

Estimate change 

TP change 

Rating change 

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	1877.9 / 22.6
52-Week Range (INR)	816 / 337
1, 6, 12 Rel. Per (%)	6/50/96
12M Avg Val (INR M)	2500

Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	62.2	73.8	79.6
EBITDA	19.9	26.7	30.5
EBITDA (%)	32.0	36.2	38.3
PAT	25.5	40.1	44.7
EPS (INR)	10.3	16.2	18.1
EPS Gr. (%)	53.2	42.0	75.5
BV/Sh. (INR)	221.4	239.7	260.6

Ratios

Net D/E	-0.1	-0.1	-0.1
RoE (%)	6.6	9.7	10.0
RoCE (%)	4.2	5.3	5.5
Payout (%)	29.1	18.5	16.6

Valuations

P/E (x)	73.7	46.8	42.0
P/BV (x)	3.4	3.2	2.9
EV/EBITDA (x)	91.9	69.4	60.1
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	74.1	74.1	75.0
DII	5.5	5.3	5.1
FII	15.8	15.9	14.8
Others	4.7	4.9	5.1

CMP: INR759

TP: INR740 (-2%)

Neutral

Record quarter; launch pipeline provides further growth visibility

Pre-sales exceed INR130b guidance with highest ever quarterly sales

- DLF reported its highest-ever pre-sales of INR90.5b in 3QFY4, up 4x YoY/QoQ and 21% above our estimate. The strong performance was driven by three new launches during the quarter, which contributed over INR86b to overall bookings. For 9MFY24, bookings stood at INR133b, doubled YoY, and exceeded the company's full-year guidance of INR130b.
- The company launched the first phase of DLF Privana, Gurugram, which was sold out within 72 hours of launch and clocked bookings of over INR72b. Other launches in Gurugram and Panchkula contributed INR14b of pre-sales.
- In the absence of any new launches, we expect DLF to end FY24 with flat pre-sales of INR154b. However, with projects worth over INR700b slated for launch over the next two-three years, we expect DLF to report a 27% CAGR in pre-sales over FY24-26E to INR250b.
- **Cash flow performance** – Collections hit an all-time high of INR26b, up 80% YoY. However, OCF grew by 45% to INR11b due to higher construction spending. In 9MFY24, DLF collected INR66b and generated INR32b of OCF.
- **P&L performance** – Revenue grew 2% YoY/13% QoQ to INR15b but was 23% below our estimate. EBITDA stood at INR5.1b, up 7% YoY/11% QoQ, leading to a margin of 34% (vs. 32% in 3QFY23). PAT was up 26% YoY at INR6.6b (23% below estimate), driven by higher other income and a 27% increase in JV profit contribution from DCCDL.

DCCDL: on track to exit FY25 at rental run rate of INR51-52b

- Rental income in DCCDL's commercial portfolio increased by 8% YoY to INR11b, driven by a 21% rise in retail income. Office rentals grew 6% YoY.
- Occupancy increased by 200bp YoY to 92% but remained flat YoY. Non-SEZ vacancy was flat at 97%, while SEZ vacancy dropped 100bp to 84%. Post the recent amendment in SEZ Act, DLF has already applied for a floor-wise de-notification of 1.1msf of SEZ space (out of 2.4msf vacant), which will boost occupancy over the next 6-12 months.
- Rentals at two towers (2.3msf) at Downtown Chennai will commence from 1QFY25 and pre-leased Standard Chartered tower (1msf) from 4QFY25. Tower 4 at Downtown Gurugram will contribute to rentals from 1QFY26. After these completions, the rental run rate will rise to INR51-52b.

Key takeaways from the management interaction

- **Launches:** Key project launches for next year include a luxury project in DLF 5, a subsequent phase of Privana, a high-rise project in Chennai, and the first phase of the Mumbai project. Additionally, the company will launch small projects in Goa and Panchkula.

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- **Land purchase:** DLF has acquired 29 acres of land by taking over INR8.5b of debt from erstwhile lenders of IREO developers. The land parcel is located on the Golf Course extension road and has a development potential of 7.5msf. DLF expects to spend INR2500/sft to take the complete ownership of the land. It plans to launch the project in the next 12 months.
- **Guidance and margin:** Launch of 2nd phase of DLF Privana can happen in March. Once the timing is ascertained, company will accordingly provide guidance for FY25. But it will target certain growth over FY24 pre-sales. With higher realizations blended margins will increase to 45-50% versus 35% currently

Valuation and view: Growth trajectory intact but priced in valuations

- We raise our FY25E pre-sales by 46% to INR200b and expect FY26E pre-sales to be INR250b as we incorporate the upcoming launch pipeline. However, we reduce our FY24E/FY25E PAT by 29%/25% to account for lower recognition.
- Its vast land reserves continue to provide growth visibility. However, our assumption of 12-13 years of monetization timeline for its balance 160msf of land bank (including TOD potential) sufficiently incorporates this growth.
- We estimate a 8-10% CAGR in prices across its key markets of Gurugram, New Gurugram, Delhi, and Chandigarh. Based on above assumptions we value the land at INR790b. The current valuation already implies INR 835b of value for its land indicating limited upside potential.
- We incorporate higher realization for its New Gurugram land and tweak our monetization assumption to incorporate its aggressive launch pipeline as indicated by the company. We revise our TP to INR740, indicating 2% downside potential. **Reiterate our Neutral rating.**

Exhibit 1: Strong launch pipeline to help DLFU maintain sales momentum

Y/E March	FY23				FY24E				FY23	FY24E	FY24E Variance 3QE (%/bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	14,416	13,023	14,948	14,561	14,232	13,477	15,213	19,258	56,948	62,180	19,729	-23
YoY Change (%)	26.5	-12.1	-3.5	-5.9	-1.3	3.5	1.8	32.3	-0.4	9.2	32.0	
Total Expenditure	10,280	8,657	10,176	10,577	10,271	8,853	10,103	13,066	39,690	42,293	12,546	
EBITDA	4,137	4,367	4,772	3,984	3,962	4,624	5,110	6,192	17,259	19,887	7,183	-29
Margins (%)	28.7	33.5	31.9	27.4	27.8	34.3	33.6	32.2	30.3	32.0	36.4	-282bps
Depreciation	373	367	386	360	364	370	380	453	1,486	1,566	395	
Interest	1,052	1,069	954	846	849	902	837	907	3,921	3,495	617	
Other Income	747	582	659	1,196	985	1,287	1,223	1,169	3,173	4,664	1,166	
PBT before EO expense	3,458	3,512	4,090	3,974	3,734	4,639	5,115	6,001	15,024	19,490	7,337	-30
PBT	3,458	3,512	4,090	3,974	3,734	4,639	5,115	6,001	15,024	19,490	7,337	-30
Tax	876	910	1,104	1,125	1,014	1,122	1,350	1,417	4,015	4,904	1,849	
Rate (%)	25.3	25.9	27.0	28.3	27.2	24.2	26.4	23.6	33.2	33.2	25.2	
MI & Profit/Loss of Asso. Cos.	2,111	2,169	2,203	2,848	2,541	2,701	2,792	2,862	9,330	10,896	3,003	
Reported PAT	4,692	4,772	5,189	5,696	5,261	6,219	6,557	7,445	20,340	25,482	8,491	-23
Adj PAT	4,692	4,772	5,189	5,696	5,261	6,219	6,557	7,445	20,340	25,482	8,491	
YoY Change (%)	39.2	25.9	-16.7	40.5	12.1	30.3	26.4	30.7	16.6	25.3	63.6	
Margins (%)	32.5	36.6	34.7	39.1	37.0	46.1	43.1	38.7	35.7	41.0	43.0	6bps
Operational Metrics												
Residential												
Pre-sales	20	21	25	85	20	22	90	21	151	154	75	21
Collections	11	13	14	19	16	24	25	26	57	91	21	21
Net Debt	23	21	21	7	1	-1	-12	-12	7	-12	0	

Source: Company, MOFSL

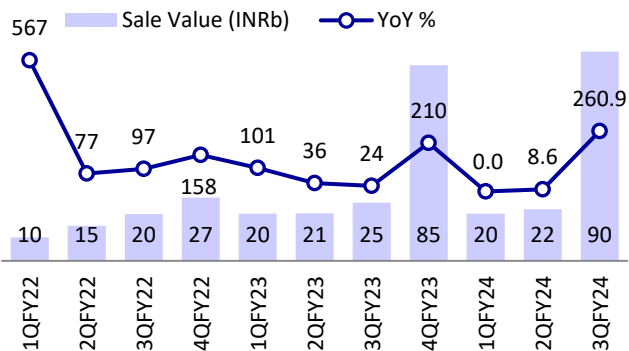
Key exhibits

Exhibit 2: Company has unveiled additional 16msf of pipeline and plans to launch 10msf worth INR320b in FY25

Projects	Initial Guidance		Launched till FY23		Planned FY24		Total till FY24		Planned FY25		Beyond FY25	
	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)
Luxury Segment	10	125	10	152	0	0	10	152	6	242	5	150
Midtown, DLF-GIC JV	8	175	2	44	-	-	2	44	0	0	3	75
Premium/value homes	9	50	5	31	5	84	10	114	4	73	9	150
Commercial	2	25	1	13	1	15	2	28	0	5	0	5
Atrium Place (Hines JV)	3	70			-	-	-	-	0	0	3	70
NOIDA IT Park	4	25			1	7	1	7	0	0	3	19
Total	35	470	18	240	7	105	25	346	10	320	22	469
Cumulative									35	666	57	1134

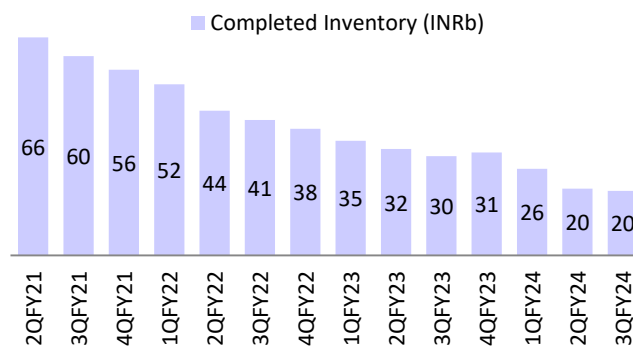
Source: Company, MOFSL

Exhibit 3: DLF clocked sales of INR90b, up 4x YoY



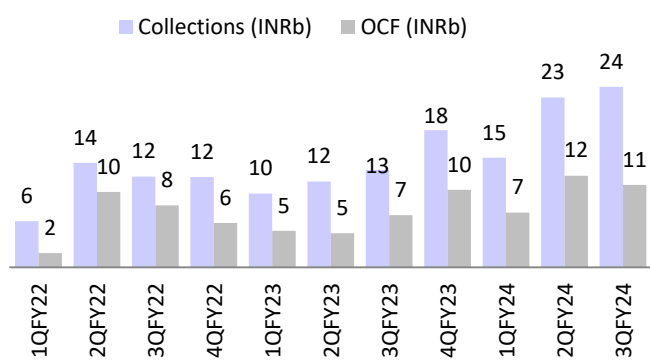
Source: Company, MOFSL

Exhibit 4: Strong demand in the RTM segment led to significant drop in completed inventory



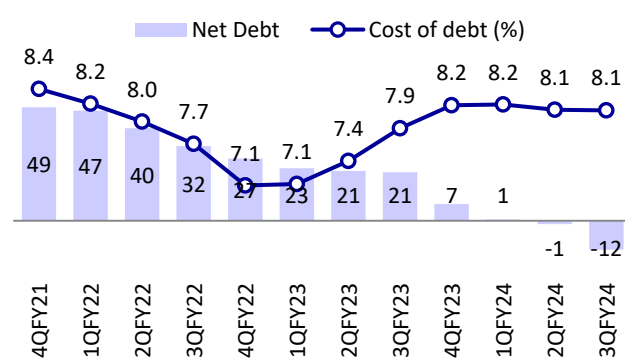
Source: Company, MOFSL

Exhibit 5: Collections doubled YoY



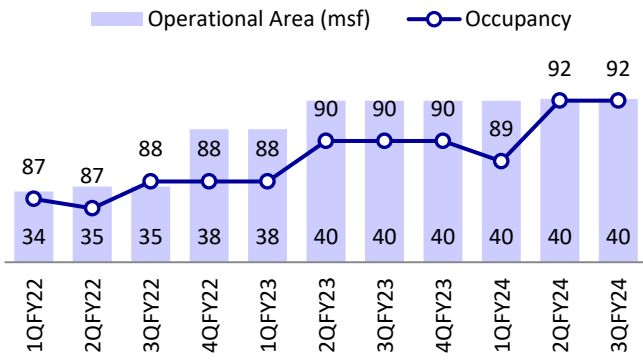
Source: Company, MOFSL

Exhibit 6: DLF's balance sheet has a net cash of INR12b, aided by consistent cash flow generation



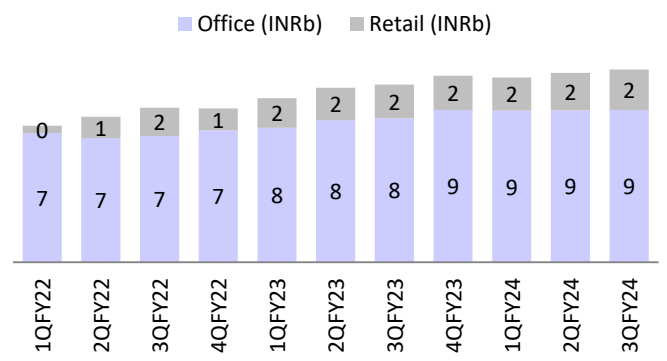
Source: Company, MOFSL

Exhibit 7: Occupancy further improved in annuity portfolio...



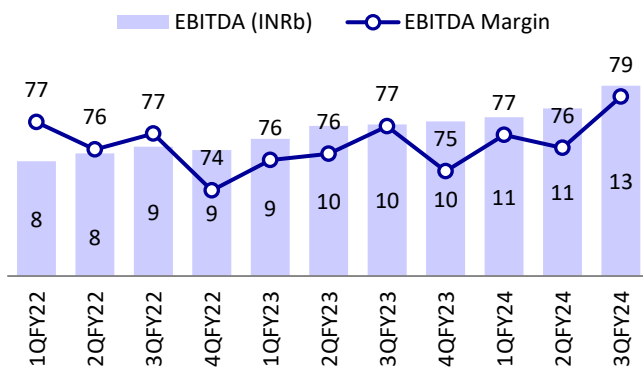
Source: MOFSL, Company

Exhibit 8: ...and rental income continues to grow gradually



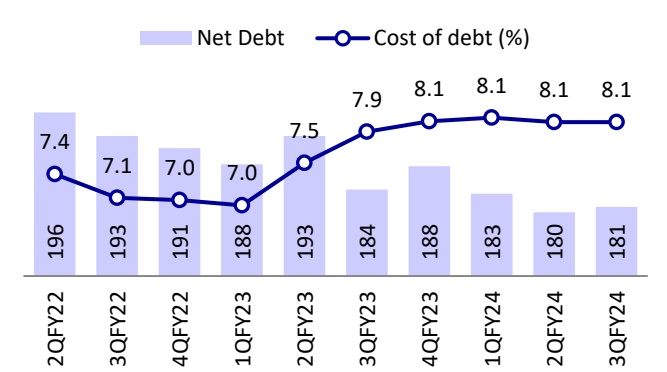
Source: MOFSL, Company

Exhibit 9: EBITDA (excl. CAM) stood at INR1b with steady margins of 759%



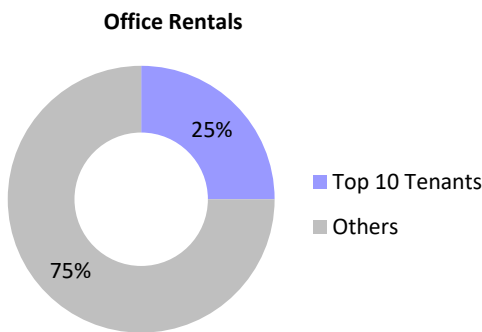
Source: MOFSL, Company

Exhibit 10: The DCCDL portfolio steady debt level of INR180b



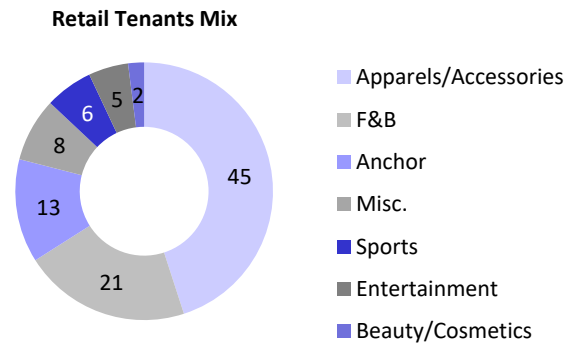
Source: MOFSL, Company

Exhibit 11: DCCDL generates 25% rentals from the top 10 tenants



Source: MOFSL, Company

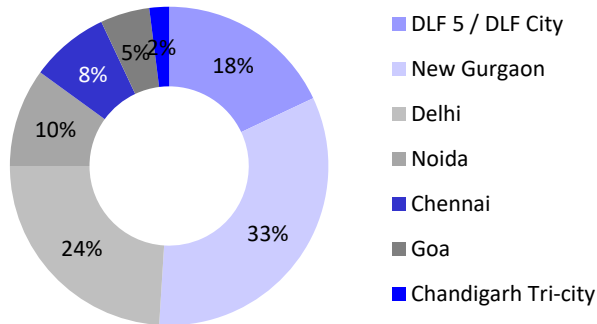
Exhibit 12: Retail portfolio has a diversified tenant mix



Source: MOFSL, Company

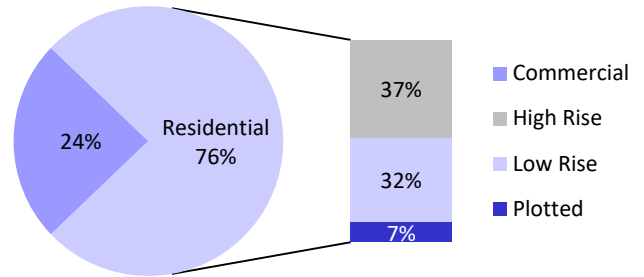
Story in charts

Exhibit 13: Around 85% of its projects are in its home market of Delhi NCR, with launches planned in Chennai, Chandigarh, and Goa



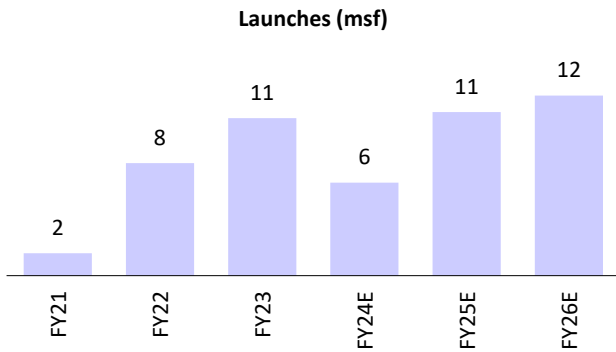
Source: Company, MOFSL

Exhibit 14: Diverse products across fast turnaround low-rise projects as well as flagship premium high-rise projects



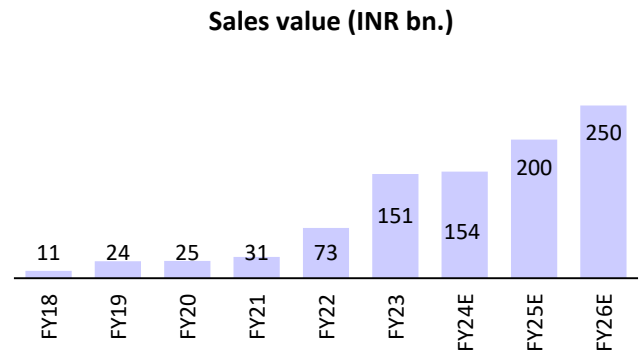
Source: Company, MOFSL

Exhibit 15: DLF will launch 11msf of projects in FY24...



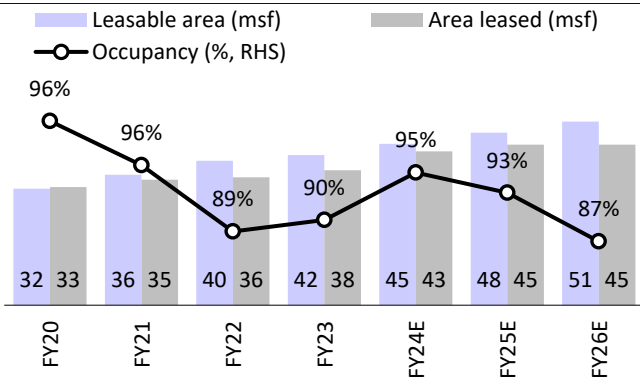
Source: MOFSL, Company

Exhibit 16: ...and we expect it to sustain its sales momentum



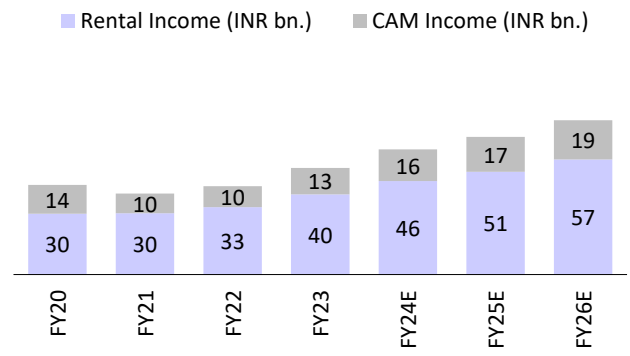
Note: FY25E will be revised post the pipeline visibility beyond FY24
Source: MOFSL, Company

Exhibit 17: Portfolio to expand to ~50msf by FY26



Source: Company, MOFSL

Exhibit 18: Expect rentals to post 11% CAGR to INR57b through FY24-FY26



Source: Company, MOFSL

Exhibit 19: Earnings change summary

(INR m)	Old		New		Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	89,677	93,883	62,180	73,767	-31%	-21%
EBITDA	31,787	34,273	19,887	26,720	-37%	-22%
Adj. PAT	35,779	53,193	25,482	40,083	-29%	-25%
Pre-sales	1,55,028	1,37,015	1,54,233	2,00,394	-1%	46%
Collections	74,510	1,07,269	90,510	1,18,667	21%	11%

Source: MOFSL, Company

Valuation and view

We value DLF using the SoTP-based approach:

- The values of completed, ongoing and upcoming projects and the land bank are derived through the NAV-based approach discounted at WACC of 11.6%.
- The value of the operational portfolio is derived by applying an 8% cap rate on Mar'26E EBITDA.
- The value of the ongoing commercial portfolio is derived through DCF, using WACC of 9.5%, whereas the terminal value is derived by applying an 8% cap rate to steady-state EBITDA.
- Our GAV stands at INR1,926b and post netting off the FY24E debt of INR96b (DLF's share), we arrive at NAV of INR1,830b or INR740/share, indicating a fair valuation. We reiterate our Neutral stance on the stock.

Exhibit 20: Our SoTP-based valuation approach for DLF implies fair valuation

Segment	Rationale	Value (INR b)	Per share	as % of NAV
DLF - Devco		1,250	505	68%
Residential - Completed projects	❖ Inventory of 32bn + Receivables of 6bn - pending construction cost of 1-2bn discounted over two years at WACC of 12.5%	42	17	2%
Upcoming launches	❖ 41msf of launch pipeline with revenue potential of INR 560bn (DLF stake) at 50-55% cash flow margin discounted over 5-6 years at 12.5% WACC	319	129	17%
Commercial - Operational	❖ Mar'26E EBITDA of ~INR2.7bn at cap rate of 8%	41	16	2%
Commercial - Ongoing/Upcoming	❖ Value of upcoming office and retail assets based on DCF at 12.5% WACC	62	25	3%
Land bank - development	❖ Carries a book value of ~INR150bn and recorded in inventory	787	318	43%
DCCDL		675	273	37%
Commercial - Operational	❖ Mar'26E EBITDA of ~INR48bn at cap rate of 8%	474	192	26%
Commercial - Upcoming	❖ Based on DCF with terminal value calculated using rental at stabilized state, discounted using WACC of 10%	36	14	2%
Land bank - DCCDL	❖ Carries a book value of ~INR77bn at DLF stake	166	67	9%
Total GAV		1,926	778	105%
Less: Net debt		(96)	(39)	(5%)
Total NAV		1,830	739	100%
No. of shares (mn)		2475		
NAV per share		740		
CMP		759		
Upside potential		-2%		

Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	60,828	54,141	57,174	56,948	62,180	73,767	79,557
Change (%)	-27.3	-11.0	5.6	-0.4	9.2	18.6	7.8
Total Expenditure	49,478	39,963	39,748	39,690	42,293	47,046	49,061
% of Sales	81.3	73.8	69.5	69.7	68.0	63.8	61.7
EBITDA	11,350	14,178	17,426	17,259	19,887	26,720	30,496
Margin (%)	18.7	26.2	30.5	30.3	32.0	36.2	38.3
Depreciation	2,003	1,595	1,494	1,486	1,566	1,616	1,666
EBIT	9,347	12,583	15,932	15,773	18,321	25,104	28,829
Int. and Finance Charges	14,269	8,534	6,246	3,921	3,495	1,843	2,135
Other Income	8,054	5,308	4,205	3,173	4,664	4,795	5,171
PBT bef. EO Exp.	3,131	9,358	13,891	15,024	19,490	28,056	31,865
EO Items	3,403	-962	-2,244	0	0	0	0
PBT after EO Exp.	6,535	8,396	11,647	15,024	19,490	28,056	31,865
Total Tax	21,327	3,623	3,210	4,015	4,904	7,059	8,017
Tax Rate (%)	326.4	43.2	27.6	26.7	25.2	25.2	25.2
Minority Interest	-8,960	-6,163	-6,567	-9,330	-10,896	-19,086	-20,876
Reported PAT	-5,832	10,936	15,004	20,340	25,482	40,083	44,724
Adjusted PAT	1,872	11,483	16,629	20,340	25,482	40,083	44,724
Change (%)	-85.8	513.4	44.8	22.3	25.3	57.3	11.6
Margin (%)	3.1	21.2	29.1	35.7	41.0	54.3	56.2

Consolidated - Balance Sheet							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	4,951	4,951	4,951	4,951	4,951	4,951	4,951
Total Reserves	3,39,517	3,48,489	3,58,672	3,71,925	3,89,981	4,22,638	4,59,936
Net Worth	3,44,467	3,53,439	3,63,623	3,76,875	3,94,931	4,27,589	4,64,887
Minority Interest	184	203	195	44	44	44	44
Total Loans	81,025	66,634	41,818	33,340	13,259	15,102	17,747
Deferred Tax Liabilities	2,465	5,408	21,416	25,743	25,743	25,743	25,743
Capital Employed	4,28,142	4,25,684	4,27,051	4,36,002	4,33,977	4,68,478	5,08,421
Gross Block	23,642	21,313	21,780	20,434	22,034	23,634	25,234
Less: Accum. Deprn.	7,171	7,730	9,224	10,710	12,276	13,892	15,559
Net Fixed Assets	16,472	13,582	12,556	9,723	9,757	9,741	9,675
Investment Property	25,955	25,545	26,626	28,688	28,688	28,688	28,688
Goodwill on Consolidation	9,443	9,443	9,443	9,443	9,443	9,443	9,443
Capital WIP	887	942	811	611	3,230	5,849	8,467
Total Investments	1,85,658	1,96,455	1,97,795	1,94,811	2,05,707	2,24,794	2,45,670
Curr. Assets, Loans&Adv.	3,20,155	2,86,835	2,77,810	2,96,004	2,95,565	3,32,116	3,66,664
Inventory	2,24,862	2,10,866	2,01,075	1,93,612	1,44,803	1,81,890	1,85,269
Account Receivables	7,204	5,813	5,636	5,492	5,997	7,114	7,673
Cash and Bank Balance	24,204	14,069	9,316	22,747	63,801	39,838	62,343
Loans and Advances	63,884	56,087	61,783	74,152	80,964	1,03,273	1,11,379
Curr. Liability & Prov.	1,30,426	1,07,118	97,988	1,03,278	1,18,413	1,42,152	1,60,186
Account Payables	10,563	12,345	23,229	24,379	27,230	30,290	31,587
Other Current Liabilities	1,18,395	93,727	73,820	78,041	90,161	1,10,650	1,27,291
Provisions	1,469	1,046	940	858	1,022	1,212	1,308
Net Current Assets	1,89,728	1,79,717	1,79,822	1,92,726	1,77,152	1,89,964	2,06,479
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	4,28,142	4,25,684	4,27,051	4,36,002	4,33,977	4,68,478	5,08,421

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)							
EPS	1.0	4.6	6.7	11.4	10.3	16.2	18.1
Cash EPS	2.2	7.3	10.2	12.2	15.2	23.4	26.0
BV/Share	193.1	198.1	203.8	211.3	221.4	239.7	260.6
DPS	0.0	2.0	3.0	4.0	3.0	3.0	3.0
Payout (%)	0.0	45.3	49.5	48.7	29.1	18.5	16.6
Valuation (x)							
P/E	537.5	121.6	84.0	49.5	73.7	46.8	42.0
Cash P/E	259.7	76.9	55.5	46.1	50.0	32.5	29.2
P/BV	2.9	2.8	2.8	2.7	3.4	3.2	2.9
EV/Sales	17.5	26.8	25.0	24.7	29.4	25.1	23.0
EV/EBITDA	93.7	102.2	82.0	81.5	91.9	69.4	60.1
Dividend Yield (%)	0.0	0.4	0.5	0.7	0.4	0.4	0.4
FCF per share	1.2	6.2	10.8	9.3	27.2	-8.6	9.8
Return Ratios (%)							
RoE	0.6	3.3	4.6	5.5	6.6	9.7	10.0
RoCE	2.5	2.4	3.5	3.4	4.2	5.3	5.5
RoIC	-8.7	3.3	5.3	5.3	7.2	10.5	11.1
Working Capital Ratios							
Fixed Asset Turnover (x)	2.6	2.5	2.6	2.8	2.8	3.1	3.2
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Inventory (Days)	1,349	1,422	1,284	1,241	850	900	850
Debtor (Days)	43	39	36	35	35	35	35
Creditor (Days)	63	83	148	156	160	150	145
Leverage Ratio (x)							
Current Ratio	2.5	2.7	2.8	2.9	2.5	2.3	2.3
Interest Cover Ratio	0.7	1.5	2.6	4.0	5.2	13.6	13.5
Net Debt/Equity	0.2	0.1	0.1	0.0	-0.1	-0.1	-0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	6,535	8,396	11,646	15,024	19,490	28,056	31,865
Depreciation	2,003	1,595	1,494	1,486	1,566	1,616	1,666
Interest & Finance Charges	9,407	5,562	6,247	3,921	-1,169	-2,951	-3,036
Direct Taxes Paid	-422	4,015	2,198	-858	-4,904	-7,059	-8,017
(Inc)/Dec in WC	-10,644	-7,020	7,540	5,628	56,628	-36,775	5,990
CF from Operations	6,879	12,547	29,124	25,202	71,611	-17,113	28,468
Others	-3,322	2,055	-806	-1,450	0	0	0
CF from Operating incl EO	3,557	14,602	28,318	23,752	71,611	-17,113	28,468
Free Cash Flow	2,170	15,294	26,833	23,115	67,392	-21,332	24,249
(Pur)/Sale of Investments	-9,571	-5,318	4,085	-13,014	0	0	0
Others	76,038	6,131	6,327	9,026	4,664	4,795	5,171
CF from Investments	65,081	1,505	8,928	-4,626	445	576	952
Issue of Shares	32,374	5,087	0	0	0	0	0
Inc/(Dec) in Debt	-95,349	-17,459	-26,785	-8,736	-22,000	0	0
Interest Paid	-23,819	-7,202	-6,328	-3,702	-1,576	0	510
Dividend Paid	-8,077	-1,987	-4,969	-7,428	-7,426	-7,426	-7,426
Others	-347	-276	-200	-266	0	0	0
CF from Fin. Activity	-95,218	-21,838	-38,282	-20,131	-31,002	-7,426	-6,916
Inc/Dec of Cash	-26,580	-5,731	-1,037	-1,005	41,054	-23,963	22,505
Opening Balance	42,663	16,084	10,353	9,316	8,311	49,365	25,402
Closing Balance	16,084	10,353	9,316	8,311	49,365	25,402	47,907

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BUY	>=15%
SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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