	1,697
Index (BSE Sensex)	15,896
Exchange rate	46.9

Source: Bloomberg

See page 11 for analyst certification and important disclosures, including non-US analyst disclosures.

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Company Description

DLF is the largest private developer in India with a development pipeline of 432msf across various cities. In the past, the company has primarily focused on the NCR market, and has been credited with the development of Gurgaon and DLF City Township (3,000 acres). The company is currently executing 37msf projects in various cities.

Valuation and EPS sensitivity metrics

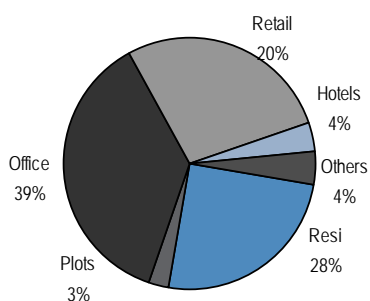
	NAV impact (%)	EPS impact (%)
Price growth in FY10E		
Impact of each 5% point change	7%	9%
Cap rate assumption		
Impact of each 1% point change	8%	2%

Source: J.P. Morgan estimates

Price target and valuation analysis

Our Mar-10 PT of Rs 440 is based on a sum-of-the-parts valuation methodology and equates to a FY11E P/B of 2.6x.

NAV break up chart



Source: J.P. Morgan Estimates

EPS: J.P. Morgan vs. consensus

	J. P. Morgan	Consensus
FY10E	10.7	11.9
FY11E	15.0	15.5

Source: Bloomberg, J.P. Morgan estimates.

Key risk to our PT is 1) A slower than anticipated FY11 recovery in the commercial market and 2) A sudden and material derating of the overall macro fundamentals in India.

2Q results and analyst call highlights

Deleveraging plans remain intact. Target FY10 D/E of 0.3x

Company reiterated its target of cutting its net debt by almost half (Rs 62B) from current levels (Rs121.4B). However, debt levels have remained stable Q/Q and as proceeds from asset sales have been more than compensated in construction financing. Going ahead, company expects debt repayments to be primarily funded by

- a) **Asset sale program** of Rs55B, of which Rs11B has already been realized till date (including Rs5.5B in 2QFY10). Company remains confident of achieving asset sales of remaining Rs4.4 in 2H from wind power and sale of hotel lands and balance refunds from the government.
- b) **Operating surplus** of Rs10B (company guidance) from the existing and new launches; and
- c) **Inflow from DAL**. Company expects to receive Rs5B from DAL in 2HFY10. Outstanding debtors from DAL currently stand at Rs26B.

Table 1: Debt position: 2QFY10

Particulars	Rs B
Gross Debt as of Jun Q	147.8
Repaid during 2QFY10	(3.9)
New Loans	1.8
Others (debt increase due to consolidation)	1.7
Gross Debt (1QFY10)	147.3
Cash in hand (1QFY10)	11.1
Net Debt	136.2
Equity shown as debt (Merill CCDs)	14.8
Net Debt (adjusted)	121.4
Debt repayable in 2HFY10	8.5

Source: Company reports

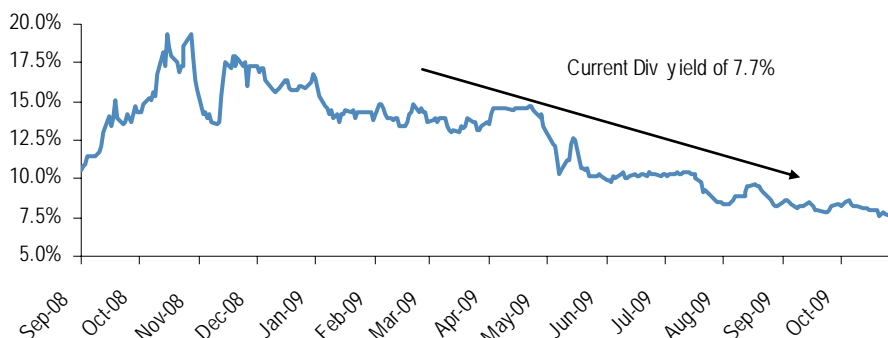
DAL Listing: A possibility but no timelines as yet

Listing of DAL now looks like a distinct possibility given the opening up of primary markets and a substantial compression in S-REIT cap rates on account of reduced risk aversion.

AIT's dividend yield has dropped from a high of almost 13% to 7.7% now.

While no timelines have been indicated for a listing / DAL merger, a listing transaction may provide for market linked pricing for DAL (thus taking care of valuation risks) and thereby provide a final closure to related party transaction issues.

Figure 1: AIT - Current Dividend yield



Source: Company reports and J.P. Morgan estimates.

Strong revival in luxury segment. Plans underway to launch new “Value housing” segment

City centric/suburban residential projects continue to witness healthy demand, while luxury housing has also shown signs of revival with increased number of enquiries/transactions. Residential prices have strengthened by 5-20% over the last quarter driven by healthy demand recovery witnessed under the residential segment.

DLF announced its plans to launch a separate segment called “Value Housing” targeting the mid to low mid income segment (Rs 1-1.5MM unit price market, sub Rs 2,000psf ASP). Projects under the segment would comprise of smaller sized units and would be priced at a discount to market prices. Company plans to launch 3-4msf under the segment in FY10 and expects the margins to be in the range of 25-30%.

FY10 launch targets for residential segment have thus been increased to 17-20 msf. DLF plans to launch 8-9 msf of city center projects (Kochi/Chennai), 6-7 msf of mid-income (Hyderabad, Chennai, NCR, Goa, New Gurgaon) and 3-4msf of value housing projects. Of this, company has already launched 5msf in the 1HFY10 across Capital Greens (Delhi) and Bangalore project.

Figure 2: Development business update: 2QFY10

Segment	Comments
Homes	<p>Witnessed strong response to the Capital Greens Phase II launch in Delhi. Area launched under the phase was completely sold out (2msf) in a day even though it was priced at 30% premium (Rs 8,400psf) to the first phase. Luxury segment is showing signs of revival with company witnessing healthy sales traction in Phase V Gurgaon. Sold close to 0.35msf in luxury project Magnolias.</p> <p>Continue to focus on sales/launch of mid-income projects in Chennai, Hyderabad, Kochi, Bangalore, Goa, and New Gurgaon. Further, it also plans to launch city center projects in Chennai and Kochi.</p> <p>Plans underway to launch a new segment called "Value Housing" targeting the mid to low mid income segment.</p>
Commercial complexes	<p>Demand remains subdued under the commercial complexes segment with company witnessing negligible sales activity during the quarter.</p>

Source: Company reports and J.P. Morgan estimates.

Office recovery looks to be round the corner

Management guided to an optimistic outlook for the office segment given marked increase in number of enquiries. Company expects the leasing activity to pick up noticeably in 2HFY10 as reported enquiries convert into actual pre leases and existing clients take up additional space. Meanwhile, DLF's focus will remain on expediting execution and meeting deliveries of current outstanding pre leases.

Most IPCs (CBRE, C&W) also seem to be indicating that the office segment is showing signs of revival and rentals across markets have bottomed out. A number of companies that had earlier adopted a "wait and watch" approach is now looking to lease space. While the overall sentiment has turned optimistic and there has been an increase in the number of enquiries, transaction closure remained low.

Table 2: Business update across segments: 2QFY10

Segment	Comments
Commercial	Enquiries for office have picked up meaningfully during the Sep-Q, however leasing activity remained subdued. Management has turned optimistic on office segment and expects the pre leasing activity to increase in 2HFY10 on the back of these enquiries. Focus on expediting execution and meeting deliveries of outstanding pre leases
Retail	Retail segment continues to lag. Enquiries as well as pre leasing remains negligible.

Source: Company reports

Bookings primarily driven by Capital Greens Phase II

Overall bookings during the quarter stood at 2.8msf (flat Q/Q, down 49% Y/Y) primarily driven by strong sales (2msf) in Phase II of the Capital Greens project in Delhi, even though it was priced at 30% higher price (Rs8,400psf) than the earlier phase. Further, company also witnessed healthy demand revival in the luxury residential segment having booked ~0.35msf in Magnolias (Phase V, Gurgaon). Demand however remained subdued under the commercial complex segment with negligible sales activity being reported during the quarter.

Leasing activity remained subdued under the commercial segment. While the levels of enquiries for office space have picked up substantially during the quarter, retail segment continues to lag. Management remains confident that the reported pick up in enquiries under the office segment should translate into actual pre leases in the 2HFY10.

Table 3: Bookings update: 2QFY10 (Sq ft)

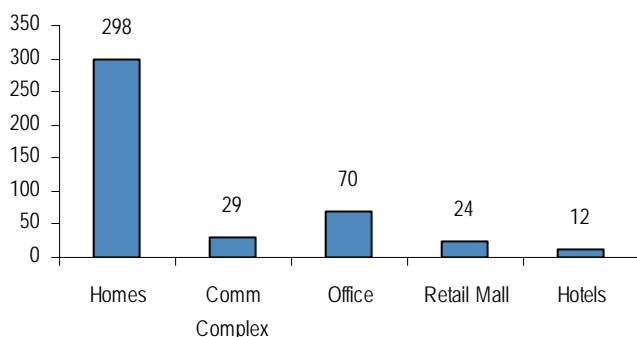
Bookings Summary	2QFY09	1QFY10	2QFY10	Q/Q ch (%)	Y/Y ch (%)
Bookings	5.5	2.8	2.8	1%	-49%
Homes/Comm Complexes	3.1	2.7	2.7	3%	-12%
Office/Retail	2.4	0.1	0.0	-51%	-98%
- Lease business	0.5	0.1	0.0	-51%	-91%
-Sales business	1.8	-	-	NA	-100%
Handed over	0.9	1.4	-	-100%	-100%
Homes/Comm Complexes	0.2	0.8	-	-100%	-100%
Office/Retail	0.8	0.6	-	-100%	-100%
Under construction	63.2	42.1	48.7	16%	-23%
Homes/Comm Complexes	18.3	25.0	31.6	26%	73%
Office/Retail	44.9	17.1	17.1	0%	-62%

Source: Company reports and J.P. Morgan estimates

Execution: Construction activity picks up

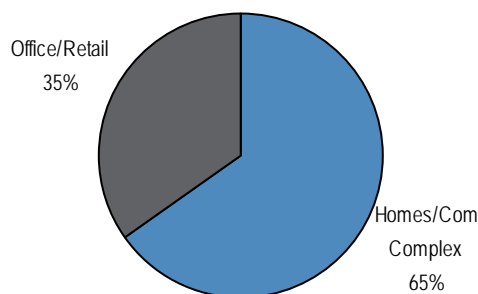
DLF won a 350 acre land parcel in Gurgaon (HSIDC bid) during the quarter thereby increasing the total development pipeline to 432msf from 423msf in 1QFY10. Construction activity too picked up with work being commenced on another ~6.6msf of space under homes and commercial complex segment in Cochin/New Gurgaon. Total area under construction currently stands at 49msf (42msf in 1QFY10)

Figure 3: Development Pipeline (423msf)



Source: Company reports

Figure 4: Area under construction; 49msf



Source: Company reports

2Q10 results: In line with expectations

DLF reported 2QFY10 net income of Rs4.4B (up11% Q/Q, down 77% Y/Y) in line with our expectations and 10% below street expectations. Revenues of Rs17.5B (up 6% Q/Q and down 53% Y/Y) during the quarter were primarily on account of sales in Capital Greens Phase II (2msf), Magnolias (0.35 msf) and Bangalore projects.

Operating margins improved by 710bps during the quarter likely on account of higher realization in Capital Greens Phase II project (30% higher than phase 1 launch). However, the impact of improved margins was offset to some extent by higher tax rate of 30% (vs. 21% in 1QFY10). Tax rate during the quarter was high on account of increased contribution from residential segment (vs. annuity business) which commands peak tax rate.

Table 4: 2QFY10 results table

	2QFY09	1QFY10	2QFY10	Q/Q ch (%)	Y/Y ch (%)	1HFY09	1HFY10	Y/Y (%)
Net Sales	37,444	16,499	17,509	6%	-53%	75,550	34,008	-55%
Cost of land, plots and constructed properties	(11,806)	(5,583)	(3,843)	-31%	-67%	(22,990)	(9,426)	-59%
Cost of Revenue – others	(1,057)	(1,073)	(1,312)	22%	24%	(1,933)	(2,385)	23%
Real estate cost	(12,862)	(6,656)	(5,155)	-23%	-60%	(24,922)	(11,811)	-53%
Staff Costs	(582)	(1,132)	(1,079)	-5%	85%	(1,607)	(2,211)	38%
Other expenditure	(1,829)	(1,270)	(2,137)	68%	17%	(3,406)	(3,407)	0%
Total expenditure	(15,274)	(9,058)	(8,372)	-8%	-45%	(29,936)	(17,431)	-42%
EBITDA	22,170	7,440	9,137	23%	-59%	45,614	16,577	-64%
EBITDA %	59.2%	45.1%	52.2%	7.1%	-7.0%	60.4%	48.7%	-11.6%
Other income	958	961	594	-38%	-38%	1,315	1,555	18%
Interest	(469)	(2,874)	(2,486)	-13%	430%	(1,010)	(5,360)	431%
Depreciation	(505)	(734)	(766)	4%	52%	(1,051)	(1,500)	43%
PBT	22,154	4,793	6,480	35%	-71%	44,868	11,273	-75%
Provision for taxation	(3,225)	(916)	(2,364)	158%	-27%	(6,993)	(3,280)	-53%
Provision for deferred taxation	412	(77)	446	-679%	8%	414	369	-11%
Tax	(2,813)	(993)	(1,918)	93%	-32%	(6,579)	(2,911)	-56%
Tax Rate	13%	21%	30%	9%	17%	14.7%	25.8%	11%
Minority	(75)	165	(123)	-175%	64%	(182)	42	-123%
Associates	87	(6)	4	-166%	-96%	(114)	(2)	-98%
PAT pre excep	19,353	3,959	4,443	12%	-77%	37,993	8,402	-78%
Prior period expense			(47)					
PAT post excep	19,353	3,959	4,396	11%	-77%	37,993	8,355	-78%
PAT Margin	52%	24%	25%	1%	-26%	50%	25%	-26%
EPS (Rs)	11.4	2.3	2.6	12%	-77%	22.3	4.9	-78%

Source: Company reports and J.P. Morgan.

Price Target and valuations

We maintain our SOTP based Mar-10 PT of Rs 440 implying a multiple of 2.6x FY11E P/B. Key risk to our PT is 1) A slower than anticipated FY11 recovery in the commercial market and 2) A sudden and material derating of the overall macro fundamentals in India.

Table 5: NAV assuming sale / lease till FY13 and remaining at market value of land

Alternative valuations	FY10	Per share
NPV of sale/ lease till FY13	231,345	136
Rented Assets Capitalised	82,727	49
Estimated Mkt Value of other land	455,159	268
Total Asset Valuation	769,232	453
DAL receivables	26,000	15
Hotels business at 1X investment value	37,000	22
Net debt	(90,851)	(54)
Total	741,381	437

Source: Company reports and J.P. Morgan estimates.

DLF: Summary of Financials

Profit and Loss statement					Cash flow statement				
Rs in millions, year-end Mar	FY08	FY09	FY10E	FY11E		FY08	FY09	FY10E	FY11E
Revenues	144,331	100,354	73,966	93,209	EBIT	96,206	53,512	29,028	38,775
% change Y/Y	447%	-30%	-26%	26%	Depreciation & amortisation	901	2,388	3,100	3,400
EBITDA	97,106	55,900	32,128	42,175	Change in working capital	(53,697)	(41,959)	6,003	(11,487)
% change Y/Y	552%	-42%	-43%	31%	Taxes	2,464	3,960	3,107	3,489
EBITDA Margin (%)	67%	56%	43%	45%	Others	(18,299)	(7,228)	(5,381)	(7,749)
EBIT	96,206	53,512	29,028	38,775	Cash flow from operations	27,575	10,674	35,856	26,428
% change Y/Y	572%	-44%	-46%	34%	Capex	(69,153)	(35,387)	21,201	(2,533)
EBIT Margin (%)	67%	53%	39%	42%	Change in investments	(6,446)	(4,832)	(8,083)	-
Net financial income	(636)	(1,588)	(5,493)	(5,611)	Interest	(3,100)	(5,548)	(8,600)	(9,100)
Earnings before tax	95,570	51,924	23,535	33,163	Free cash flow	(48,023)	(29,545)	48,974	23,895
% change Y/Y	276%	-46%	-55%	41%	Equity raised/ (repaid)	-	-	-	-
Tax	(17,391)	(6,741)	(4,942)	(7,296)	Debt raised/ (repaid)	22,761	41,114	(56,578)	(9,623)
as % of EBT	18%	13%	21%	22%	Dividends paid	(7,979)	(3,836)	-	(1,909)
Net Income (adjusted)	78,088	44,697	18,153	25,415	Beginning cash	4,155	21,421	11,956	15,772
% change Y/Y	304%	-43%	-59%	40%	Ending cash	21,421	11,956	15,772	11,585
Shares Outstanding	1,705	1,705	1,697	1,697					
EPS (adjusted)	45.8	26.2	10.7	15.0					
% change Y/Y	304%	-43%	-59%	40%					
Balance sheet					Ratio Analysis				
	FY08	FY09	FY10E	FY11E	%, year-end Mar	FY08	FY09	FY10E	FY11E
Cash and cash equivalents	21,421	11,956	15,772	11,585	EBITDA margin	67%	56%	43%	45%
Accounts receivable	19,780	21,648	25,978	29,875	EBIT margin	67%	53%	39%	42%
Inventories	94,544	109,282	106,754	104,663	Net profit margin	54%	45%	25%	27%
Others	130,255	173,337	141,617	138,767					
Current assets	266,001	316,224	290,121	284,889	Sales growth	447%	-30%	-26%	26%
Total Investments	9,102	14,025	22,608	23,108	Net profit growth	304%	-43%	-59%	40%
Net fixed assets	100,031	136,006	117,905	123,838					
Liabilities	43,323	41,404	44,209	31,527	Interest coverage (x)	0.0	0.1	0.3	0.2
Provisions	29,518	36,840	36,840	36,840	Net debt to total capital	0.3	0.4	0.2	0.2
Total current liabilities	72,841	78,244	81,048	68,366	Reported Net debt to equity	0.5	0.6	0.3	0.3
Total assets	323,224	410,662	372,237	386,120	Sales/assets	0.4	0.2	0.2	0.2
Total debt	122,087	163,201	106,623	97,000	Assets/equity	1.6	1.7	1.4	1.4
Other liabilities	4,254	5,922	5,922	5,922	ROE	67%	20%	7%	9%
Total liabilities	126,341	169,123	112,545	102,922	ROCE	35%	14%	7%	9%
Shareholders' equity	196,883	241,538	259,692	283,197					
BVPS	115.5	141.7	152.3	166.1					

Source: Company reports and J.P. Morgan estimates.

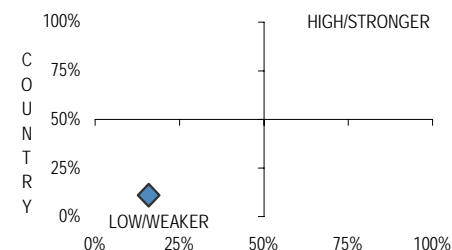
All Data As Of 30-Oct-09

Q-Snapshot: DLF Ltd.

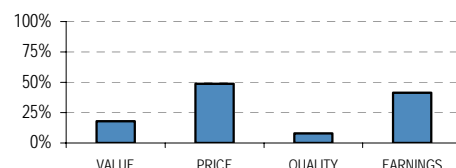
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

Score 0% (worst) to 100% (best)	vs Country	vs Industry	Raw Value
Value			
P/E Vs Market (12mth fwd EPS)	15%	10%	1.7x
P/E Vs Sector (12mth fwd EPS)	9%	5%	2.0x
EPS Growth (forecast)	64%	67%	26.8%
Value Score	18%	13%	
Price Momentum			
12 Month Price Momentum	43%	53%	86.0%
1 Month Price Reversion	65%	82%	-5.6%
Momentum Score	49%	67%	
Quality			
Return On Equity (forecast)	31%	67%	13.0%
Earnings Risk (Variation in Consensus)	7%	7%	0.34
Quality Score	8%	14%	
Earnings & Sentiment			
Earnings Momentum 3mth (risk adjusted)	48%	46%	32.2
1 Mth Change in Avg Recom.	18%	17%	-0.10
Net Revisions FY2 EPS	67%	66%	33%
Earnings & Sentiment Score	41%	38%	
COMPOSITE Q-SCORE* (0% To 100%)	11%	16%	

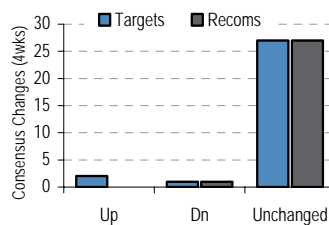
J.P. Morgan Composite Q-Score



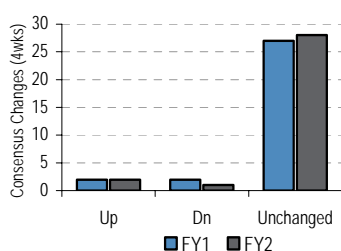
Quant Return Drivers Summary (vs Country)



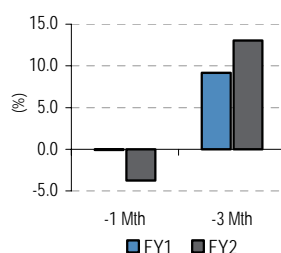
Targets & Recommendations**



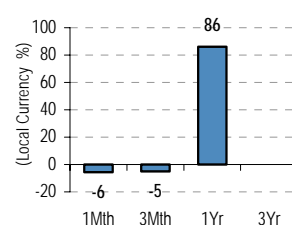
EPS Revisions**



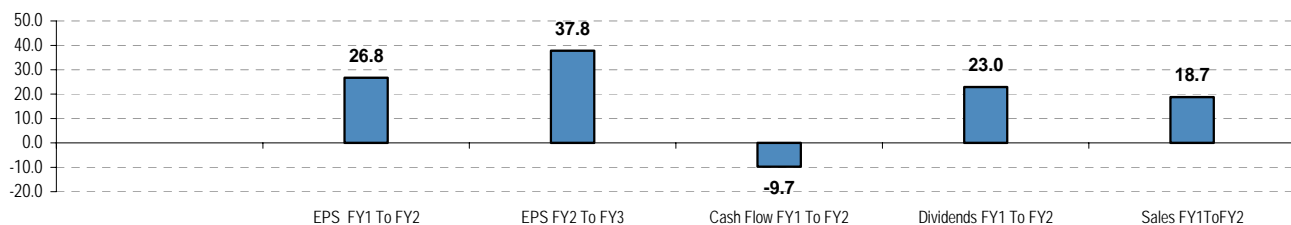
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

Code	Name	Industry	USD MCAP	ADV	PE FY1	Q-Score*
532174-IN	ICICI Bank Ltd.	Regional Banks	19,227	24.02	22.3	60%
530965-IN	Indian Oil Corp. Ltd.	Oil Refining/Marketing	16,623	1.75	10.1	43%
500010-IN	Housing Development Finance Corp. Ltd.	Finance/Rental/Leasing	16,196	5.84	28.1	39%
500113-IN	Steel Authority of India Ltd.	Steel	15,002	5.21	12.2	59%
500180-IN	HDFC Bank Ltd.	Regional Banks	14,747	3.51	25.5	37%
532868-IN	DLF Ltd.	Real Estate Development	14,581	28.88	30.6	11%
532286-IN	Jindal Steel & Power Ltd.	Steel	13,862	13.82	18.1	80%
500696-IN	Hindustan Unilever Ltd.	Household/Personal Care	12,954	2.52	26.1	49%
500900-IN	Sterilite Industries (India) Ltd.	Miscellaneous Manufacturing	11,493	11.16	17.4	81%
532792-IN	Cairn India Ltd.	Oil & Gas Production	10,966	3.49	39.6	57%
532898-IN	Power Grid Corp. of India Ltd.	Electric Utilities	9,635	2.01	20.9	10%

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/gsnapshot/>. Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.'

Q-Snapshots are based on consensus data and should not be considered as having a direct relationship with the J.P. Morgan analysts' recommendation. * The Composite Q-Score is calculated by weighting and combining the 10 Quant return drivers shown. The higher the Q-Score the higher the one month expected return. On a 14 Year back-test the stocks with the highest Q-Scores have been shown (on average) to significantly outperform those stocks with the lowest Q-Scores in this universe. ** The number of up, down and unchanged target prices, recommendations or EPS forecasts that make up consensus.

DLF Limited: Summary of Financials

Profit and Loss Statement					Cash flow statement				
Rs in millions, year end Mar	FY09	FY10E	FY11E	FY12E	Rs in millions, year end Mar	FY09	FY10E	FY11E	FY12E
Revenues	100,354	73,966	93,209	-	EBIT	53,512	29,028	38,775	-
% change Y/Y	(28.9%)	(26.1%)	25.5%	-	Depr. & amortization	2,388	3,100	3,400	-
EBIT	53,512	29,028	38,775	-	Change in working capital	-41,959	6,003	-11,487	-
% change Y/Y	NM	NM	33.6%	-	Tax	-6,741	-4,942	-7,296	-
EBIT margin (%)	51.3%	37.7%	40.1%	-	Cash flow from operations	10,674	35,856	26,428	-
Net Interest	-	-	-	-	-	-	-	-	-
Earnings before tax	51,924	23,535	33,163	-	Capex	-35,387	21,201	-2,533	-
% change Y/Y	-45.7%	-54.7%	40.9%	-	Disposal/(purchase)	-	-	-	-
Tax	-6,741	-4,942	-7,296	-	Net Interest	-5,548	-8,600	-9,100	-
as % of EBT	107.7%	136.5%	127.2%	-	Free cash flow	-24,713	57,057	23,895	-
Net income (reported)	44,697	18,153	25,415	-	-	-	-	-	-
% change Y/Y	-42.8%	-59.4%	40.0%	-	Equity raised/(repaid)	-	-	-	-
Core net profit	44,697	18,153	25,415	-	Debt raised/(repaid)	-	-	-	-
% change Y/Y	-42.8%	-59.4%	40.0%	-	Other	-	-	-	-
Shares outstanding	1,705	1,697	1,697	-	Dividends paid	-3,836	0	-1,909	-
EPS (reported)	26.22	10.70	14.98	-	Beginning cash	-	-	-	-
% change Y/Y	(42.8%)	(59.2%)	40.0%	-	Ending cash	-	-	-	-
Core EPS	26.22	10.70	14.98	-	DPS	2.00	0.00	1.00	-
% change Y/Y	-42.8%	-59.2%	40.0%	-	-	-	-	-	-
Balance sheet					Ratio Analysis				
Rs in millions, year end Mar	FY09	FY10E	FY11E	FY12E	Rs in millions, year end Mar	FY09	FY10E	FY11E	FY12E
Cash and cash equivalents	11,956	15,772	11,585	-	EBIT Margin	51.3%	37.7%	40.1%	-
Accounts receivable	118,768	118,098	118,994	-	Operating margin	51.30%	37.66%	40.10%	-
Inventories	109,282	106,754	104,663	-	Net margin	42.8%	23.6%	26.3%	-
Others	76,217	49,497	49,647	-	-	-	-	-	-
Current assets	316,224	290,121	284,889	-	Sales per share growth	(28.9%)	(25.8%)	25.5%	-
-	-	-	-	-	Sales growth	(28.9%)	(26.1%)	25.5%	-
LT investments	14,025	22,608	23,108	-	Net profit growth	-42.8%	-59.4%	40.0%	-
Net fixed assets	136,006	117,905	123,838	-	EPS growth	(42.8%)	(59.2%)	40.0%	-
Total Assets	488,905	453,285	454,486	-	-	-	-	-	-
-	-	-	-	-	Interest coverage (x)	-	-	-	-
Liabilities	-	-	-	-	Net debt to total capital	-	-	-	-
ST Loans	-	-	-	-	Net debt to equity	-	-	-	-
Payables	-	-	-	-	Sales/assets	0.24	0.16	0.21	-
Others	78,244	81,048	68,366	-	Assets/equity	1.95	1.93	1.58	-
Total current liabilities	78,244	81,048	68,366	-	ROE	20.4%	7.2%	9.3%	-
Long-term debt	163,201	106,623	97,000	-	ROCE	14.8%	7.5%	10.3%	-
Other liabilities	-414	-414	-414	-	-	-	-	-	-
Total Liabilities	241,031	187,257	164,952	-	-	-	-	-	-
Minorities	6,336	6,336	6,336	-	-	-	-	-	-
Shareholders' equity	241,538	259,636	287,737	-	-	-	-	-	-
BVPS	141.68	153.00	169.56	-	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.

Other Companies Recommended in This Report (all prices in this report as of market close on 30 October 2009)

Ascendas India Trust (AINT.SI/S\$0.93/Overweight)

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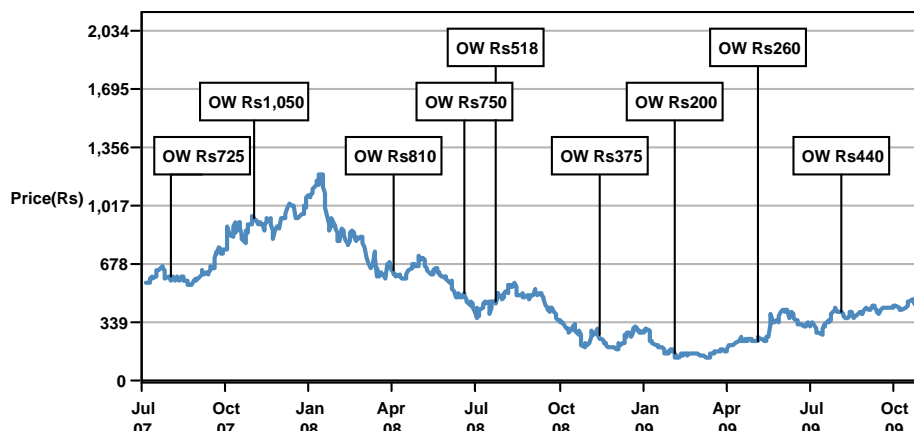
Ascendas India Trust (AINT.SI) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
10-Sep-07	OW	1.51	1.86
24-Oct-07	OW	1.39	1.94
21-Jan-08	OW	1.13	1.54
02-May-08	OW	1.18	1.65
16-Jun-08	OW	1.04	1.36
21-Jul-08	OW	0.79	1.02
02-Oct-08	OW	0.52	0.85
28-Apr-09	OW	0.51	0.72
30-Jul-09	OW	0.84	0.95

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Sep 10, 2007. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

DLF Limited (DLF.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
01-Aug-07	OW	611.70	725.00
01-Nov-07	OW	948.80	1050.00
01-Apr-08	OW	646.50	810.00
18-Jun-08	OW	505.90	750.00
21-Jul-08	OW	463.40	518.00
12-Nov-08	OW	267.65	375.00
03-Feb-09	OW	153.20	200.00
04-May-09	OW	233.75	260.00
03-Aug-09	OW	405.65	440.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Aug 01, 2007. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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IB clients*	76%	72%	56%

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