

DLF Limited

Equity Research Report



Stock data (as on May 21, 2024)

Nifty	22529
52 Week H/L (Rs.)	462.3/ 967.6
Market Cap (Cr)	203,408.74
Share Out/Float (Cr)	248/ 61.49
Dividend yield (%)	0.59
BSE Code	532868
NSE Code	DLF

Stock Performance

— Nifty 50 — DLF Limited



Price Performance 1Y 3Y 5Y

Absolute Return 78.18% 217.42% 389.90%

Shareholding Pattern (March 2024)

Particulars	Sept-23	Dec-23	Mar-24
Promoters	74.08%	74.08%	74.08%
FIIs	15.89%	15.75%	16.53%
DII	5.27%	5.47%	4.77%
Public	4.76%	4.72%	4.62%

Financial Summary (in Cr)

	FY23	FY24
Net Revenue	6012	6958
YoY G (%)	(2.03)%	15.73%
EBITDA	2043	2655
EBITDA M (%)	34%	38%
PAT	1101	1630
YoY G (%)	30.6%	48.04%
ROE (%)	5.4%	6.91%
ROCE (%)	4.43%	5.43%
EPS (Rs.)	8.22	11.02
P/E	15.52x	34.6x
P/B	2.34x	5.64x

Source: Moneycontrol

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About the Company

DLF Ltd is primarily engaged in the business of real estate development. The company has a unique business model with earnings arising from development and rentals. DLF has also forayed into infrastructure, SEZ and hotel businesses. They operate in all aspects of real estate development, ranging from acquisition of land, to planning, executing, constructing & marketing of project. The group is also engaged in the business of generation and transmission of power, provision of maintenance services, hospitality and recreational activities. The business of DLF is organized on a SBU basis. The Homes SBU caters to 3 segments of the residential market - Super Luxury, Luxury and Mid-Income. The product offering involves a wide range of products including condominiums, duplexes, row houses and apartments of varying sizes.

Key Highlights:

The company reported a consolidated net profit of 1,630 crore in FY24. The company had posted 66.55% increment of net profit of 630 crore in March 24 from 376 crore in previous quarter, QoQ. The company's consolidated revenue in Mar 2024 increased 12.85% to 6,427 crores from 5,695 crore, YoY.

On a standalone basis, the company's revenue from operations registered 3,242.58 crore in FY24. Its standalone net profit came in at 1,251 crore and net profit margin was 38.58%. At the operational level, earnings before interest, taxes, depreciation and amortization (EBITDA) during the quarter rose marginally to 26,54.94 crores from 2043.19 crore in the year.

DLF Group- Business Overview

<u>Business</u>	Residential	Offices	Retail	Other Business
	 Apartments/Plotted/Townships/Low-rise	 Cyber Cities/Cyber Parks/IT SEZs/Commercial Parks	 MALL	Service & Facility Management/Hospitality
<u>Track record</u>	76 Years of experience in real estate development	178 Real estate projects developed	~349 msf Area developed	~125 msf Deliveries since IPO
<u>Scale</u>	220 msf+ Development potential (Devco & Rentco)	~44 msf Operational Rental portfolio	~66 msf Product Pipeline (Devco & Rentco)	~INR 36 bn Launched Inventory
<u>Organization</u>	 Strong brand	Focused on Safety, Sustainability & Governance	Strong Leadership with experienced teams	Strong Promoter commitment

Outlook

 Industry	 Company
India's economy continues to exhibit robust growth	Focused approach towards offering new products in Luxury/Premium segments to target steady growth
Housing demand witnessed record levels in 2023; similar momentum trends expected in 2024	Continue to follow prudent strategy of offering calibrated supply across core markets
Large and organized players continue to gain market share; Demand for luxury segment continues to outperform	Strong pipeline of New products planned for the year
Office demand witnessing steady growth; Q1 of CY2024 exhibited strong leasing momentum	New office products continue to witness healthy demand momentum; focus on enhancing ecosystems
Retail segment is poised comfortably; premiumization and sustained economic growth augurs well for the sector	New retail pipeline build out on track; positive outlook towards retail segment and its growth

DFL Group- Key Business Priorities

GOAL	Maintaining Leadership position by delivering Consistent, Competitive & Profitable Growth
Value Creation Levers	Identified Plan/Actions
1 Development Business	<ul style="list-style-type: none"> Continue scaling-up our product offerings; developing margin accretive products Tapping multiple geographies; Core : Gurugram / Delhi NCR; Other Key Markets : Chandigarh Tri-city/Goa New markets: Entry into Mumbai; continue to develop further profitable opportunities
2 Rental Business	<ul style="list-style-type: none"> Double digit rental growth through organic growth and New developments Significant increase in retail presence; Portfolio to grow to 2x in next 4-5 years Unlocking the development potential; Modernization / Upgradation of existing assets
3 Cash Management	<ul style="list-style-type: none"> Consistent growth in free cash flow generation in the business; Continue growing Net cash positive position in the Development business
4 Profitability / Shareholder returns	<ul style="list-style-type: none"> Improving profitability; Targeting steady double digit PAT growth annually; Improving Shareholder returns and ROE
5 Organization	<ul style="list-style-type: none"> Building Organizational capabilities; strengthening project management/ sales organization & enhancing digital capabilities to improve efficiency and controls Optimizing organizational overheads; to be competitive & commensurate with our growth plans

Quarterly Result

Exhibit 1: Quarterly Snapshot:

Particular	Q4FY24	Q3FY24	% Change Q-o-Q	Q4FY23	% Change Y-o-Y
Revenue from operations	2,135	1,521	40%	1,456	47%
Cost of Sales	862	664	30%	622	39%
Gross Margin	1,274	857	49%	835	53%
Gross Margin%	60%	56%		57%	
Other income	182	122	49%	120	52%
Staff Cost	124	126	(2%)	155	(20%)
Other Expenses	396	221	79%	282	41%
EBITDA	936	633	48%	518	81%
EBITDA%	40%	39%		33%	
Finance costs	98	84	17%	85	16%
Depreciation	37	38	(3%)	36	2%
PBT before exceptional items	802	512	57%	397	102%
Tax (Deferred Tax)	(171)	(135)	26%	(113)	52%
PAT	630	377	67%	285	121%
Profit/loss from Cyber/Other JVs/OCI	297	273	9%	296	-
PAT	927	649	43%	581	60%

- All figures are in Crores

Exhibit 2: Supplemental Metrics

Particulars (Cr.)	Mar-2023	Jun-2023	Sept-2023	Dec-2023	Mar-2024
Revenue Growth (%)	(2.59)	(2.25)	(5.30)	12.88	40.33
EBITDA	518	495	591	633	936
EBITDA Margin (%)	35.57	34.78	43.87	41.61	43.84
EBIT	481	458	554	595	899
EBIT Margin (%)	33.03	32.18	41.12	39.11	42.10
Net Profit	284	272	351	376	630
Net Profit Margin (%)	19.50	19.11	26.05	24.72	29.50
EPS	2.30	2.13	2.52	2.65	3.72

Quarterly Trends

Exhibit 3: Revenue Grew up 47%, YoY

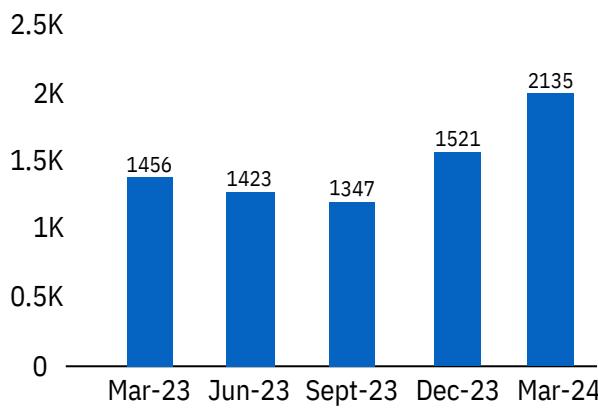


Exhibit 4: EBITDA Grew up 81%, YoY

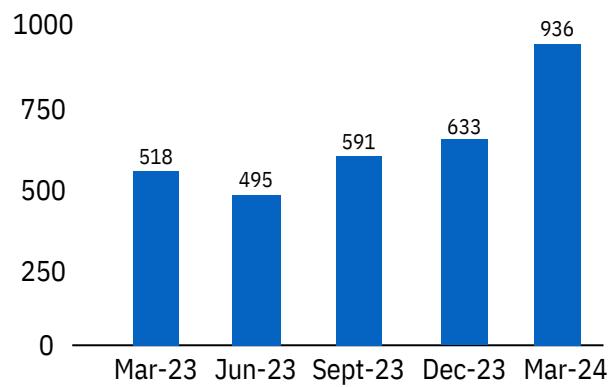


Exhibit 5: EBIT Grew up 87%, YoY

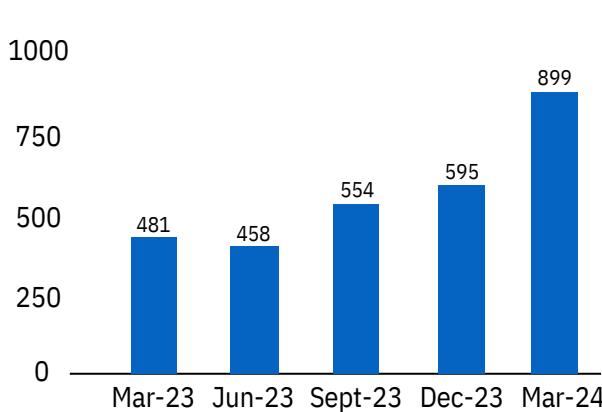
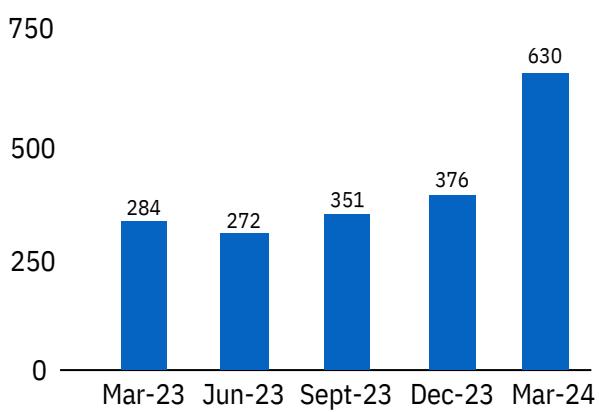


Exhibit 6: Net Profit Grew up 121%, YoY



- All figures are in Crores

Con-Call Q4FY24 –Key Highlights

Development Potential

Strategically located land bank at low carrying cost; will enable steady & sustainable growth

Location	Development Potential ¹ (in msf)
Gurgaon	112
DLF 5/DLF City	24
New Gurgaon	88
Delhi Metropolitan Region	13
Chennai	10
Hyderabad	3
Chandigarh Tri-City Region	16
Kolkata	2
Maharashtra (Mumbai/Pune/Nagpur)	16
Other Cities	19
TOTAL	192
Identified Pipeline of New Product Launches	60 Launched: 24 / Pipeline: 36
Balance potential	132

Launch Calendar:

Launched products continue to enhance value; FY25 launch pipeline of Rs 36,000 crore

Project	Initial Guidance		Launched FY 23-24		Total Till FY23-24		Planned FY 25		Beyond FY 25	
	Size (~ in msf)	Sales Potential (~ in Rs crore)	Size (~ in msf)	Sales Potential (~ in Rs crore)	Size (~ in msf)	Sales Potential (~ in Rs crore)	Size (~ in msf)	Sales Potential (~ in Rs crore)	Size (~ in msf)	Sales Potential (~ in Rs crore)
Luxury Segment	10	12,500	-	-	10	15,240	10.4	33,385	18.5	45,000
Midtown, DLF-GIC Residential JV	8	17,500	-	-	2	4,405	-	-	3	7,500
Premium	9	5,000	5.2	8,370	10	11,420	1.1	2,115	3.2	5,000
Commercial	2	2,500	0.7	1,500	1.7	2,840	0.1	500	0.01	500
Grand Total	29	37,500	5.9	9,870	24	33,905	11.6	36,000	25	58,000
Cumulative							36	69,905	60	1,27,905

Strong and diversified Launch pipeline for FY25

- Launch area: ~11.6 msf; further increased from earlier guidance of 10 msf
- Sales Potential: Rs 36,000 crore increased from Rs 32,000 crore
- Healthy Product mix: Launching products across multiple segments; tapping multiple micro-markets
 - ❖ Super Luxury/Luxury [DLF5, Gurugram, New Gurugram & Goa]
 - ❖ Premium [Mumbai, Chandigarh Tri-City]
 - ❖ Commercial [Gurugram]

Annual Result

Exhibit 7: Yearly Snapshot -Profit & Loss :

Particular	FY24	FY23	% Change Y-o-Y
Revenue from operations	6,427	5,695	13%
Cost of Sales	2,794	2,434	15%
Gross Margin	3,634	3,261	11%
Gross Margin%	57%	57%	
Other income	531	317	67%
Staff Cost	546	548	-
Other Expenses	964	987	(2%)
EBITDA	2,655	2,043	30%
EBITDA%	38%	34%	
Finance costs	356	392	(9%)
Depreciation	148	149	(1%)
PBT before exceptional items	2,151	1,502	43%
Tax (Deferred Tax)	(520)	(402)	30%
PAT	1,630	1,101	48%
Profit/loss from Cyber/Other JVs/OCI	1,103	952	16%
PAT	2,733	2,053	33%

Exhibit 8: Yearly Snapshot -Balance Sheet :

Particulars	As on 31.03.2024	As on 31.03.2023
Non-Current Assets	27,703	28,157
Current Assets	32,559	25,771
Total Assets	60,262	53,928
Equity	39,432	37,692
Non-current Liabilities	6,690	5,051
Current Liabilities	14,141	11,185
Total Liabilities	60,262	53,928

Exhibit 9: Yearly Snapshot -Cash Flow Statement :

Particulars	FY23	FY24	FY24				
	12M	12M	Q1	Q2	Q3	Q4	
Inflow							
•Collection from Sales	5,293	8301^	1,472	2,282	2,425	2,121^	
• Rental Inflow	357	354	104	76	90	84	
Sub-Total Inflow	5,650	8,655	1,575	2,359	2,516	2,205	
Outflow							
•Construction	1,183	1,642	316	349	467	510	
•Govt. Approval fee/Others	453	980	88	271	485	136	
•Overheads	775	1,006	201	268	214	323	
•Marketing / Brokerage	346	594	113	97	230	154	
Sub-Total Outflow	2,758	4,222	718	985	1,397	1,123	
Operating Cash Flow before interest & tax	2,892	4,432	858	1,374	1,119	1,082	
•Finance Cost (net)	268	49	60	(9)	3	(5)	
•Tax (net)	(61)	(2)	2	6	9	(18)	
Operating Cash Flow after interest & tax	2,686	4,385	795	1,378	1,108	1,105	
OCF Allocation							
•Capex outflow / others	841*	283	67	85	49	82	
Net surplus/ (shortfall)	1,845	4,102	728	1,293	1,058	1,023	
•Dividend (Inflow from DCCDL)	859	524	-	41	258	225	
•Dividend (Outflow from DLF)	(742)	(990)	-	(990)	-	-	
Net surplus/ (shortfall)	1,961	3,636	728	344	1,316	1,248	
Payment: Land acquisitions		(1,368)	(63)	(146)	(213)	(947)	
Net surplus/ (shortfall)	1,961	2,268	665	198	1,104	302	

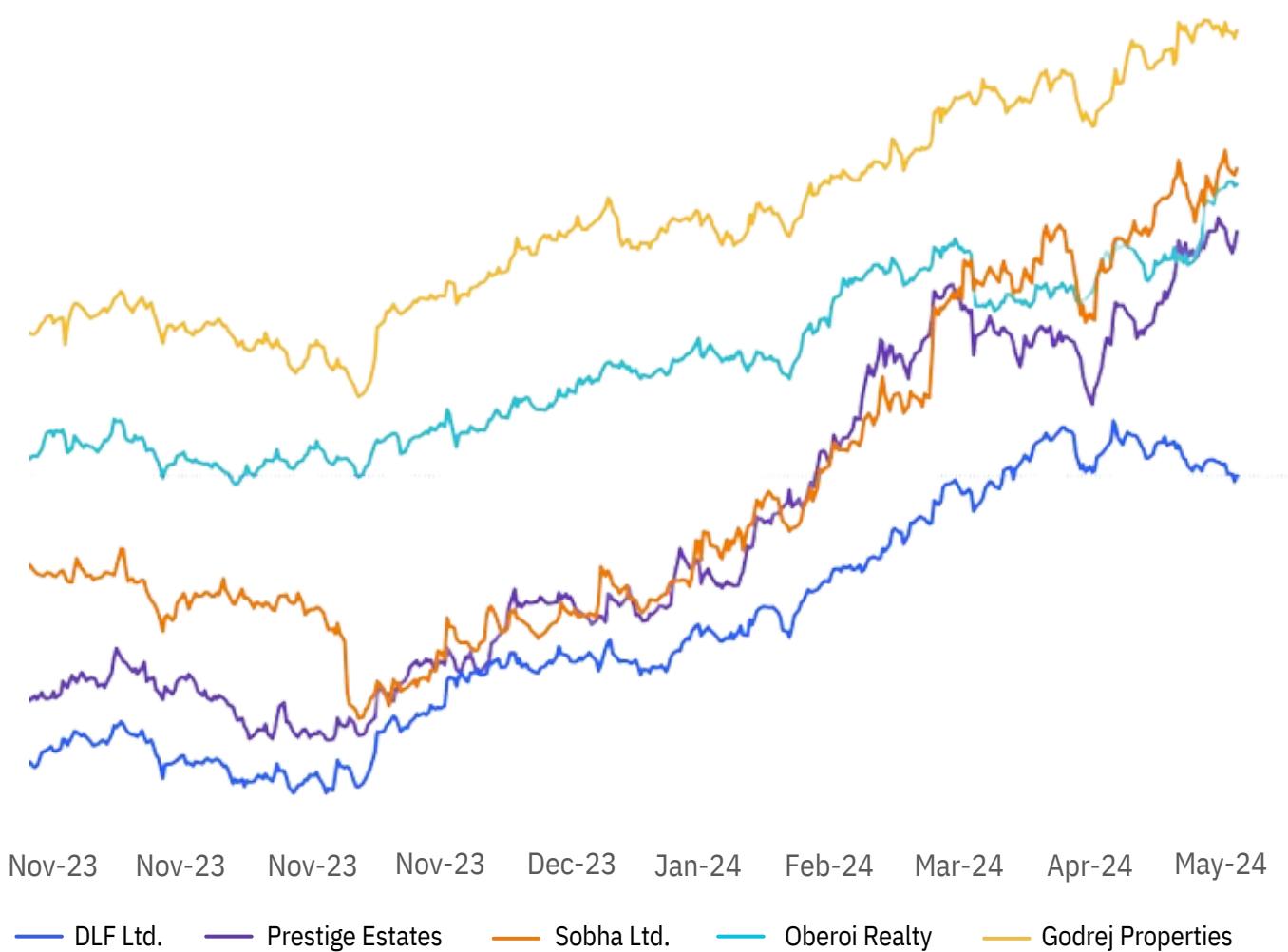
Exhibit 10: Key Ratio Movement :

Particulars (Cr.)	FY2020	FY2021	FY2022	FY2023	FY2024
PROFITABILITY RATIO					
PBDIT Margin (%)	31.89	35.99	37.83	35.87	41.3
PBIT Margin (%)	28.6	33.04	35.21	33.26	39
PBT Margin (%)	10.74	15.5	20.36	26.38	33.46
Net Profit Margin (%)	-24.31	8.81	14.75	19.33	25.36
ROE (%)	-1.69	3.09	4.12	5.4	6.91
ROCE (%)	4.19	4.25	4.78	4.43	5.43
Return on Assets (%)	-1.01	1.99	2.85	3.77	4.52
Total Debt/Equity (X)	0.18	0.16	0.11	0.08	0.12
LIQUIDITY RATIOS					
Current Ratio (X)	1.83	2.08	2.32	2.3	2.37
Quick Ratio (X)	0.4	0.43	0.38	0.57	0.88
Inventory Turnover Ratio (X)	0.27	0.26	-	-	0.14
Interest Coverage Ratios (%)	1.22	2.1	3.46	5.21	7.45
VALUATION RATIOS					
Enterprise Value (Cr.)	37,963.00	75,306.92	97,221.07	89,201.35	2,22,806.53
EV/Net Operating Revenue (X)	6.24	13.91	17	15.66	34.67
EV/EBITDA (X)	19.56	38.65	44.95	43.66	83.92
Price/Net Operating Revenue	5.6	13.12	16.47	15.52	34.6
Price/BV (X)	0.99	2.01	2.59	2.34	5.64

Peer Comparison

Exhibit 11: Peer Stock Performance

Peer Stock Performance



Source: Tradingview.com

Exhibit 12: Peers Financial Performance

Name	CMP	1Y Return	Market Cap	TTM P/E	PB	ROE	ROCE	Net Profit	Debt to Equity
DLF Ltd.	851	78.18%	2,03,408.74	74.59	5.16	6.91	5.43	1630	0.12
Godrej Properties Ltd.	2785.9	103.05%	75,848.32	104.6	8.19	7.25	8.28	719	1.07
Oberoi Realty Ltd.	1734.7	86.98%	75,853.88	34.69	4.83	13.91	13.64	1,917	0.18
Sobha Ltd.	1776.4	241.14%	17,831.02	362.93	7.09	1.95	10.02	49	0.76
Prestige Estates Projects Ltd.	1,601.4	234.72%	61,105.35	35.89	6.13	5.12	8.83	1,050	0.81

Source: Moneycontrol.com