DLF

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	1668.4 / 17.6
52-Week Range (INR)	787 / 489
1, 6, 12 Rel. Per (%)	9/19/-3
12M Avg Val (INR M)	2541

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	81.9	92.7	116.6
EBITDA	14.4	21.9	33.7
EBITDA (%)	17.6	23.6	28.9
PAT	42.0	52.5	60.6
EPS (INR)	17.0	21.2	24.5
EPS Gr. (%)	-10.0	24.9	15.4
BV/Sh. (INR)	183.7	193.9	205.4
Ratios			
Net D/E	-0.2	-0.2	-0.2
RoE (%)	9.6	11.2	12.3
RoCE (%)	5.7	7.0	7.6
Payout (%)	44.9	51.9	53.1
Valuations			
P/E (x)	39.7	31.8	27.6
P/BV (x)	3.7	3.5	3.3
EV/EBITDA (x)	110.7	72.8	46.9
Div Yield (%)	1.2	1.6	1.9

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	74.1	74.1	74.1
DII	9.1	8.0	5.2
FII	11.4	12.3	15.5
Others	5.4	5.6	5.3

CMP: INR674 **TP: INR780 (+16%)** **Buy**

New launches expected to drive presales

Beat on presales, driven by new launches

In 2QFY27, DLF's presales declined 12% YoY to INR38.0b, but were much higher than our estimates of INR26b, driven by the complete sell-out of the new project — The Aureva, Gurugram (INR19b) — and sustenance sales from The Dahlias (INR18b). In 1HFY27, the company's sales stood at INR44.6b, down 72% YoY. Over the medium term, DLF has a launch pipeline of ~INR582b, which includes two major launches earmarked for FY27 — Westpark P-2 in Mumbai and Magnolias P-2 (DLF Phase IV). Further, out of the projects already launched, DLF has a balance inventory worth ~INR150b, which is likely to support presales in the upcoming quarters. Based on its launch plans, **we expect a 2% presales CAGR, reaching INR209b over FY26-28.**

Occupancy remains high in the annuity portfolio

DCCDL's rental income in 2QFY27 increased 9% YoY to INR14.8b, driven by steady growth across the portfolio (DLF + DCCDL + Atrium rentals at INR17.0b). Overall occupancy in the office portfolio stood at a record 96% (99% non-SEZ/91% SEZ), while retail occupancy stood at 97%. DCCDL's net debt increased by INR2.8b QoQ to INR184b.

DLF's Rentco portfolio is expected to achieve exit rentals of INR7.5b (annualized), excluding Atrium, while DCCDL's exit rentals are expected at ~INR68b. The recent commissioning of Summit Plaza and Midtown Plaza, along with the expected commissioning of Promenade Goa at the end of 3QFY27, should support incremental rental income. We expect rental income of INR71b/INR79b in FY27/28.

Strong cash generation; balance sheet remains sturdy

Residential collections inched up 3% YoY to INR26b, in line. DLF generated operating cashflows of INR18.6b. Consequently, despite a dividend outflow of INR19.8b, the decline in net cash was contained at INR150.8b (70% in RERA accounts), which was INR1.2b lower QoQ. DCCDL's net debt increased by INR2.8b QoQ to INR184b, with a net debt-to-GAV ratio of 0.18x. Cost of debt improved to 7.04% from 7.14% in 1QFY27.

Financials

DLF's 2QFY27 revenue declined 23% YoY to INR12.6b, while EBITDA dipped 92% YoY to INR230m. EBITDA margin was muted at 1.8%, sharply lower than our estimate. Adj. PAT rose 38% YoY to INR13b, driven by a one-time revaluation gain worth INR7.4b on an investment recognized under other income. Excluding this, PAT was much lower than expected. Out of the inventory launched until 2QFY27, the company has a surplus cash potential of ~INR425b. It also has a residual gross margin of INR395b yet to be recognized.

DLF's 1HFY27 revenue declined 42% YoY to INR25.4b, while EBITDA fell 73% YoY to INR1.7b. EBITDA margin stood at 6.8%. Adj. PAT increased 23% YoY to INR21b.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

We value DLF at its NAV and currently do not assign a growth premium to it since the potential of its sizable landbank is already getting captured in our estimates. Further, delta to valuations would come via new project additions in MMR and/or other markets. We therefore believe the company's valuation at 0% NAV premium is justified. We marginally raise the WACC for the residential portfolio to 11.0% (10.8% earlier) and widen the cap rate to 8.0% (from 7.5%) to value the commercial portfolio. However, **since we roll over the valuation to FY28 for residential portfolio, the TP has increased to INR780. We reiterate our BUY rating.**

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27	FY27 2QE Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q Est. (%/bp)
Net Sales	**27,167**	**16,430**	**20,202**	**18,141**	**12,803**	**12,606**	**21,331**	**46,003**	**81,940**	**92,743**	**21,244** **-41**
YoY Change (%)	99.4	-16.8	32.2	-42.0	-52.9	-23.3	5.6	153.6	2.5	13.2	29.3
Total Expenditure	23,525	13,595	16,304	14,033	11,300	12,376	16,485	30,730	67,537	70,891	17,108
EBITDA	**3,642**	**2,836**	**3,899**	**4,108**	**1,503**	**230**	**4,846**	**15,272**	**14,403**	**21,852**	**4,136** **-94**
Margins (%)	13.4	17.3	19.3	22.6	11.7	1.8	22.7	33.2	17.6	23.6	19.5 -1764bps
Depreciation	345	295	302	483	351	382	384	499	1,424	1,616	353
Interest	786	631	363	211	176	182	100	29	1,991	487	125
Other Income	2,642	6,188	4,593	2,798	3,252	10,367	3,491	3,682	16,220	20,792	3,057
PBT before EO expense	**5,153**	**8,097**	**7,828**	**6,212**	**4,228**	**10,033**	**7,853**	**18,427**	**27,208**	**40,541**	**6,715** **49**
Extra-Ord expense	0	-2,352	602	-279	0	0	0	0	-2,029	0	0
PBT	**5,153**	**10,449**	**7,226**	**6,491**	**4,228**	**10,033**	**7,853**	**18,427**	**29,237**	**40,541**	**6,715** **49**
Tax	1,332	2,763	-74	-921	1,147	2,013	1,492	3,457	3,100	8,108	1,822
Rate (%)	25.8	26.4	-1.0	-14.2	27.1	20.1	19.0	18.8	18.0	18.0	27.1
MI & P/L of Asso. Cos.	3,806	4,116	4,733	5,274	4,858	4,993	5,033	5,193	17,928	20,077	4,559
Reported PAT	**7,627**	**11,801**	**12,034**	**12,686**	**7,939**	**13,014**	**11,395**	**20,163**	**44,066**	**52,510**	**9,452** **38**
Adj PAT	**7,627**	**9,449**	**12,635**	**12,407**	**7,939**	**13,014**	**11,395**	**20,163**	**42,037**	**52,510**	**9,452** **38**
YoY Change (%)	18.1	-31.6	-7.2	-3.2	4.1	37.7	-9.8	62.5	-10.0	24.9	0.0
Margins (%)	28.1	57.5	62.5	68.4	62.0	103.2	53.4	43.8	51.3	56.6	44.5 5874bps

Source: Company, MOFSL.



Key takeaways from the management commentary

- DLF launched The Aureva, luxury retirement housing project, which received an overwhelming response and was completely sold out. Of the total bookings of ~INR19.9b, ~INR19b was recorded in 2QFY27, with a few units spilling over into 3Q due to delays in processing the NRI payments and documentation. The initial EOI amount was INR5m per unit.
- The Dahlias generated presales of ~INR18b during the quarter. The project has sold 276 units to date, with prices increasing ~10% under the progressive pricing algorithm.
- Average realization at The Dahlias surpassed INR100,000 per sqft during the quarter, with some of the North-facing units transacting at INR1.2-1.25b each, South-facing units establishing a new threshold at INR1b each, and a penthouse closing at INR2.7b.
- Preparing for a Mumbai P-2 launch in Q3FY27, followed by The Magnolias P-2 project in DLF Phase IV, Gurugram, in Q4FY27, subject to approvals. The Magnolias P-2 project is positioned as a premium luxury offering comparable to DLF's recent luxury launches.
- DLF completed the acquisition of an encumbered 7.06-acre parcel during the quarter and entered into a collaboration for an adjacent 7.48 acres contiguous to its existing 28.5-acre land parcel in Sector 61, Gurgaon. The combined land parcel is expected to expand to ~36 acres, subject to completion of the transaction by Q4FY27.
- DLF expects a meaningful inflection in accounting revenue from FY28, following the completion of Arbor. A series of projects, including the three Privana developments and The Dahlias, are expected to be completed over the subsequent three years, driving revenue recognition and cash generation. The company has a launched-project pipeline of ~INR750b, with revenue recognition expected to accelerate over FY28-FY32.
- The company’s rentco portfolio is expected to achieve an annualized rental exit run rate of ~INR7.5b, excluding Atrium. Further, DCCDL's rental exit run would be ~INR68b in FY27. Recent commissioning of Summit Plaza and Midtown Plaza, along with the expected commissioning of Promenade Goa in H2FY27 should support incremental rental income.
- Construction expenditure is expected to remain subdued through 2Q-3QFY27 due to seasonal labor migration around Chhath Puja and potential GRAP-related restrictions during the winter pollution season. However, management indicated that contractors and labor arrangements are in place and does not anticipate material completion delays, with timelines expected to remain broadly on track within a quarter.
- DCCDL's upcoming developments include: Promenade Goa in H2FY27; Downtown Chennai Blocks 4 & 5 of 3.6msf in CY28; Downtown Gurgaon Blocks 5,6,8 targeted for completion over FY29-30; and Mall of India, Gurgaon, expected to be completed by FY30. These additions should strengthen DCCDL's rental portfolio and support medium-term annuity growth.
- There was a one-time fair-value gain of INR7.38b from an investment in a JV company, recognized under other income. Excluding such one-off items, management expects recurring other income of ~INR1.5-2b on an ongoing basis.

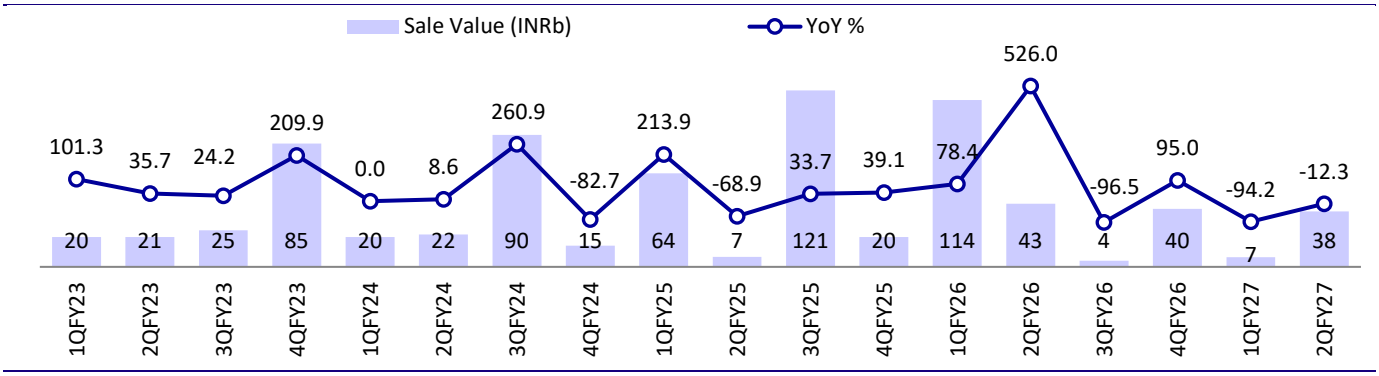
Key exhibits

Exhibit 1: DLF launched The Aureva in 2QFY27

Projects	Planned Launches (FY25 onwards)		Launched (till 1HFY27)		To be launched	
	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)	Size (msf)	Value (INRb)
Super Luxury	5.5	375	4.5	350	1	25
Luxury Segment	29	740	9.2	210	20	530
Premium/value homes	2.3	20	0	0	2.3	20
Commercial	0.2	10	0.1	2.9	0.2	7
Total	**37**	**1,145**	**14.0**	**563**	**24**	**582**

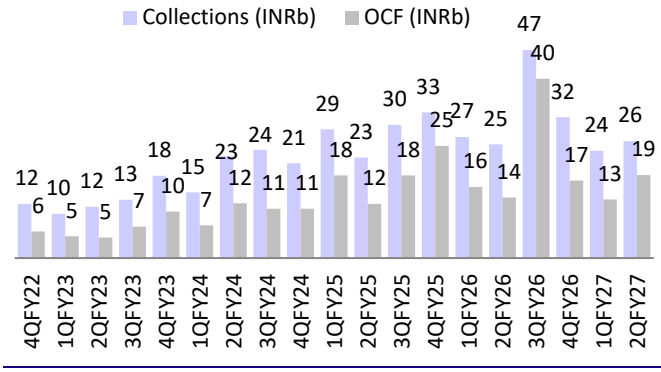
Source: Company, MOFSL

Exhibit 2: DLF booked sales worth INR38b, down 12% YoY



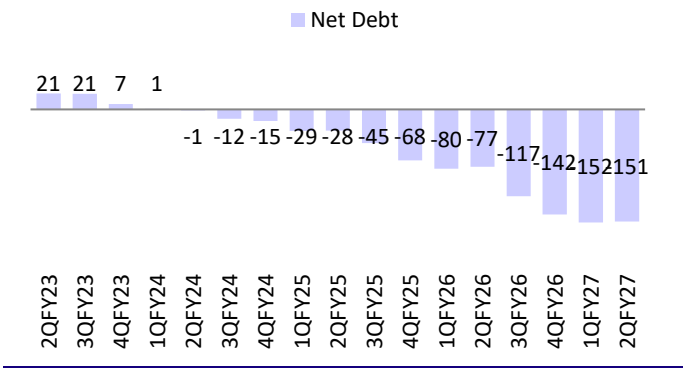
Source: Company, MOFSL

Exhibit 3: Collections from sales remained flat YoY



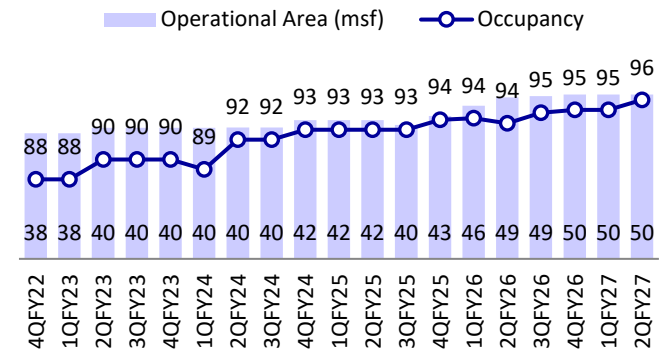
Source: Company, MOFSL

Exhibit 4: DLF's balance sheet has a net cash of INR151b, despite a dividend outflow of INR19.8b



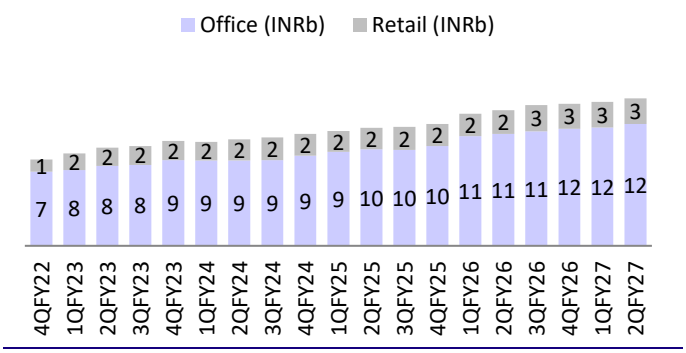
Source: Company, MOFSL

Exhibit 5: Annuity portfolio reached its highest occupancy…



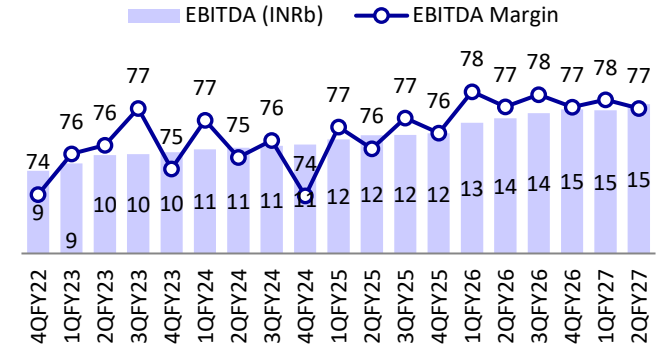
Source: MOFSL, Company

Exhibit 6: …and rental income continued to grow gradually



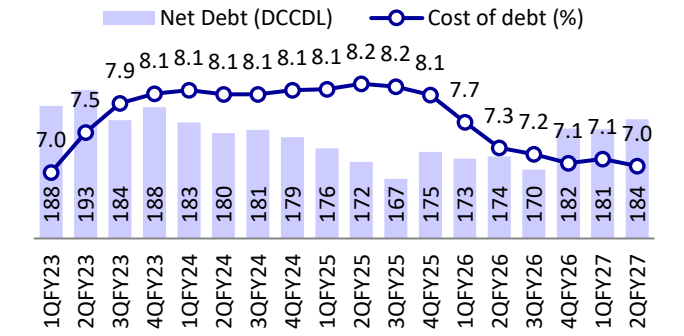
Source: MOFSL, Company

Exhibit 7: EBITDA (ex-CAM) was INR15b, with margin of 81%



Source: MOFSL, Company

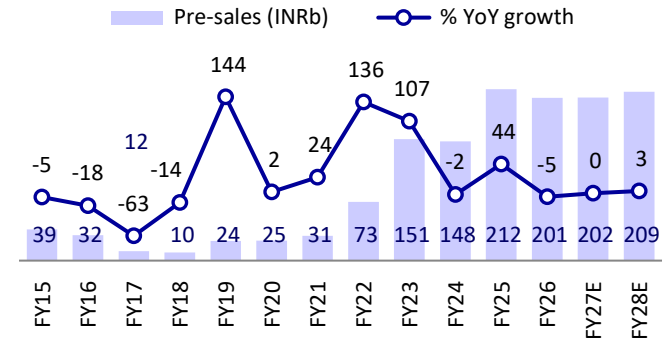
Exhibit 8: DCCDL portfolio's debt stood at INR184b



Source: MOFSL, Company

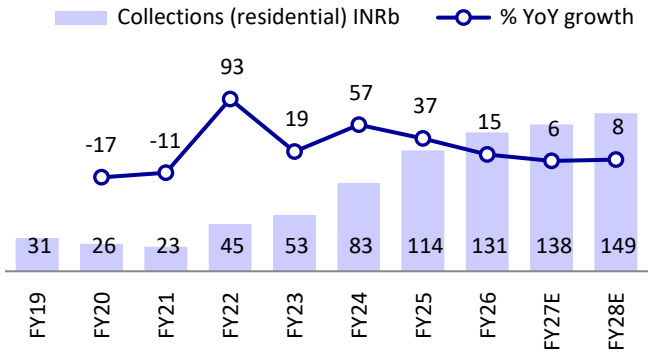
Story in charts

Exhibit 9: Presales to post a 2% CAGR over FY26-28



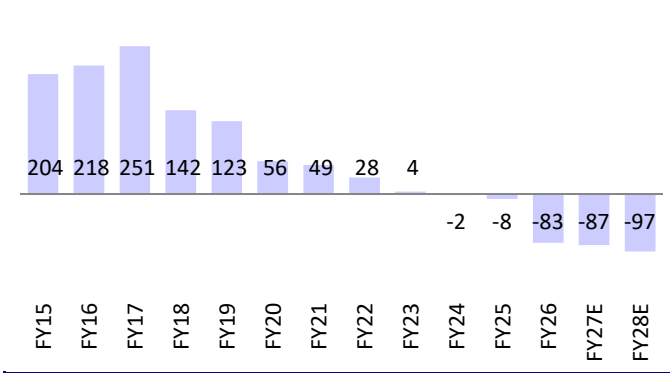
Source: MOFSL, Company

Exhibit 10: Collections to record a 7% CAGR over FY26-28



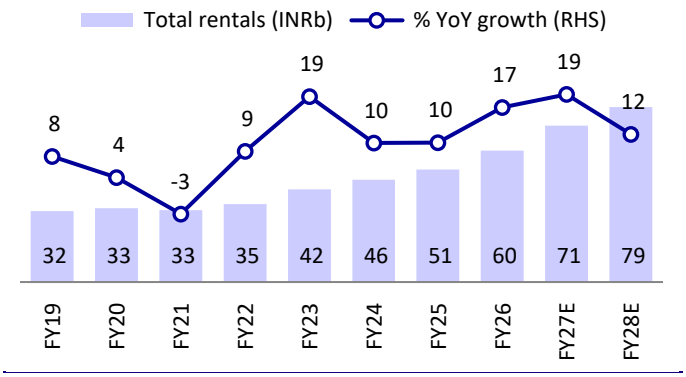
Source: MOFSL, Company

Exhibit 11: Balance sheet to remain net cash



Source: Company, MOFSL

Exhibit 12: Expect rentals to see 15% CAGR over FY26-28



Source: Company, MOFSL

Exhibit 13: Revisions to our estimates

	Old		New		Change	
(INR m)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	1,06,219	1,26,190	92,743	1,16,567	-13%	-8%
EBITDA	30,528	38,338	21,852	33,696	-28%	-12%
Adj. PAT	54,455	65,409	52,510	60,613	-4%	-7%
Pre-sales	2,01,994	2,09,048	2,01,994	2,09,048	0%	0%
Collections	1,38,360	1,48,783	1,38,360	1,48,783	0%	0%

Source: MOFSL, Company

Valuation and view

- We value DLF at its NAV and currently do not assign a growth premium to it since the potential of its sizable landbank is already captured in our estimates. Further, delta to valuations would come from new project additions in MMR and/or other markets. We therefore believe the company's valuation at a 0% NAV premium is justified.
- We marginally raise the WACC for the residential portfolio to 11.0% (10.8% earlier) and widen the cap rate to 8.0% (from 7.5%) to value the commercial portfolio. However, since we roll over the valuation to FY28 for the residential portfolio, the TP has increased to INR780. **We reiterate our BUY rating.**

Exhibit 14: Our SoTP-based valuation approach for DLF implies a fair valuation

Segment	Rationale	Value (INR m)
Completed inventory and planned launches	NAV basis at WACC of 11.0%	3,54,930
Future launches on residual land bank	NAV basis at WACC of 11.0%	6,51,660
NAV - Devco		**10,06,590**
DLF	8.0% cap rate	56,228
Atrium Place	DLF's share @8.0% cap rate	34,242
DCCDL	DLF's share @8.0% cap rate	4,10,458
Future potential		3,35,428
EV - Rentco		**8,36,357**
Total EV		**18,42,946**
Less: Net debt		-86,568
Mcap		**19,29,514**
No of shares		2,475
Target price (INR)		**780**
Rounded-off TP (INR)		**780**
CMP		675
Upside		**16%**

Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Total Income from Operations	**57,174**	**56,948**	**64,270**	**79,937**	**81,940**	**92,743**	**1,16,567**
Change (%)	5.6	-0.4	12.9	24.4	2.5	13.2	25.7
Total Expenditure	**39,748**	**39,690**	**43,034**	**58,850**	**67,537**	**70,891**	**82,872**
% of Sales	69.5	69.7	67.0	73.6	82.4	76.4	71.1
EBITDA	**17,426**	**17,259**	**21,236**	**21,086**	**14,403**	**21,852**	**33,696**
Margin (%)	30.5	30.3	33.0	26.4	17.6	23.6	28.9
Depreciation	1,494	1,486	1,479	1,507	1,424	1,616	1,786
EBIT	**15,931**	**15,772**	**19,757**	**19,580**	**12,979**	**20,235**	**31,910**
Int. and Finance Charges	6,246	3,921	3,565	3,972	1,991	487	44
Other Income	4,205	3,173	5,313	10,022	16,220	20,792	15,206
PBT bef. EO Exp.	**13,890**	**15,024**	**21,506**	**25,630**	**27,208**	**40,541**	**47,072**
EO Items	-2,244	0	0	-3,024	2,029	0	0
PBT after EO Exp.	**11,646**	**15,024**	**21,506**	**22,606**	**29,237**	**40,541**	**47,072**
Total Tax	3,210	4,015	5,201	-4,339	3,100	8,108	9,414
Tax Rate (%)	27.6	26.7	24.2	-19.2	10.6	20.0	20.0
Minority Interest	-6,572	-9,349	-10,967	-16,731	-17,928	-20,077	-22,955
Reported PAT	**15,009**	**20,358**	**27,271**	**43,676**	**44,066**	**52,510**	**60,613**
Adjusted PAT	**17,253**	**20,358**	**27,271**	**46,700**	**42,037**	**52,510**	**60,613**
Change (%)	45.0	18.0	34.0	71.2	-10.0	24.9	15.4
Margin (%)	30.2	35.7	42.4	58.4	51.3	56.6	52.0

Consolidated - Balance Sheet							(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Share Capital	4,951	4,951	4,951	4,951	4,951	4,951	4,951
Total Reserves	3,58,672	3,71,925	3,89,358	4,20,552	4,49,781	4,75,062	5,03,496
Net Worth	**3,63,623**	**3,76,875**	**3,94,308**	**4,25,502**	**4,54,731**	**4,80,013**	**5,08,447**
Minority Interest	195	44	8	0	0	0	0
Total Loans	39,600	31,031	45,987	38,540	449	449	449
Deferred Tax Liabilities	8,050	12,186	15,967	5,118	7,330	7,330	7,330
Capital Employed	**4,11,468**	**4,20,136**	**4,56,271**	**4,69,161**	**4,62,511**	**4,87,793**	**5,16,227**
Gross Block	16,730	16,702	16,893	17,129	17,260	17,391	17,523
Less: Accum. Deprn.	8,413	9,225	9,985	10,831	11,339	12,552	13,773
Net Fixed Assets	**15,065**	**11,598**	**14,440**	**16,942**	**8,633**	**7,551**	**6,460**
Investment Property	**22,654**	**24,247**	**17,363**	**17,065**	**23,606**	**33,203**	**42,639**
Goodwill on Consolidation	9,443	9,443	9,443	9,443	9,443	9,443	9,443
Capital WIP	4,798	5,052	3,601	857	1,587	10,318	16,048
Total Investments	**1,97,795**	**1,94,811**	**2,01,377**	**2,13,356**	**2,16,922**	**2,36,999**	**2,59,954**
Curr. Assets, Loans&Adv.	**2,61,698**	**2,77,994**	**3,44,422**	**4,27,147**	**4,74,456**	**4,86,652**	**5,08,032**
Inventory	2,01,070	1,93,612	2,11,541	2,46,215	2,47,175	2,59,533	2,72,510
Account Receivables	5,636	5,492	5,381	8,022	8,474	8,728	8,990
Cash and Bank Balance	9,316	22,747	43,843	43,381	77,464	81,288	92,171
Loans and Advances	45,676	56,142	83,656	1,29,530	1,41,343	1,37,103	1,34,361
Curr. Liability & Prov.	**99,985**	**1,03,010**	**1,34,374**	**2,15,649**	**2,72,135**	**2,96,372**	**3,26,349**
Account Payables	23,229	24,379	25,820	30,552	25,138	26,386	30,845
Other Current Liabilities	75,816	77,773	1,07,267	1,84,154	2,45,126	2,68,022	2,93,208
Provisions	940	858	1,287	943	1,871	1,964	2,296
Net Current Assets	**1,61,712**	**1,74,984**	**2,10,047**	**2,11,498**	**2,02,321**	**1,90,280**	**1,81,683**
Appl. of Funds	**4,11,468**	**4,20,135**	**4,56,271**	**4,69,161**	**4,62,511**	**4,87,793**	**5,16,227**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)							
EPS	**7.0**	**8.2**	**11.0**	**18.9**	**17.0**	**21.2**	**24.5**
Cash EPS	7.6	8.8	11.6	19.5	17.6	21.9	25.2
BV/Share	146.9	152.3	159.3	171.9	183.7	193.9	205.4
DPS	3.0	4.0	5.0	6.0	8.0	11.0	13.0
Payout (%)	49.5	48.6	45.4	34.0	44.9	51.9	53.1
Valuation (x)							
P/E	96.8	82.1	61.3	35.8	39.7	31.8	27.6
Cash P/E	89.1	76.5	58.1	34.7	38.4	30.9	26.8
P/BV	4.6	4.4	4.2	3.9	3.7	3.5	3.3
EV/Sales	29.8	29.5	26.0	20.8	19.5	17.1	13.5
EV/EBITDA	97.6	97.3	78.8	79.0	110.7	72.8	46.9
Dividend Yield (%)	0.4	0.6	0.7	0.9	1.2	1.6	1.9
FCF per share	10.8	9.4	12.8	20.8	25.2	4.3	11.3
Return Ratios (%)							
RoE	4.8	5.5	7.1	11.4	9.6	11.2	12.3
RoCE	3.5	3.4	4.5	7.8	5.7	7.0	7.6
RoIC	5.7	5.8	7.4	11.1	6.1	9.9	16.6
Working Capital Ratios							
Fixed Asset Turnover (x)	3.4	3.4	3.8	4.7	4.7	5.3	6.7
Asset Turnover (x)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Inventory (Days)	1,284	1,241	1,201	1,124	1,101	1,021	853
Debtor (Days)	36	35	31	37	38	34	28
Creditor (Days)	148	156	147	140	112	104	97
Leverage Ratio (x)							
Current Ratio	2.6	2.7	2.6	2.0	1.7	1.6	1.6
Interest Cover Ratio	2.6	4.0	5.5	4.9	6.5	41.5	728.6
Net Debt/Equity	0.1	0.0	0.0	0.0	-0.2	-0.2	-0.2

Consolidated - Cash Flow Statement							(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	11,646	15,024	21,505	22,606	29,318	40,541	47,072
Depreciation	1,494	1,486	1,480	1,507	1,424	1,616	1,786
Interest & Finance Charges	6,246	3,921	3,565	3,972	1,991	487	44
Direct Taxes Paid	2,198	-858	-2,572	-1,218	-6,660	-8,108	-9,414
(Inc)/Dec in WC	7,540	5,628	7,908	32,251	54,790	15,865	19,481
CF from Operations	**29,124**	**25,202**	**31,886**	**59,118**	**80,863**	**50,401**	**58,968**
Others	-805	-1,450	-6,497	-6,765	-17,389	-20,792	-15,206
CF from Operating incl EO	**28,318**	**23,752**	**25,388**	**52,352**	**63,474**	**29,608**	**43,762**
(Inc)/Dec in FA	-1,476	-543	6,276	-953	-1,160	-18,862	-15,862
Free Cash Flow	**26,842**	**23,210**	**31,664**	**51,399**	**62,313**	**10,747**	**27,900**
(Pur)/Sale of Investments	4,085	1,376	-1,392	-10,766	260	0	0
Others	21	-5,459	-20,171	-23,712	8,112	20,792	15,206
CF from Investments	**2,630**	**-4,626**	**-15,287**	**-35,431**	**7,211**	**1,931**	**-656**
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	38,460	-8,736	14,856	-7,510	-10,420	0	0
Interest Paid	-6,328	-3,702	-2,914	-3,843	-2,180	-487	-44
Dividend Paid	-4,969	-7,428	-9,869	-12,336	-14,805	-27,228	-32,179
Others	-65,446	-266	-307	-336	-28,063	0	0
CF from Fin. Activity	**-38,282**	**-20,131**	**1,766**	**-24,026**	**-55,468**	**-27,715**	**-32,223**
Inc/Dec of Cash	**-7,334**	**-1,005**	**11,868**	**-7,104**	**15,217**	**3,824**	**10,883**
Opening Balance	10,352	3,079	2,071	43,843	43,381	77,464	81,288
Closing Balance	**3,018**	**2,074**	**13,938**	**36,739**	**58,598**	**81,288**	**92,171**

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NOTES

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