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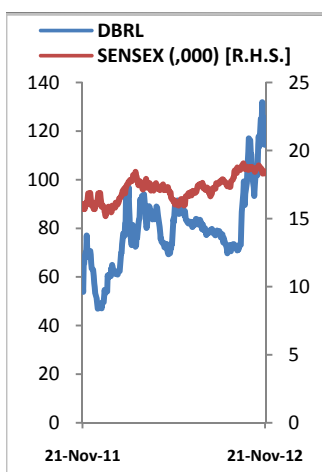
Q2FY13 Quarterly Result Highlights:

Stock information

Sector:	Real Estate
CMP	₹128.0
Target Price:	₹173.6
Upside Potential:	35.6%
BSE Code	533160
NSE Code	DBREALTY
Bloomberg	DBRL.IN
Reuters	DBRL.BO
Mkt cap (mn)	₹31142.4
Equity shares(mn)	243.3
Face Value(₹)	10
52Weeks H/L	135.3/45.1
Sensex	18506.6
Nifty	5626.6

Shareholding as on 30th September 2012 (%)

Promoters	62.6
Mutual Funds/UTI	0.5
FII's	4.0
FI/ Banks/ VC	0.6
Bodies Corporate	6.2
Foreign Corporate	21.5
Public	3.4
Others	1.2



□ In Q2FY13, DB Realty Ltd (DBRL) reported consolidated revenue of ₹527.5 mn, registering a significant decline of 68.4% on Y-o-Y basis and by 37.9% on sequential basis. The decline in revenue mainly due to slowdown in sales, increasing interest rates, delayed approvals coupled with an increase in input cost during last three quarters. For H1FY13, DBRL reported a consolidated revenue of ₹1376.7 mn, which was substantially down by 64.5% on Y-o-Y basis. The difficult macro-economic environment also had significant impact on profits of the company.

□ In Q2FY13, DBRL registered a consolidated EBITDA of ₹47.8 mn which declined by 66.1% on Y-o-Y basis. During the quarter, DBRL's EBITDA margin stood at 9.1% against 8.4% in Q2FY12. However in H1FY13, the company reported operating profit of ₹122.5 mn against the operating loss of ₹186.4 mn in H1FY12 (mainly on account of delay in projects which led to sharp increase in operating cost).

□ DBRL's consolidated net profit in Q2FY13 stood at ₹96.8 mn with net profit margin of 18.4% Vs. 7.9% in Q2FY12. For H1FY13, the consolidated net profit margin stood 5.5% Vs. 14.0% in same period previous year.

□ As per the management update, DBRL's DB Woods, Goregaon and Orchid suburbia, Kandivali are expected to be completed by March 2013. The management has also mentioned that, all other DB Realty projects are on schedule and the company remain committed to completion and delivery of its projects within stipulated time frames. The company expects an uptake in next six months in project executions and sale.

□ During the quarter, the company has appointed new CEO Mr. Vipul Bansal and is planning to streamline the management team to get faster execution of projects and key decisions. DBRL is looking to launch 10 new projects in Mumbai and completion of two ongoing project in next 6 months. The company is also planning to leverage 36 prime land plots which it own in Mumbai City. As per the sources, DBRL is also in the process of re-branding 7 of its 'Orchid' projects to have better brand recall.

Valuation:

At CMP of ₹128.0, the stock is trading at significant discount compared to other peers in the industry. We revise DBRL's **price target to ₹174/ share** (which is at 15% discount to our FY14E calculated NAV, factoring the project & approval delays) with '**BUY**' rating on DBRL (from earlier 'cautious').

Risks: slowdown in DBRL's sales, project execution delays in residential projects and adverse real estate market conditions, Corporate governance practices.

	Revenue (₹ mn)	EBITDA (₹ mn)	EBITDA Margins (%)	PAT (₹ mn)	Net Margins (%)	EPS (₹)	EV/EBITDA (x)	ROE (%)
FY10	9512.1	3655.3	38.4	2519.8	26.5	11.8	1.0	8.9
FY11	12686.9	3544.9	27.9	2987.0	23.5	12.3	0.9	9.2
FY12*	5908.6	203.7	3.4	863.6	14.6	3.6	12.5	2.8
FY13E	2954.3	354.5	12.0	254.3	9.9	1.2	9.6	0.9
FY14E	3929.2	707.3	18.0	466.4	12.4	2.0	4.0	1.4

KC Research Reports are also available on Reuters, Thomson publishers, myiris.com and Bloomberg KCSL <GO>



Q2FY13 Quarterly Financial Result Analysis- Consolidated (₹ in mn):

DESCRIPTION	Y-o-Y (%)			Q-o-Q (%)		Y-o-Y (%)		
	Q2FY13	Q2FY12	Change	Q1FY13	Change	H1FY13	H1FY12	Change
Net Sales	527.5	1668.4	-68.4	849.2	-37.9	1376.7	3883.4	-64.5
Project Expenses	488.9	1630.5	-70.0	768.6	-36.4	1257.5	2975.5	-57.7
(Increase) / Decrease In Inventories	-135.2	-234.5	-42.4	-108.5	24.5	-243.7	791.6	-130.8
Employee Benefit Expense	44.3	57.0	-22.3	37.4	18.4	81.8	112.8	-27.5
Legal & Professional Expenses	11.7	6.0	94.3	11.7	0.2	23.4	23.9	-2.3
Advertisement & Publicity	7.0	40.7	-82.8	14.0	-49.8	21.0	80.4	-73.9
Other Expense	62.9	27.8	126.2	51.3	22.5	114.2	85.7	33.3
Total Expenditure	479.7	1527.5	-68.6	774.5	-38.1	1254.2	4069.9	-69.2
PBITD (Excl OI)	47.8	140.9	-66.1	74.8	-36.1	122.5	-186.4	-165.7
EBITDA Margin (%)	9.1%	8.4%	-	8.8%	-	8.9%	-4.8%	-
Other Income	78.2	114.2	-31.5	57.4	36.4	135.6	904.5	-85.0
Operating Profit	126.0	255.1	-50.6	132.1	-4.7	258.1	718.1	-64.1
Interest	22.3	42.0	-47.1	12.3	80.7	34.6	82.5	-58.1
PBDT	103.7	213.0	-51.3	119.8	-13.4	223.6	635.6	-64.8
Depreciation & Amortization	39.5	14.0	182.1	39.6	-0.2	79.1	34.1	131.7
PBT	64.2	199.0	-67.7	80.2	-19.9	144.5	601.5	-76.0
Exceptional Items	0.0	0.0	-	-0.1	-100.0	-0.1	0.0	-
PBT (aft. Eis)	64.2	199.0	-67.7	80.2	-19.9	144.4	601.5	-76.0
Tax	-27.0	43.8	-161.7	43.8	-161.6	16.8	138.8	-87.9
Net Profit	91.2	155.3	-41.2	36.5	150.2	127.7	462.7	-72.4
Prior Period Item	0.0	0.0	-	55.3	-	55.3	0.0	-
Extraordinary Item (Net of Tax)	0.0	0.0	-	0.0	-	0.0	0.0	-
Net Profit (After EI)	91.2	155.3	-41.2	-18.9	-582.8	72.3	462.7	-84.4
Consolidated Net Profit (aft. Minority Int.)	96.8	132.2	-26.7	-20.7	-567.6	76.1	543.6	-86.0
Net Profit Margin (%)	18.4%	7.9%	-	-2.4%	-	5.5%	14.0%	-
EPS	0.4	0.5	-25.9	-0.1	-544.4	0.3	2.2	-86.1

Q2FY13 Quarterly Financial Result Analysis- Standalone (₹ in mn):

DESCRIPTION	Y-o-Y (%)			Q-o-Q (%)		Y-o-Y (%)		
	Q2FY13	Q2FY12	Change	Q1FY13	Change	H1FY13	H1FY12	Change
Net Sales	-17.4	153.4	-111.4	-14.9	17.0	-32.3	573.3	-105.6
Project Expenses	19.4	32.1	-39.5	32.3	-39.8	51.7	71.5	-27.8
(Increase) / Decrease In Inventories	-19.6	-32.4	-39.4	-32.5	-39.6	-52.1	6.3	-921.8
Employee Benefit Expense	8.1	38.6	-79.0	10.2	-20.9	18.3	76.7	-76.1
Legal & Professional Expenses	3.8	1.1	258.0	4.5	-16.4	8.3	11.8	-29.5
Advertisement & Publicity	0.4	6.0	-93.1	2.1	-80.2	2.5	25.7	-90.2
Other Expense	21.6	9.3	131.9	9.8	121.8	31.4	26.3	19.2
Total Expenditure	33.7	54.7	-38.4	26.4	27.7	60.1	218.4	-72.5
PBITD (Excl OI)	-51.1	98.6	-151.8	-41.3	23.9	-92.4	354.9	-
EBITDA Margin (%)	-	64.3%	-	-	-	-	61.9%	-
Other Income	60.2	80.5	-25.3	51.3	17.2	111.5	731.4	-84.8
Operating Profit	9.0	179.1	-95.0	10.1	-10.0	19.1	1086.3	-98.2
Interest	17.0	17.1	-0.5	14.2	20.2	31.2	39.9	-21.9
PBDT	-8.0	162.0	-104.9	-4.1	94.2	-12.1	1046.4	-101.2
Depreciation & Amortization	8.3	15.6	-47.2	8.3	0.2	16.5	31.5	-47.6
PBT	-16.2	146.4	-111.1	-12.4	31.4	-28.6	1014.8	-102.8
Tax	-33.8	-41.1	-17.8	5.4	-728.4	-28.4	-41.1	-30.9
Net Profit	17.5	187.5	-90.7	-17.7	-198.7	-0.2	1055.9	-100.0
Net Profit Margin (%)	-	122.2%	-	-	-	0.7%	184.2%	-
EPS	0.1	0.8	-	-0.1	-	0.0	4.3	-

Source: KC Research, ACE Equity, Company

**Income Statement- Consolidated (₹ in mn):**

Particulars	FY10	FY11	FY12	FY13E	FY14E
Revenue	9512.1	12686.9	5908.6	2954.3	3929.2
Revenue Growth (%)	104.8%	33.4%	-53.4%	-50.0%	33.0%
Total Operating Expenses	5856.8	9142.0	5704.9	2599.8	3222.0
EBITDA	3655.3	3544.9	203.7	354.5	707.3
EBITDA margin	38.4%	27.9%	3.4%	12.0%	18.0%
Other Income	291.3	585.5	1046.5	837.2	920.9
Gross Profit	3946.6	4130.4	1250.2	1191.7	1628.2
Interest	726.1	654.3	71.3	727.0	872.5
EBDT	3220.5	3476.1	1178.9	464.7	755.7
Depreciation	95.5	69.8	77.6	102.7	140.7
PBT	3125.0	3406.3	1101.3	361.9	615.1
Tax	413.3	385.3	159.9	68.8	129.2
Net Profit	2711.7	3020.9	941.4	293.2	485.9
Extraordinary Items	-191.9	-33.9	-77.8	-38.9	-19.5
Adj. Net Profit	2519.8	2987.0	863.6	254.3	466.4
Net Profit Margin	26.5%	23.5%	14.6%	9.9%	12.4%
EPS	11.8	12.3	3.6	1.2	2.0

Balance Sheet Statement- Consolidated(₹ in mn):

Particulars	FY10	FY11	FY12*	FY13E	FY14E
Sources Of Funds					
Equity Share Capital	2432.6	2432.6	2432.6	2432.6	2432.6
Reserves	28053.9	30549.3	31181.1	31175.7	33183.3
Networth	30486.5	32981.9	33613.7	33608.3	35615.9
Minority Interest	744.8	786.0	946.5	946.5	757.2
Total Debt	5948.4	4655.5	4847.0	4847.0	5260.8
Total Liabilities	37179.7	38423.3	38460.6	38455.3	40876.7
Application Of Funds					
Gross Block	310.1	453.7	181.8	236.3	294.7
Less: Accum. Depreciation	128.6	199.4	277.0	379.8	520.4
Net Block	181.5	254.3	2450.0	2205.0	2403.5
Goodwill on Consolidation	0.0	992.0	2445.0	1956.0	1858.2
Capital Work In Progress (CWIP)	37.3	426.7	0.0	0.0	98.0
Investments	8940.7	2212.8	2934.6	9550.0	4775.0
Inventories	13194.9	19780.6	18431.9	18198.5	22553.7
Sundry Debtors	3057.9	4604.5	2920.0	1536.2	1886.0
Cash and Bank Balance	860.2	615.1	79.9	1284.4	7577.2
Total Current Assets	17113.0	25102.9	21551.8	21199.1	32233.0
Loans and Advances	18553.6	22419.8	22638.4	10930.9	14145.2
Total CA, Loans & Advances	35666.6	47522.7	44190.2	32130.0	46378.1
Current Liabilities	7387.4	12863.8	12775.2	6929.1	13639.2
Provisions	261.5	125.2	842.0	456.7	898.9
Total CL & Provisions	7648.8	12988.9	13617.1	7385.8	14538.1
Net Current Assets	28017.8	34533.8	30573.1	24744.3	31840.0
Deffered tax assets (Net)	2.5	3.8	57.9	0.0	0.0
Total Assets	37179.7	38423.3	38460.6	38455.3	40876.7



Cash Flow Statement- Consolidated (₹ in mn):

Cash Flow Summary	FY10	FY11	FY12	FY13E	FY14E
Opening Cash and Cash Equivalents	758.3	717.2	408.5	79.9	1284.4
Net Profit before Tax & Extraordinary Items	3125.0	3406.3	1080.0	361.9	615.1
Total Adjustments (PBT & Extraordinary Items)	818.7	523.3	-249.2	829.8	1013.1
Op. Profit before Working Capital Changes	3943.6	3929.5	830.8	1191.7	1628.2
Adjustment For:					
Trade & other receivables	-2631.9	-1546.6	1779.0	1383.8	-349.8
Inventories	-2616.9	-6625.2	267.8	233.4	-4355.2
Loans & Advances	-6111.6	-1373.1	6550.1	11707.4	-3214.3
Other current assets	-4.7	-61.9	-125.8	0.0	0.0
Otherscur. Liabilities& pro.	4230.8	5499.4	481.4	-5846.1	6710.1
Total (OP before Working Capital Changes)	-7134.3	-4107.4	8952.5	7478.5	-1209.2
Tax Paid	-413.3	-551.7	81.8	-68.8	-129.2
Cash Generated from/(used in) Operations	-3603.9	-729.6	9865.1	8601.5	289.8
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Net Cash from Operating Activities	-3603.9	-729.6	9865.1	8601.5	289.8
Purchased of Fixed Assets(net)	-9.1	-529.2	-891.2	-54.6	-58.3
Financial/Capital Investment/ Acquisition of JV :	0.0	-2655.4	-794.9	0.0	0.0
Purchase/sale of Investments(net)	-8938.7	7797.5	-7724.6	-6615.4	4775.0
Interest Received	0.0	32.8	49.9	0.0	0.0
Dividend Received	0.0	178.4	8.8	0.0	0.0
Advance from Share purchase	0.0	-2456.0	600.0	0.0	0.0
Net Cash Used in Investing Activities	-8947.8	2368.0	-8752.0	-6670.0	4716.7
Proceeds from Issue of shares /pref.	19788.5	-99.3	-0.1	0.0	0.0
Proceed from Other Long Term Borrowings	-6408.6	-956.0	-1431.2	0.0	-260.1
Of the short term Borrowings	0.0	-230.6	58.5	0.0	673.9
Interest Paid	-726.1	-661.3	-68.8	-727.0	872.5
Net Cash Used in Financing Activities	12653.8	-1947.1	-1441.6	-727.0	1286.3
Net Inc/(Dec) in Cash and Cash Equivalent	102.1	-308.7	-328.6	1204.5	6292.8
Cash and Cash Equivalents at End of the year	860.3	408.5	79.9	1284.4	7577.2

Key Valuation Ratios:

Valuation Ratio	FY10	FY11	FY12E	FY13E	FY14E
Operating Margin (%)	38.4	27.9	3.4	12.0	18.0
Net Margin (%)	26.5	23.5	14.6	9.9	12.4
Debt/ Equity (x)	0.2	0.1	0.1	0.1	0.1
ROE (%)	8.9	9.2	2.8	0.9	1.4
EV/EBITDA (x)	1.0	0.9	12.5	9.6	4.0
EV/Sales (x)	0.4	0.3	0.4	1.2	0.7
EPS (Rs)	11.8	12.3	3.6	1.2	2.0

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