DLF Ltd. (DLFLIM)

ICICI Direct

CMP: ₹ 663 | Target ₹ 810 (22%) | Target Period: 12 months | **BUY**

August 5, 2026

Soft Q1, strong launch pipeline ahead...

About the stock: DLF, founded in 1946, is the largest publicly listed real estate company in India, with presence across residential, commercial and retail properties.

- DLF has a strong land bank (development potential of 188msf (70%+ in Gurgaon) of which ~22msf is under execution.
- DLF holds commercial assets at both parent level and through DCCDL (66.67% stake).

Q1FY27 performance: DLF reported weak pre-sales of ₹ 657 crore (down 94% YoY, down 83% QoQ) for Q1FY27, impacted by deferment of launches. Collections too were weak at ₹ 2406 crore (down 14% YoY, down 27% QoQ). Lower revenue booking led to 53% YoY decline (down 29% QoQ) in consolidated revenues at ₹ 1280 crore for Q1FY27. Further, gross margins and EBITDA margins were lower 1132 bps and 1090 bps YoY at 44.2% and 11.7%. Hence, consolidated EBITDA declined 59% YoY (down 63% QoQ) at ₹ 150 crore. Higher other income and income from JV led to 4% YoY growth in consolidated net profit at ₹ 794 crore. DCCDL reported total revenue /EBITDA/ adjusted PAT growth of 10%/9%/21% YoY at ₹ 1917 crore/₹ 1474 crore/₹ 717 crore respectively in Q1FY27. The company's net cash surplus (including RERA cash) stood at ₹ 15,200 crore (up ₹ 1045 crore QoQ).

Investment Rationale:

- **FY27 pre-sales guidance retained despite slow start in Q1:** DLF retained its launch and pre-sales guidance of ₹ 20,000 crore for FY27 (FY26 - ₹ 20,143 crore). FY27 launch pipeline projects include 1) Arbour Senior living (awaiting RERA) 2) Hamilton II (H2FY27) 3) Goa (awaiting PIL resolution) 4) Westpark phase II (by Q3FY27) 5) fresh inventory in Dahlias (experience centre expected around Diwali). Its current launch pipeline of ₹ 1.14 lakh crore has over ₹ 60,000 crore projects which are yet to be launched, while it would unlock future phase of launch pipeline as per market demand and its execution strategy. It is pursuing couple of strategic land parcels in Gurugram. It has also made some advances on lands, which are expected to fructify over the next three to four quarters.
- **Medium term ~₹ 10,000 crore rental income stay intact:** DLF's rental assets of ~50 msf are operating at high occupancy levels of 95% (area-wise) and 97% (value-wise). Exit rentals for FY26 stood at ₹ 7400 crore while it targets exit rentals of ₹ 8200 crore for FY28 (driven by 10-11% growth in existing portfolio with incremental growth from addition of three new malls) and ₹ 10,000 crore over the medium term (~76msf portfolio). Over the next 4-5 years, it expects NOI to grow in mid-teens and PAT at 20-25% CAGR.

Rating and Target Price:

- We retain Buy on the stock with an unchanged SOTP based price target of ₹ 810 (assigning nil premium to NAV).

Result Update

ICICI Securities – Retail Equity Research

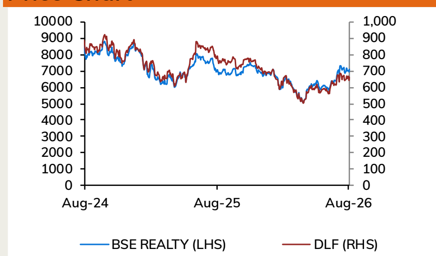
Market data

Particulars	Rs. in crore
Market Capitalisation	1,63,989
Debt (FY26)	45
Cash (FY26)	7,746
EV	156,288
52 Week H/L (Rs.)	798/489
Equity Capital	495
Face Value (Rs.)	2

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	74.1	74.1	74.1	74.1
FII	15.5	14.8	13.5	12.3
DII	5.2	5.8	6.9	8.0
Others	5.3	5.3	5.4	5.6

Price Chart



Key risks

(i) Regional concentration risk given the sharp appreciation in property prices

(ii) Execution risk in lieu of major project launches

(iii) Diversification risk in newer markets

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Key Financial Summary

Particulars (₹ crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	5694.8	6427.0	7993.7	8194.0	12.9	9276.8	10177.1	11.4
EBITDA	1725.9	2123.6	2108.6	1448.4	-5.7	2280.8	3426.3	53.8
EBITDA margin (%)	30.3	33.0	26.4	17.7		24.6	33.7	
Net Profit	2035.8	2727.1	4670.0	4211.8	27.4	4546.0	5709.3	16.4
EPS (Rs)	8.2	11.0	18.9	17.0		18.4	23.1	
P/E (x)	80.2	59.9	35.0	38.8		35.9	28.6	
P/B (x)	4.3	4.1	3.8	3.6		3.4	3.2	
RoCE (%)	3.9	4.5	4.2	2.9		4.5	6.5	
RoE (%)	5.4	6.9	11.0	9.3		9.6	11.4	

Source: Company, ICICI Direct Research

Q1FY27 – Earnings call summary

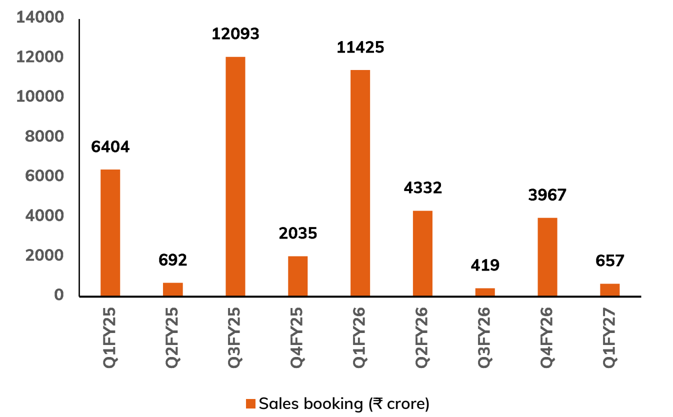
- **Guidance:** DLF maintained pre-sales guidance of ₹ 20000 crore for FY27. The collection run-rate is expected to grow at 10-15% YoY (₹ 13500 in FY26).
- **Launch pipeline:** DLF plans to launch projects having estimated GDV of upto ₹ 20,000 crore in 9MFY27E. In Gurugram it plans to launch a senior living project Arbour 2 (0.5 msf, GDV of ~₹ 2000 crore) and Hamilton 2 (~₹ 9000 crore), in Mumbai Westpark phase 2 (~₹ 3000 crore) and one residential in Goa (₹ 2000 crore). The company expects the Dahlias pre-sales to pick up pace H2FY27E.
- **Dahlias:** DLF achieved bookings of ~₹ 542 crore in Q1FY27. At present about 64% of inventory of Dahlias is sold, the experience center at the Dahlias is expected to come live in Q3FY27E. The company expects to achieve healthy pre-sales in FY27E at the Dahlias. The project is planned to be completely constructed in 3-4 years.
- **Result highlights:** Pre-sales were ₹ 617 crore mainly led by the Dahlias which received ~6 bookings in Q1FY27. Collections were at ₹ 2400 crore in Q1FY27. The construction outflow during Q1FY27 was ₹ 773 crore.
- **Rental asset performance:** The company has ~50 million square feet (msf) of rental assets, operating at approximately 95% occupancy. DCCDL rental income grew to ₹ 1444 crores, marking a 9% YoY growth and PAT grew by 21% for the same period. The company has guided exit rental of ~₹7500 crore in FY27E.
- **Retail assets:** The retail assets are operating at 97-98% occupancy. Out of the three malls in DLF, two malls are 95-96% leased. Leasing commenced at Promenade, Goa. Construction is going on at Mall of India, Gurugram.
- **Downtown Gurgaon:** The total development is about 7.5 msf of which 2 msf is mall and 5.5 msf is offices comprising of 4 towers (Towers 5,6,7 and 8). The tower 7 is completely leased and the company will open tower 5 and 6 in FY27E for leasing. The construction work is going well and expect to complete by H1FY29. Downtown phase 1 is an iconic tower and its construction will begin after 2-3 years.
- **Downtown, Chennai:** Downtown 3 is fully leased while construction on 4th and 5th towers is going on in full swing. The company expects construction to complete in Q2FY28E.
- **Atrium Place:** It has leased all the four towers and has received OC for three towers.
- **Cash balance:** The company currently holds a cash reserve of ~ ₹ 15,200 crores, with around ₹ 11,305 crores allocated to RERA accounts.

Exhibit 1: Quarterly trend

	Q1FY27	Q1FY26	YoY (Chg %)	Q4FY26	QoQ (Chg %)	Comments
Operating Income	**1,280.3**	**2,716.7**	**-52.9**	**1,814.1**	**-29.4**	Lower income indicates lower project handovers
Other Income	325.2	264.2	23.1	279.8	16.2	
Total Revenue	**1,605.6**	**2,980.9**	**-46.1**	**2,093.8**	**-23.3**	
Raw materials costs	714.3	1,948.3	-63.3	806.7	-11.5	
Employees Expenses	176.7	144.4	22.4	181.6	-2.7	
Other Expenses	239.0	259.9	-8.0	414.9	-42.4	
Total Expenditure	1,130.0	2,352.5	-52.0	1,403.3	-19.5	
EBITDA	**150.3**	**364.2**	**-58.7**	**410.8**	**-63.4**	
EBITDA margins (%)	11.7	13.4	-167 bps	22.6	-1090 bps	Decline in margins due to product mix
Interest	17.6	78.6	-77.6	21.1	-16.5	
Depreciation	35.1	34.5	1.9	48.3	-27.2	
PBT	**422.8**	**515.3**	**-18.0**	**621.2**	**-31.9**	
Exceptional items	0.0	0.0	-	-27.9	-	
Tax	114.7	133.2	-13.9	-92.1	-224.5	
Minority Interest	0.0	0.0	-	0.0	-	
JV Income	485.8	380.6	27.7	527.4	-7.9	
Adjusted PAT	**793.9**	**762.7**	**4.1**	**1,240.7**	**-36.0**	

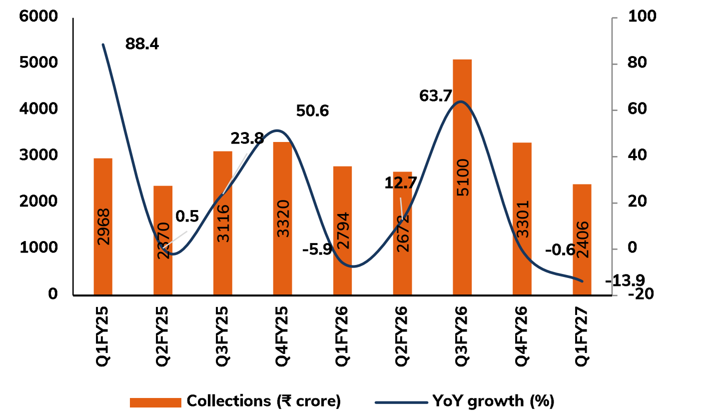
Source: Company, ICICI Direct Research

Exhibit 2: Pre-sales quarterly trend booking



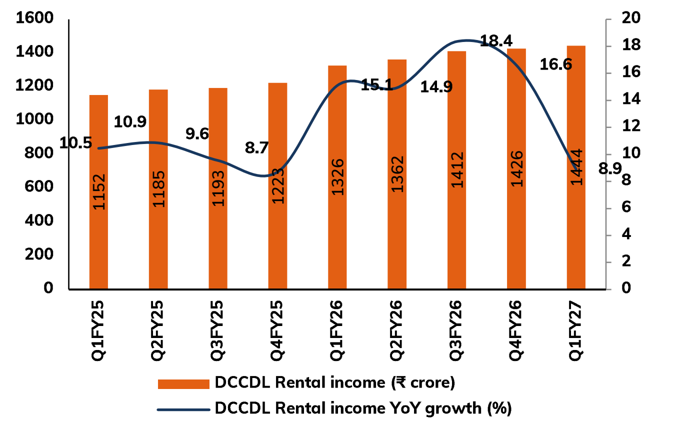
Source: Company, ICICI Direct Research

Exhibit 3: Collections quarterly trend



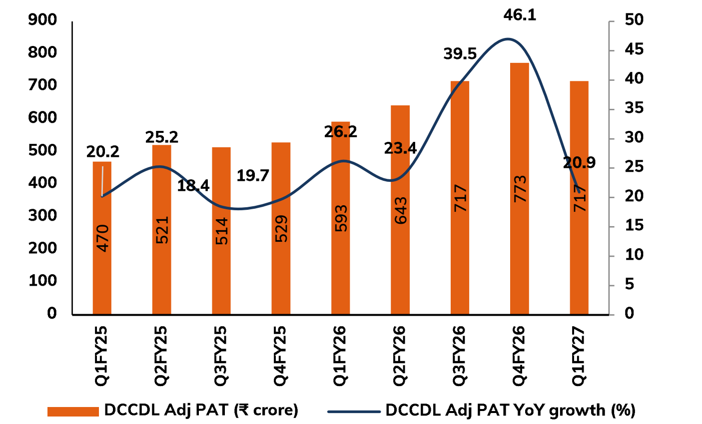
Source: Company, ICICI Direct Research

Exhibit 4: DCCDL rental income trend



Source: Company, ICICI Direct Research

Exhibit 5: DCCDL PAT trend



Source: Company, ICICI Direct Research

Valuation

We value DLF on SOTP basis with different valuation methodology for its residential and commercial assets. We have valued its residential vertical by calculating NAV discounting net post-tax operating cashflows at 12.5% WACC rate. For commercial assets, we use 7.5% capitalisation rate on FY2028 rental income considering its high premium to regional average rental rates and high-quality assets. We value balance land potential for residential and commercial purposes at market value. We retain Buy on the stock with a revised SOTP based price target of ₹ 810 (assigning nil premium to NAV).

Exhibit 6: Valuation mix

Particulars	Valuation methodology	Value per share (Rs)
Residential	NAV basis	106
DLF's rental assets	Capitalisation	114
Balance Land bank	Market value	401
DCCDL	Capitalisation	186
Price Target (Rounded Off)		**810**

Source: Company, ICICI Direct Research

Financial summary

Exhibit 7: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	7,993.7	8,194.0	9,276.8	10,177.1
% Growth	24.4	2.5	13.2	9.7
Other income	1,002.2	1,622.0	1,031.7	997.3
Total Revenue	8,995.9	9,816.0	10,308.5	11,174.4
% Growth	29.3	9.1	5.0	8.4
Raw Material Costs	4,131.6	4,848.6	4,900.1	4,449.4
Employee Expenses	592.0	640.3	704.3	774.8
Other expenses	1,161.5	1,256.8	1,391.5	1,526.6
Total Operating Exp.	5,885.0	6,745.7	6,996.0	6,750.7
Operating Profit (EBITDA)	2,108.6	1,448.4	2,280.8	3,426.3
% Growth	(0.7)	(31.3)	57.5	50.2
Interest	397.2	199.1	4.0	4.0
PBDT	2,713.7	2,871.3	3,308.4	4,419.6
Depreciation	150.7	142.4	152.0	152.0
PBT	2,563.0	2,728.9	3,156.4	4,267.6
Total Tax	(433.9)	310.0	820.7	1,109.6
PAT before MI	2,996.9	2,418.9	2,335.8	3,158.0
PAT	4,670.0	4,211.8	4,546.0	5,709.3
% Growth	71.2	(9.8)	7.9	25.6
EPS	18.9	17.0	18.4	23.1

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	4,670	4,212	4,546	5,709
Depreciation	151	142	152	152
Interest	397	199	4	4
Cash Flow before WC	2,132	1,534	3,312	4,424
Changes in inventory	(457)	(430)	5,911	1,811
Changes in debtors	(232)	(19)	(42)	(86)
Changes in loans & Advances	(457)	(430)	5,911	1,811
Changes in other current assets	-	-	-	-
Net Increase in Current Assets	(1,146)	(879)	11,780	3,536
Changes in creditors	4,993	5,773	(7,560)	(1,791)
Changes in provisions	2	16	-	-
Net Inc in Current Liabilities	4,994	5,789	(7,560)	(1,791)
Net CF from Operating activities	5,235	6,347	2,644	1,029
(Purchase)/Sale of Fixed Assets	(95)	(116)	(90)	(90)
Net CF from Investing activities	(2,879)	2,608	(90)	(90)
Dividend and Dividend Tax	(1,234)	(1,480)	(2,475)	(2,970)
Net CF from Financing Activities	(2,403)	(5,547)	(2,479)	(2,974)
Net Cash flow	(46)	3,408	75	(2,036)
Opening Cash/Cash Equivalent	4,384	4,338	7,746	7,821
Closing Cash/ Cash Equivalent	4,338	7,746	7,821	5,785

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	495	495	495	495
Reserve and Surplus	42,055	44,978	47,049	49,788
Total Shareholders' funds	42,550	45,473	47,544	50,283
Total Debt	3,854	45	45	45
Total Liabilities	46,404	45,518	47,589	50,328
Gross Block	3,165	3,265	3,355	3,445
Acc: Depreciation	1,370	1,512	1,664	1,816
Net Block	1,796	1,753	1,691	1,629
Capital WIP	86	162	162	162
Total Fixed Assets	1,881	1,915	1,853	1,791
Non-Current Assets	23,364	23,371	23,371	23,371
Inventory	24,621	24,717	22,874	25,094
Debtors	802	847	890	976
Other Current Assets	12,953	14,134	10,434	11,174
Cash	4,338	7,746	7,821	5,785
Total Current Assets	42,715	47,446	42,018	43,029
Current Liabilities	21,462	27,026	19,466	17,676
Provisions	94	187	187	187
Total Current Liabilities	21,556	27,213	19,653	17,863
Net Current Assets	21,158	20,232	22,365	25,166
Total Assets	46,404	45,518	47,589	50,328

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	18.9	17.0	18.4	23.1
Cash per Share	19.5	17.6	19.0	23.7
DPS	6.0	8.0	10.0	12.0
BV	171.9	183.7	192.1	203.1
Operating Ratios				
EBITDA Margin	26.4	17.7	24.6	33.7
PAT Margin	58.4	51.4	49.0	56.1
Return Ratios				
RoE	11.0	9.3	9.6	11.4
RoCE	4.2	2.9	4.5	6.5
Valuation Ratios				
EV / EBITDA	77.6	108.0	68.5	46.2
P/E	35.1	39.0	36.1	28.7
EV / Net Sales	20.5	19.1	16.9	15.6
Sales / Equity	0.2	0.2	0.2	0.2
Market Cap / Sales	20.5	20.0	17.7	16.1
Price to Book Value	3.9	3.6	3.5	3.3
Working Capital Management Ratios				
Inventory Days	1,124.2	1,101.0	900.0	900.0
Debtor Days	36.6	37.7	35.0	35.0
Creditor Days	139.5	112.0	184.9	153.0
Asset Turnover	0.2	0.2	0.2	0.2
Solvency Ratios				
Debt / Equity	0.1	0.0	0.0	0.0
Current Ratio	2.0	1.7	2.1	2.4
Quick Ratio	0.8	0.8	1.0	1.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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