

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR839 TP: INR850 (+1%) Neutral

Muted bookings in 4Q; pipeline remains strong

Targeting INR170b bookings in FY25

- DLF witnessed moderation in pre-sales to INR14.6b in 4QFY24, down 83% YoY/84% QoQ (48% below estimate) due to the lack of key project launches. In FY24, the company achieved bookings of INR148b, flat YoY.
- The management plans to launch INR360b worth of projects across the super luxury/premium segments in FY25 and has guided for INR170b of bookings. Moreover, the company has identified a pipeline of over INR950b for the next three-four years. Hence, we expect DLF to report a 25% CAGR in pre-sales over FY24-26 to INR230b.
- **Cash flow performance** – Collections increased 14% YoY to INR22b, while OCF was flat at INR11b due to higher construction spending. In FY24, DLF collected INR83b and generated OCF of INR42b.
- **P&L performance** – 4Q revenue came in at INR21b, up 47% YoY (in line). EBITDA increased 89% YoY to INR7.5b (in line) as margin expanded 800bp to 35%. DLF reported PAT of INR9.2b, up 62% YoY and 11% above our estimate, largely driven by higher other income.

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	2076.9 / 24.9
52-Week Range (INR)	968 / 440
1, 6, 12 Rel. Per (%)	-6/24/71
12M Avg Val (INR M)	3177

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	64.3	73.8	79.6
EBITDA	21.2	26.7	30.5
EBITDA (%)	33.0	36.2	38.3
PAT	27.2	36.8	39.6
EPS (INR)	11.0	14.9	16.0
EPS Gr. (%)	63.8	30.3	45.3
BV/Sh. (INR)	221.0	237.5	255.5

Ratios

Net D/E	0.0	-0.1	-0.1
RoE (%)	7.1	9.0	9.0
RoCE (%)	4.5	4.9	5.1
Payout (%)	27.3	20.2	18.8

Valuations

P/E (x)	76.3	56.5	52.5
P/BV (x)	3.8	3.5	3.3
EV/EBITDA (x)	98.0	76.3	66.3
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	74.1	74.1	75.0
DII	4.8	5.5	5.2
FII	16.5	15.8	14.7
Others	4.6	4.7	5.2

DCCDL: Rental run rate to ramp up to INR60b by FY25 end

- Rental income in DCCDL's commercial portfolio increased by 7% YoY to INR11b, driven by a 13% rise in retail income. Office rentals grew 5% YoY. In FY24, the company earned rental income of INR43b, up 9% YoY. It expects rental income to ramp up to INR60b by FY25 end.
- Occupancy in the non-SEZ portfolio stood at 97%. In SEZ assets, occupancy inched up to 86% from 84% in 3Q. The overall occupancy stood at 92% in DCCDL's office portfolio and 97% in its rental portfolio.
- Rental income for two towers (2.3msf) at Downtown Chennai will ramp up from 1QFY25 and it will ramp up for the pre-leased Standard Chartered tower (1msf) from 1QFY26. Similarly, tower 4 at Downtown Gurugram will also contribute to rentals from 1QFY26.

Key takeaways from the management interaction

- **Launches:** The pipeline has increased to INR360b (vs. INR295b in 3QFY24) and includes the 2nd phase of Privana (already launched in 1QFY25), Goa (2Q), a super luxury project in DLF 5 (3Q) and the 3rd phase of Privana, along with the Mumbai project in 4QFY25.
- **Land acquisition:** The recently acquired land is in Sector 61, Gurugram, where the company did not have much presence, except for the Arbour project. Moreover, the land will cost the company less than INR2500/sft, which would make the project very profitable. The company is not evaluating the Dwarka expressway (Gurugram) market.
- The new project in Mumbai has a large development potential of over 4msf; hence, there is no immediate need for new acquisition.
- **Cash flow:** The company aims to grow collections by 15% in FY25. It has surplus cash of INR20b (excluding INR40b locked in RERA escrow), of which INR10b will be utilized for debt repayment.

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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: Growth trajectory intact but already priced in

- DLF's vast land reserves continue to offer growth visibility. However, our assumption of a 12-13-year monetization timeline for its remaining 160msf of land bank (including TOD potential) adequately incorporates this growth.
- We estimate an 8-10% CAGR in prices across its key markets of Gurugram, New Gurugram, Delhi, and Chandigarh. Based on the above assumptions, we value the land at INR1109b. The current valuation already implies INR1162b of value for its land, indicating limited upside potential. We Maintain **Neutral** stance with TP of INR850.

Strong launch pipeline to help DLFU maintain sales momentum

Y/E March	FY23				FY24				FY23	FY24	FY24E 4QE	Variance (%/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	21,348	56,948	64,270	22,758	-6
YoY Change (%)	26.5	-12.1	-3.5	-5.9	-1.3	3.5	1.8	46.6	-0.4	12.9	56.3	
Total Expenditure	10,280	8,657	10,176	10,577	10,271	8,853	10,103	13,807	39,690	43,034	15,516	
EBITDA	4,137	4,367	4,772	3,984	3,962	4,624	5,110	7,541	17,259	21,236	7,242	4
Margins (%)	28.7	33.5	31.9	27.4	27.8	34.3	33.6	35.3	30.3	33.0	31.8	350bps
Depreciation	373	367	386	360	364	370	380	367	1,486	1,480	453	
Interest	1,052	1,069	954	846	849	902	837	977	3,921	3,565	907	
Other Income	747	582	659	1,196	985	1,287	1,223	1,819	3,173	5,313	1,103	
PBT before EO expense	3,458	3,512	4,090	3,974	3,734	4,639	5,115	8,016	15,024	21,505	6,985	15
PBT	0	0	0	0	0	0	0	0	0	0	0	
Tax	3,458	3,512	4,090	3,974	3,734	4,639	5,115	8,016	15,024	21,505	6,985	15
Rate (%)	876	910	1,104	1,125	1,014	1,122	1,350	1,715	4,015	5,201	1,665	
MI & Profit/Loss of Asso. Cos.	25.3	25.9	27.0	28.3	27.2	24.2	26.4	21.4	33.2	24.2	23.8	
Reported PAT	2,111	2,169	2,203	2,848	2,541	2,701	2,792	2,897	9,330	10,931	2,959	
Adj PAT	4,692	4,772	5,189	5,696	5,261	6,219	6,557	9,198	20,340	27,235	8,279	11
YoY Change (%)	4,692	4,772	5,189	5,696	5,261	6,219	6,557	9,198	20,340	27,235	8,279	
Margins (%)	39.2	25.9	-16.7	40.5	12.1	30.3	26.4	61.5	16.6	33.9	45.3	
Operational Metrics												
Residential												
Pre-sales	20	21	25	85	20	22	90	15	151	148	28	-48
Collections	11	13	14	19	16	24	25	22	57	87	33	-34
Net Debt	23	21	21	7	1	-1	-12	-15	7	-15	-12	

Source: Company, MOFSL

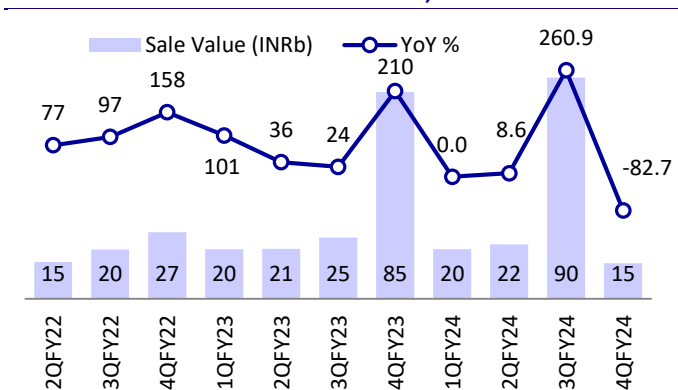
Key exhibits

Exhibit 1: Company has plans to launch 12msf worth INR360b in FY25

Projects	Initial Guidance		Launched till 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)
Luxury Segment	10	125	0	0	10	152	10	334	19	450
Midtown, DLF-GIC JV	8	175	-	-	2	44	0	0	3	75
Premium/value homes	9	50	5	84	10	114	1	21	3	50
Commercial	2	25	1	15	2	28	0	5	0	5
Total	29	375	6	99	24	339	12	360	25	580
Cumulative							36	699	60	1279

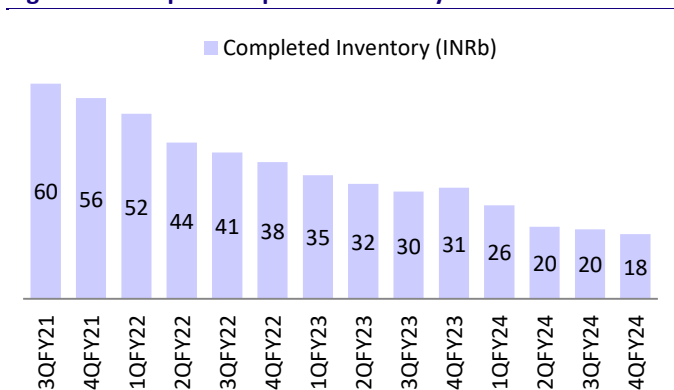
Source: Company, MOFSL

Exhibit 2: DLF clocked sales of INR15b, down 83% YoY



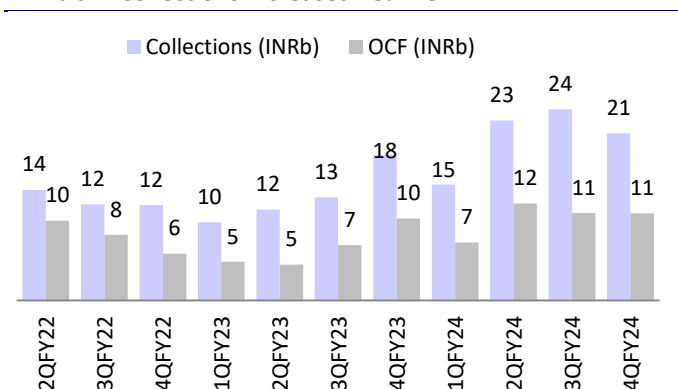
Source: Company, MOFSL

Exhibit 3: Strong demand in the RTM segment led to significant drop in completed inventory



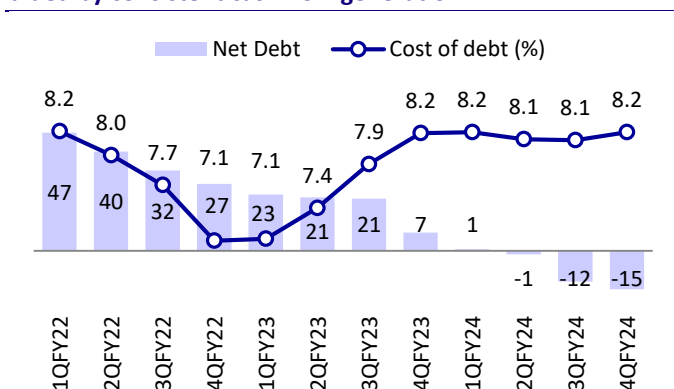
Source: Company, MOFSL

Exhibit 4: Collections increased 15% YoY



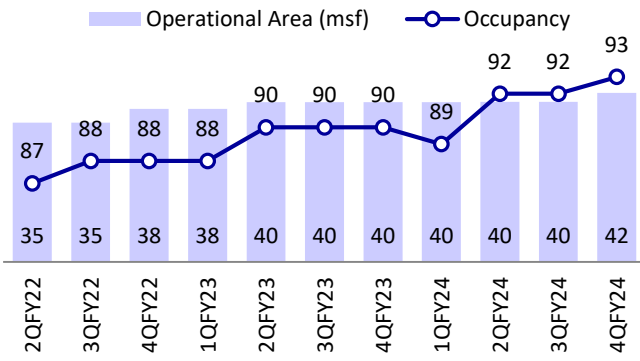
Source: Company, MOFSL

Exhibit 5: DLF's balance sheet has a net cash of INR15b, aided by consistent cash flow generation



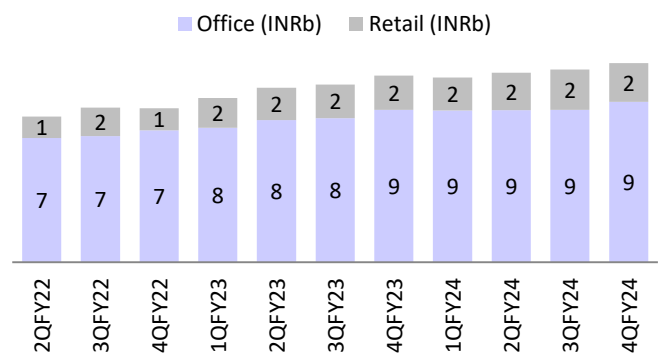
Source: Company, MOFSL

Exhibit 6: Occupancy further improved in annuity portfolio...



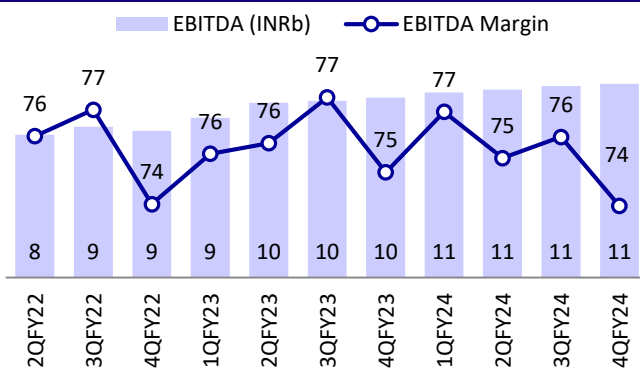
Source: MOFSL, Company

Exhibit 7: ...and rental income continues to grow gradually



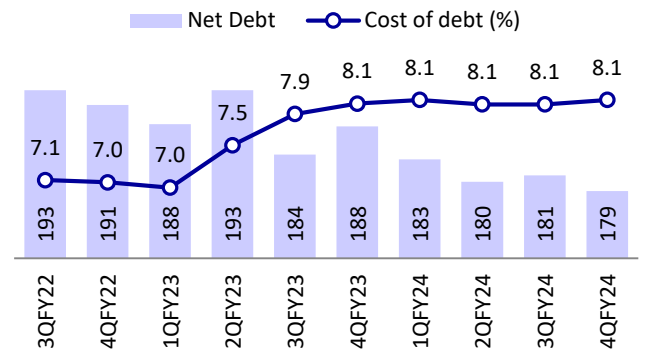
Source: MOFSL, Company

Exhibit 8: EBITDA (excl. CAM) stood at INR11b with steady margins of 74%



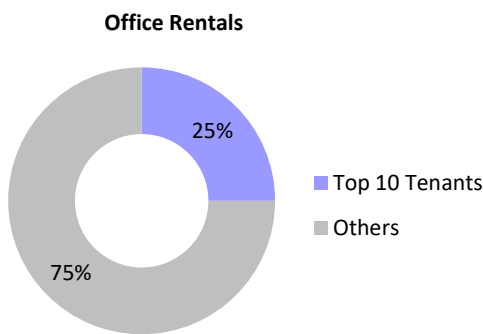
Source: MOFSL, Company

Exhibit 9: The DCCDL portfolio steady debt level of INR179b



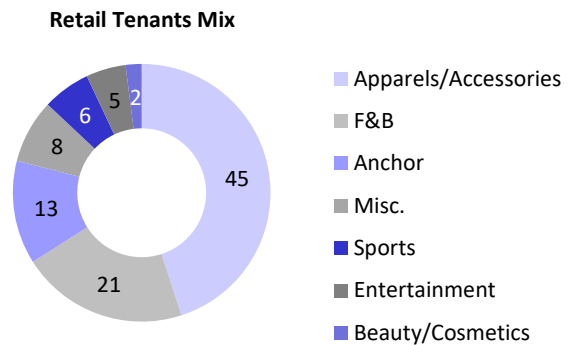
Source: MOFSL, Company

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



Source: MOFSL, Company

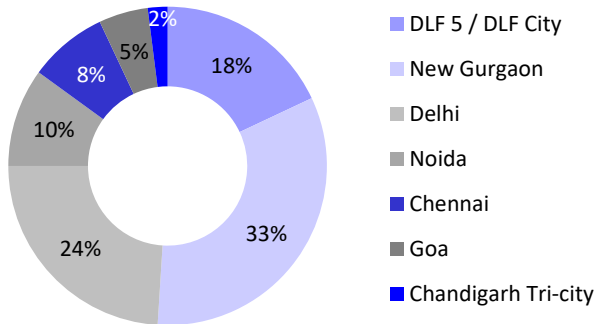
Exhibit 11: Retail portfolio has a diversified tenant mix



Source: MOFSL, Company

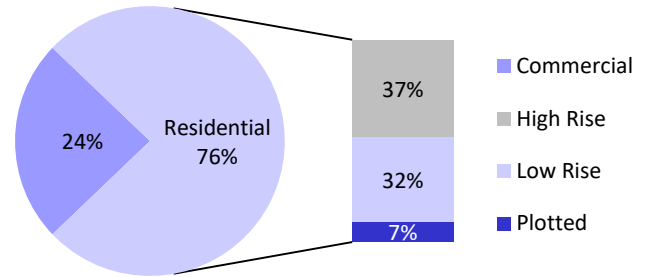
Story in charts

Exhibit 12: Around 85% of its projects are in its home market of Delhi NCR, with launches planned in Chennai, Chandigarh, and Goa



Source: Company, MOFSL

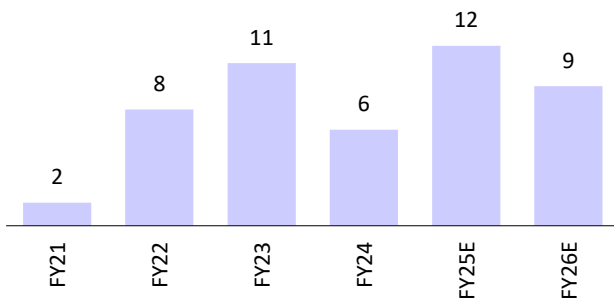
Exhibit 13: Diverse products across fast turnaround low-rise projects as well as flagship premium high-rise projects



Source: Company, MOFSL

Exhibit 14: DLF will launch 12msf of projects in FY25...

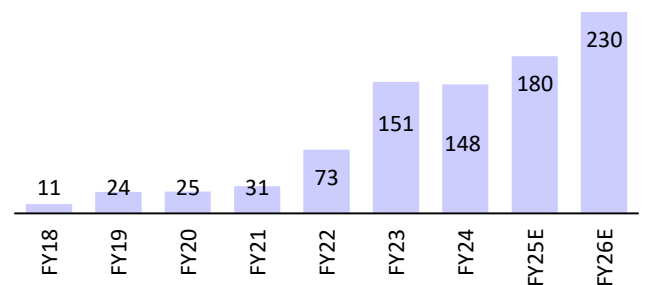
Launches (msf)



Source: MOFSL, Company

Exhibit 15: ...and we expect it to sustain its sales momentum

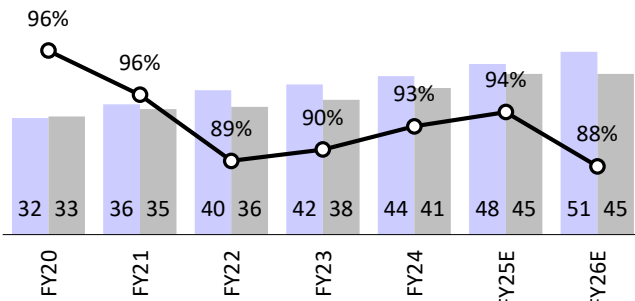
Sales value (INR bn.)



Source: MOFSL, Company

Exhibit 16: Portfolio to expand to ~50msf by FY26

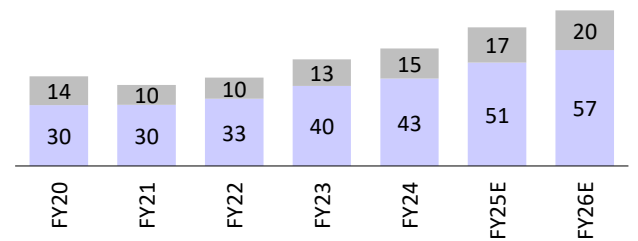
Leasable area (msf), Area leased (msf), Occupancy (%), RHS



Source: Company, MOFSL

Exhibit 17: Expect rentals to post 15% CAGR to INR57b through FY24-FY26

Rental Income (INR bn.), CAM Income (INR bn.)



Source: Company, MOFSL

Exhibit 18: Earnings change summary

(INR m)	Old		New		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	73,767	79,557	73,767	79,557	0%	0%
EBITDA	26,720	30,496	26,720	30,496	0%	0%
Adj. PAT	40,194	43,500	36,780	39,586	-8%	-9%
Pre-sales	1,88,981	2,29,347	1,79,992	2,30,398	-5%	0%
Collections	1,16,989	1,47,439	1,00,687	1,35,455	-14%	-8%

Source: MOFSL, Company

Highlights from the management commentary**Gurugram Market**

- The management believes that the market has significant depth and can absorb way higher inventory compared to current levels. Hence, it remains confident of achieving consistent growth from current level.

Pricing

- The company has always been very responsible in its pricing strategy and has left very good appreciation on table. The company's key developments, like Magnolia, Camellia, Crest, etc., have also seen healthy growth for a long period of time.

P&L and margins

- In FY25, P&L will be largely driven by residual in Camellias and independent floors launched in FY21/FY22.
- The current embedded margins stand at ~40-45%, which can increase to over 45% after the launch of a luxury project in DLF 5.

One Midtown

- DLF has a balance area of 7msf in Midtown; and the priority currently is to deliver the 1st phase. So new phase launch is 18 months away.

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 INR2,201b and post netting off the FY25E debt of INR100b (DLF's share), we arrive at NAV of INR2,101b or INR850/share, indicating a fair valuation. We reiterate our Neutral stance on the stock

Exhibit 19: Our SoTP-based valuation approach for DLF implies fair valuation

Segment	Rationale	Value (INR b)	Per share	as % of NAV
DLF - Devco		1,511	610	72%
Residential - Completed projects	❖ Inventory of 32bn + Receivables of 6bn - pending construction cost of 1-2bn discounted over two years at WACC of 12.5%	22	9	1%
Upcoming launches	❖ 52msf 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	277	112	13%
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	1,109	448	53%
DCCDL		691	279	33%
Commercial - Operational	❖ Mar'26E EBITDA of ~INR48bn at cap rate of 8%	478	193	23%
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	177	71	8%
Total GAV		2,201	889	105%
Less: Net debt		(100)	(40)	(5%)
Total NAV		2,101	849	100%
No.of shares (mn)		2475		
NAV per share		850		
CMP		839		
Upside potential		1%		

Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

	(INR m)						
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	60,828	54,141	57,174	56,948	64,270	73,767	79,557
Change (%)	-27.3	-11.0	5.6	-0.4	12.9	14.8	7.8
Total Expenditure	49,478	39,963	39,748	39,690	43,034	47,046	49,061
% of Sales	81.3	73.8	69.5	69.7	67.0	63.8	61.7
EBITDA	11,350	14,178	17,426	17,259	21,236	26,720	30,496
Margin (%)	18.7	26.2	30.5	30.3	33.0	36.2	38.3
Depreciation	2,003	1,595	1,494	1,486	1,480	1,352	1,402
EBIT	9,347	12,583	15,932	15,773	19,757	25,369	29,094
Int. and Finance Charges	14,269	8,534	6,246	3,921	3,565	6,721	7,691
Other Income	8,054	5,308	4,205	3,173	5,313	4,795	5,171
PBT bef. EO Exp.	3,131	9,358	13,891	15,024	21,505	23,443	26,574
EO Items	3,403	-962	-2,244	0	0	0	0
PBT after EO Exp.	6,535	8,396	11,647	15,024	21,505	23,443	26,574
Total Tax	21,327	3,623	3,210	4,015	5,201	5,898	6,686
Tax Rate (%)	326.4	43.2	27.6	26.7	24.2	25.2	25.2
Minority Interest	-8,960	-6,163	-6,567	-9,330	-10,931	-19,236	-19,697
Reported PAT	-5,832	10,936	15,004	20,340	27,235	36,780	39,586
Adjusted PAT	1,872	11,483	16,629	20,340	27,235	36,780	39,586
Change (%)	-85.8	513.4	44.8	22.3	33.9	35.0	7.6
Margin (%)	3.1	21.2	29.1	35.7	42.4	49.9	49.8

Consolidated - Balance Sheet

	(INR m)						
Y/E March	FY20	FY21	FY22	FY23	FY24	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	3,89,358	4,18,712	4,50,871
Net Worth	3,44,467	3,53,439	3,63,623	3,76,875	3,94,308	4,23,662	4,55,822
Minority Interest	184	203	195	44	8	8	8
Total Loans	81,025	66,634	41,818	33,340	48,339	55,060	63,260
Deferred Tax Liabilities	2,465	5,408	21,416	25,743	27,902	27,902	27,902
Capital Employed	4,28,142	4,25,684	4,27,051	4,36,002	4,70,557	5,06,632	5,46,992
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	12,190	13,542	14,943
Net Fixed Assets	16,472	13,582	12,556	9,723	9,844	10,092	10,290
Investment Property	25,955	25,545	26,626	28,688	20,257	20,257	20,257
Goodwill on Consolidation	9,443	9,443	9,443	9,443	9,443	9,443	9,443
Capital WIP	887	942	811	611	681	3,300	5,919
Total Investments	1,85,658	1,96,455	1,97,795	1,94,811	2,01,377	2,20,612	2,40,310
Curr. Assets, Loans&Adv.	3,20,155	2,86,835	2,77,810	2,96,004	3,61,766	3,85,823	4,21,703
Inventory	2,24,862	2,10,866	2,01,075	1,93,612	2,11,541	1,81,890	1,85,269
Account Receivables	7,204	5,813	5,636	5,492	5,381	7,114	7,673
Cash and Bank Balance	24,204	14,069	9,316	22,747	43,843	93,545	1,17,381
Loans and Advances	63,884	56,087	61,783	74,152	1,01,000	1,03,273	1,11,379
Curr. Liability & Prov.	1,30,426	1,07,118	97,988	1,03,278	1,32,067	1,42,152	1,60,186
Account Payables	10,563	12,345	23,229	24,379	25,820	30,290	31,587
Other Current Liabilities	1,18,395	93,727	73,820	78,041	1,04,916	1,10,650	1,27,291
Provisions	1,469	1,046	940	858	1,331	1,212	1,308
Net Current Assets	1,89,728	1,79,717	1,79,822	1,92,726	2,29,699	2,43,671	2,61,517
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	4,28,142	4,25,684	4,27,051	4,36,002	4,70,557	5,06,632	5,46,992

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	1.0	4.6	6.7	11.4	11.0	14.9	16.0
Cash EPS	2.2	7.3	10.2	12.2	16.1	21.4	23.0
BV/Share	193.1	198.1	203.8	211.3	221.0	237.5	255.5
DPS	0.0	2.0	3.0	4.0	3.0	3.0	3.0
Payout (%)	0.0	45.3	49.5	48.7	27.3	20.2	18.8
Valuation (x)							
P/E	537.5	121.6	84.0	49.5	76.3	56.5	52.5
Cash P/E	259.7	76.9	55.5	46.1	52.1	39.3	36.5
P/BV	2.9	2.8	2.8	2.7	3.8	3.5	3.3
EV/Sales	17.5	26.8	25.0	24.7	32.4	27.6	25.4
EV/EBITDA	93.7	102.2	82.0	81.5	98.0	76.3	66.3
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	-0.6	21.1	10.3
Return Ratios (%)							
RoE	0.6	3.3	4.6	5.5	7.1	9.0	9.0
RoCE	2.5	2.4	3.5	3.4	4.5	4.9	5.1
RoIC	-8.7	3.3	5.3	5.3	6.8	9.2	11.7
Working Capital Ratios							
Fixed Asset Turnover (x)	2.6	2.5	2.6	2.8	2.9	3.1	3.2
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Inventory (Days)	1,349	1,422	1,284	1,241	1,201	900	850
Debtor (Days)	43	39	36	35	31	35	35
Creditor (Days)	63	83	148	156	147	150	145
Leverage Ratio (x)							
Current Ratio	2.5	2.7	2.8	2.9	2.7	2.7	2.6
Interest Cover Ratio	0.7	1.5	2.6	4.0	5.5	3.8	3.8
Net Debt/Equity	0.2	0.1	0.1	0.0	0.0	-0.1	-0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	6,535	8,396	11,646	15,024	21,505	23,443	26,574
Depreciation	2,003	1,595	1,494	1,486	1,480	1,352	1,402
Interest & Finance Charges	9,407	5,562	6,247	3,921	-1,749	1,926	2,520
Direct Taxes Paid	-422	4,015	2,198	-858	-5,201	-5,898	-6,686
(Inc)/Dec in WC	-10,644	-7,020	7,540	5,628	-15,877	35,730	5,990
CF from Operations	6,879	12,547	29,124	25,202	158	56,552	29,799
Others	-3,322	2,055	-806	-1,450	0	0	0
CF from Operating incl EO	3,557	14,602	28,318	23,752	158	56,552	29,799
Free Cash Flow	2,170	15,294	26,833	23,115	-1,512	52,333	25,581
(Pur)/Sale of Investments	-9,571	-5,318	4,085	-13,014	12,797	0	0
Others	76,038	6,131	6,327	9,026	5,313	4,795	5,171
CF from Investments	65,081	1,505	8,928	-4,626	16,441	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	-490	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	-29,916	-7,426	-6,916
Inc/Dec of Cash	-26,580	-5,731	-1,037	-1,005	-13,317	49,702	23,836
Opening Balance	42,663	16,084	10,353	9,316	8,311	-5,006	44,696
Closing Balance	16,084	10,353	9,316	8,311	-5,006	44,696	68,532

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NOTES

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