

Outlook and Recommendation

DLF is well positioned to benefit from the ongoing recovery in property demand. The company has also scaled up its projects under construction to 56msf as on 31st March 2010. This is likely to result into strong earnings growth for the next 2-3 years thus easing the debt equity ratio.

DLF is uniquely positioned to leverage long-term opportunities in India. It has a significant presence in key cities and market leadership across segments. DLF has been quick to change gears in favor of high volume mid-income housing strategy and high value generating city-centric projects.

At the CMP of Rs 301 the stock is trading at 14 times its FY12 earnings of Rs 21.5. In view of strong earnings cycle for the next 2-3 years and a possible REIT listing at attractive valuation, the stock is a good value buying proposition.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

DLF Ltd.	Q1FY11	Q1FY10	% Chg.	Q1FY11	Q4FY10	% Chg.	FY201003	FY200903	% Chg.
Net Sales	2028.5	1649.9	23.0	2028.5	1994.4	1.7	7422.9	10035.4	-26.0
Other operational Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Oper. Income(TOI)	2028.5	1649.9	23.0	2028.5	1994.4	1.7	7422.9	10035.4	-26.0
Raw Materials Cons.-	733.7	665.6	10.2	733.7	607.1	20.8	2579.5	3229.5	-20.1
% to TOI	36.2%	40.3%	-	36.2%	30.4%	-	34.8%	32.2%	-
Stock adj. (-)Inc / (+)Dec-	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
% to TOI	0.0%	0.0%	-	0.0%	0.0%	-	0.0%	%	-
Net Raw Mat adj. for stock	733.7	665.6	10.2	733.7	607.1	20.8	2579.5	3229.5	-20.1
% to TOI	36.2%	40.3%	-	36.2%	30.4%	-	34.8%	32.2%	-
Other expenses	186.3	127.0	46.7	186.3	268.2	-30.5	865.0	755.0	14.6
% to TOI	9.2%	7.7%	-	9.2%	13.5%	-	11.7%	7.5%	-
Contribution Net_Sales	1108.6	857.3	29.3	1108.6	1119.1	-0.9	3978.3	6050.9	-34.3
Personnel	129.0	113.2	14.0	129.0	119.1	8.4	466.8	453.7	2.9
% to TOI	6.4%	6.9%	-	6.4%	6.0%	-	6.3%	4.5%	-
Total expenditure	1049.0	905.7	15.8	1049.0	994.4	5.5	3911.3	4438.2	-11.9
Operating Profit	979.6	744.1	31.6	979.6	1000.0	-2.0	3511.6	5597.2	-37.3
<i>% to TOI</i>	<i>48.3%</i>	<i>45.1%</i>	<i>-</i>	<i>48.3%</i>	<i>50.1%</i>	<i>-</i>	<i>47.3%</i>	<i>55.8%</i>	<i>-</i>
Non-Operating Income	132.1	96.1	37.5	132.1	151.8	-13.0	428.0	396.0	8.1
Interest	388.4	287.4	35.2	388.4	314.7	23.4	1110.0	554.8	100.1
Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Gross Profit	723.2	552.8	30.8	723.2	837.1	-13.6	2829.6	5438.4	-48.0
Depreciation	149.8	73.4	104.1	149.8	94.7	58.2	324.9	238.8	36.1
PBT before Extra-ord	573.4	479.4	19.6	573.4	742.4	-22.8	2504.6	5199.6	-51.8
% to TOI	28.3%	29.1%	-	28.3%	37.2%	-	33.7%	51.8%	-
Extraordinary Items	3.2	0.0	0.0	3.2	-87.3	LP	-94.2		-
PBT	576.7	479.4	20.3	576.7	655.1	-12.0	2410.5	5199.6	-53.6
Tax Rate	29.1%	20.7%	-	29.1%	36.1%	-	29.1%	13.1%	-
Prov. for Tax	167.9	99.3	69.0	167.9	236.2	-28.9	702.3	681.3	3.1
% to TOI	8.3%	6.0%	-	8.3%	11.8%	-	9.5%	6.8%	-
Profit after Tax	408.8	380.1	7.6	408.8	418.9	-2.4	1708.2	4518.2	-62.2
<i>% to TOI</i>	<i>20.2%</i>	<i>23.0%</i>	<i>-</i>	<i>20.2%</i>	<i>21.0%</i>	<i>-</i>	<i>23.0%</i>	<i>45.0%</i>	<i>-</i>
Minority Interest	-3.1	16.5	PL	-3.1	2.8	PL	10.8	-27.5	LP
PAT (adj. For MI)	411.0	396.0	3.8	411.0	426.4	-3.6	1719.8	4469.6	-61.5
Face Value	2.0	2.0	0.0	2.0	2.0		2.0	2.0	0.0
Equity Share capital	339.5	339.4	0.0	339.5	339.5	0.0	339.5	339.4	0.0
EPS (Rs.)	2.4	2.2	7.5	2.4	2.5	-2.4	10.1	26.6	-62.2
CEPS (Rs.)	3.3	2.7	23.2	3.3	3.0	8.6	12.0	28.0	-57.3

Source: ACE Equity

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