

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	756
12 month price target (INR)	980
52 Week High/Low	897/601
Market cap (INR bn/USD bn)	1,872/21.1
Free float (%)	25.9
Avg. daily value traded (INR mn)	1,828.8

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	74.08%	74.08%	74.08%
FII	15.46%	15.98%	16.27%
DII	5.21%	5.01%	4.72%
Pledge	0%	0%	0%

FINANCIALS

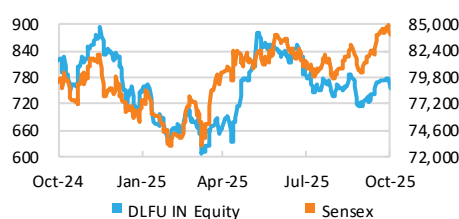
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	79,937	89,193	1,08,782	1,14,981
EBITDA	21,086	27,464	39,146	39,152
Adjusted profit	46,700	41,860	53,538	55,692
Diluted EPS (INR)	18.9	16.9	21.6	22.5
EPS growth (%)	71.2	(10.4)	27.9	4.0
RoAE (%)	10.7	9.5	11.2	10.7
P/E (x)	40.1	44.7	35.0	33.6
EV/EBITDA (x)	85.7	65.7	45.9	45.6
Dividend yield (%)	0.5	0.5	0.5	0.5

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	89,193	1,08,782	-1%	7%
EBITDA	27,464	39,146	-3%	7%
Adjusted profit	41,860	53,538	1%	4%
Diluted EPS (INR)	16.9	21.6	1%	4%

PRICE PERFORMANCE



Mumbai launch spurs bookings

DLF's Q2FY26 pre-sales increased 6.3x YoY to INR43.3bn, led by sell-out of its maiden project in Mumbai (spanning ~0.9msf with a GDV of ~INR23bn). Q2FY26 collections rose 13% YoY to ~INR26.7bn. DLF retained its net-cash status. Occupancy in rental assets (DLF + DCCDL) was 94% while rentals expanded 14% YoY to ~INR14.9bn in Q2FY26.

As highlighted in our report [Making sense of housing cycle](#), housing demand/price growth in the Gurugram market is likely to report a moderation going ahead, given affordability constraints. The company's success in navigating these evolving dynamics shall determine the stock trajectory, in our view. Maintain 'BUY' with a revised TP of INR980 (earlier INR1,005) on a rollover to Q2FY28E.

Bookings surge YoY aided by blockbuster Mumbai debut

DLF's Q2FY26/H1FY26 pre-sales came in at ~INR43.3bn/157.6bn (up 6.3x/122% YoY) led by the strong response to the West Park, Mumbai project in Q2FY26 and Privana North (4.7msf, GDV of ~INR110bn) in Q1FY26. Q2FY26 collections at INR26.7bn expanded 13% YoY. While H1FY26 collections were up 2% YoY, management expects the pace of construction and collections to improve in H2FY26. The company maintained its net cash status at INR77.2bn.

Annuity portfolio going great guns

DCCDL's rentals improved 15% YoY to ~INR13.6bn in Q2FY26 as occupancy remained high at 99% in office and 98% in retail spaces. The overall rental portfolio (DLF + DCCDL) of ~48.7msf has occupancy levels of 94% and clocked ~INR14.9bn rentals in Q2FY26 (up 14% YoY). The company has received OC for Phase I of ~2.1msf in Atrium Place while Phase II is likely to be completed by Q1FY27; gross rentals for the project can be INR6bn plus. Work on Downtown blocks 5–8 in Gurugram and Downtown blocks 3/4 in Chennai are underway and likely to be completed in CY28. Rentals for the Midtown Plaza, Delhi and Summit Plaza are likely to commence Q3FY26 onwards while OC for DLF Promenade, Goa is likely in Q4FY26. Overall, these three retail spaces can generate ~INR4.5bn annual rentals post-stabilisation.

Response to future launches assumes importance

DLF has a launch pipeline spanning ~24msf projects (with a GDV of ~INR602bn) over the medium term. Over the next 18 months, it plans to launch projects in Goa, Gurugram (Arbour Phase 2, Privana next phase, Hamilton Court), Panchkula and Mumbai (West Park Phase 2). Given low inventory levels with the company and slowdown in volumes at the industry level ([Link](#)), the response to these launches shall determine pre-sales and ultimately the stock price trajectory, in our view.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	16,430	19,750	(16.8)	27,167	(39.5)
EBITDA	2,836	5,020	(43.5)	3,642	(22.1)
Adjusted Profit	9,449	7,756	21.8	7,627	23.9
Diluted EPS (INR)	3.8	3.1	21.8	3.1	23.9

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	79,937	89,193	1,08,782	1,14,981
Gross profit	38,621	46,638	61,362	61,460
Employee costs	5,920	6,473	7,500	7,531
Other expenses	11,615	12,701	14,715	14,776
EBITDA	21,086	27,464	39,146	39,152
Depreciation	1,507	1,946	2,105	2,144
Less: Interest expense	3,972	3,155	3,043	3,003
Add: Other income	10,022	13,029	14,983	17,231
Profit before tax	22,606	35,393	48,982	51,236
Prov for tax	(4,339)	8,919	12,344	12,912
Less: Other adj	16,723	15,378	16,891	17,359
Reported profit	43,676	41,860	53,538	55,692
Less: Excp.item (net)	(3,024)	0	0	0
Adjusted profit	46,700	41,860	53,538	55,692
Diluted shares o/s	2,475	2,475	2,475	2,475
Adjusted diluted EPS	18.9	16.9	21.6	22.5
DPS (INR)	4.0	4.0	4.0	4.0
Tax rate (%)	19.2	25.2	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Selling price infl. (%)	7.3	7.3	7.3	0
Const. cost infl. (%)	5.0	5.0	5.0	0
Gross margin (%)	48.3	52.3	56.4	53.5
EBITDA margin (%)	26.4	30.8	36.0	34.1
Net profit margin (%)	58.4	46.9	49.2	48.4
Revenue growth (% YoY)	24.4	11.6	22.0	5.7
EBITDA growth (% YoY)	(0.7)	30.2	42.5	0
Adj. profit growth (%)	71.2	(10.4)	27.9	4.0

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	0
Repo rate (%)	6.0	5.0	5.0	0
USD/INR (average)	84.0	82.0	81.0	0
Interest cost (%)	5.0	3.5	2.8	2.6
Employee cost (%)	7.4	7.3	6.9	6.5
Other exp. (%)	14.5	14.2	13.5	12.9
Other inc. (%)	12.5	14.6	13.8	15.0
Dep. (% gr. block)	3.7	3.7	3.6	3.5
Effect. tax rate (%)	(19.2)	25.2	25.2	25.2

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	40.1	44.7	35.0	33.6
Price/BV (x)	4.4	4.1	3.8	3.5
EV/EBITDA (x)	85.7	65.7	45.9	45.6
Dividend yield (%)	0.5	0.5	0.5	0.5

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	4,951	4,951	4,951	4,951
Reserves	4,20,552	4,50,988	4,92,510	5,36,187
Shareholders funds	4,25,502	4,55,938	4,97,461	5,41,137
Minority interest	0	0	0	0
Borrowings	38,540	36,358	34,395	32,627
Trade payables	2,14,621	2,29,897	2,41,354	2,55,675
Other liabs & prov	6,061	6,061	6,061	6,061
Total liabilities	6,84,724	7,28,254	7,79,270	8,35,500
Net block	25,580	36,972	40,724	41,354
Intangible assets	9,443	9,443	9,443	9,443
Capital WIP	857	797	927	9,549
Total fixed assets	35,880	47,212	51,094	60,346
Non current inv	2,13,356	2,16,356	2,21,356	2,26,356
Cash/cash equivalent	1,07,020	1,06,329	1,14,041	1,23,213
Sundry debtors	8,022	8,027	10,878	12,648
Loans & advances	8,668	9,448	10,866	12,496
Other assets	3,11,778	3,40,881	3,71,035	4,00,442
Total assets	6,84,724	7,28,254	7,79,270	8,35,500

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	43,676	41,860	53,538	55,692
Add: Depreciation	1,507	1,946	2,105	2,144
Interest (net of tax)	4,734	2,360	2,276	2,246
Others	(3,024)	0	0	0
Less: Changes in WC	41,024	(14,612)	(22,966)	(18,485)
Operating cash flow	83,183	29,194	32,677	39,350
Less: Capex	(2,121)	13,278	5,986	11,397
Free cash flow	85,304	15,916	26,691	27,954

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	10.7	9.5	11.2	10.7
RoCE (%)	6.5	8.1	10.2	9.8
Inventory days	2,022	2,223	2,183	2,088
Receivable days	31	33	32	37
Payable days	1,536	1,906	1,814	1,695
Working cap (% sales)	141.2	143.0	138.3	147.0
Gross debt/equity (x)	0.1	0.1	0.1	0.1
Net debt/equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Interest coverage (x)	4.9	8.1	12.2	12.3

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	71.2	(10.4)	27.9	4.0
RoE (%)	10.7	9.5	11.2	10.7
EBITDA growth (%)	(0.7)	30.2	42.5	0
Payout ratio (%)	22.7	23.7	18.5	17.8

Exhibit 1: Financial snapshot

Consolidated (INR mn)	Q2FY26	Q2FY25	% change yoy	Q1FY26	% change qoq	FY26E	FY27E	FY28E
Sales and other receipts	16,430	19,750	-16.8	27,167	-39.5	89,193	1,08,782	1,14,981
Cost of land, plots and constructed properties	9,350	10,801	-13.4	19,483	-52.0	44,555	47,420	53,522
Staff Cost	1,460	1,654	-11.7	1,444	1.2	6,473	7,500	7,531
Other Expenditure	2,785	2,275	22.4	2,599	7.2	12,701	14,715	14,776
EBITDA	2,836	5,020	-43.5	3,642	-22.1	25,464	39,146	39,152
Other Income	6,188	2,058	200.6	2,642	134.2	7,016	8,068	9,278
Finance Charges	631	935	-32.5	786	-19.7	3,155	3,043	3,003
Depreciation	295	377	-21.7	345	-14.3	1,946	2,105	2,144
Exceptional Item	2,352	-	nm	-	nm	0	0	0
Profit before tax, JV and minority	10,449	5,766	81.2	5,153	102.8	27,380	42,067	43,284
Total Taxes	2,763	1,390	98.8	1,332	107.5	6,900	10,601	10,907
Profit before Minority Interest & JV	7,685	4,376	75.6	3,821	101.1	20,480	31,466	32,376
Minority Interest	-	1	nm	-	nm	(8)	(8)	(8)
Profit/ (Loss) from JVs & Associates	4,116	3,378	21.8	3,806	8.1	15,378	16,891	17,359
Adjusted Net Profit	9,449	7,753	21.9	7,627	23.9	35,866	48,365	49,743
Adjusted Diluted EPS	3.8	3.1	21.9	3.1	23.9	14.5	19.5	20.1
As % of revenues	bps change yoy			bps change qoq				
Cost of construction	56.9	54.7	222.1	71.7	-1481.0	50.0	43.6	46.5
Staff cost	8.9	8.4	51.3	5.3	357.4	7.3	6.9	6.5
Other expenses	16.9	11.5	542.8	9.6	738.2	14.2	13.5	12.9
Total operating expenses	82.7	74.6	816.1	86.6	-385.4	71.5	64.0	65.9
Depreciation	1.8	1.9	-11.2	1.3	52.9	2.2	1.9	1.9
Interest expenditure	3.8	4.7	-89.3	2.9	95.0	3.5	2.8	2.6
Margins								
EBITDA margin	17.3	25.4	-816.1	13.4	385.4	28.5	36.0	34.1
EBIT margin	13.4	20.7	-726.8	10.5	290.4	26.4	34.1	32.2
Net profit margin	57.5	39.3	1825.4	28.1	2943.6	40.2	44.5	43.3
Tax rate	26.4	24.1	234.1	25.8	60.1	25.2	25.2	25.2

Source: Company, Nuvama Research

Exhibit 2: Operational snapshot

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
DLF Devco											
Net sales (INR mn)	84,580	20,400	22,280	90,470	14,620	64,040	6,920	1,20,930	20,350	1,14,250	43,320
Devco Collections (INR mn)	18,420	14,720	22,820	24,250	13,930	28,880	22,520	29,880	32,680	27,110	25,450
Unsold inventory (INR bn)	73.9	56.3	42.4	44.1	36.8	30.4	25.0	255.2	235.8	233.1	214.7
Receivables (INR bn)	148.0	150.6	147.5	211.9	203.0	234.2	212.8	300.5			
Net debt (ex-DCCDL) (INR bn)	7.2	0.6	(1.4)	(12.5)	(15.5)	(29.0)	(28.3)	(45.3)	(68.5)	(79.8)	(77.2)
Net D/E (ex-DCCDL) (x)	0.02	0.00	(0.00)	(0.03)	(0.04)	(0.07)	(0.07)	(0.11)	(0.16)	(0.18)	(0.18)
Borrowing cost (%)	8.2	8.2	8.1	8.1	8.2	8.3	8.3	8.2	8.2	-	-
DLF Rentco											
Leasable area (msf)	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.0	2.3
Leased area (msf)	2.1	2.1	2.0	2.1	2.1	2.1	2.1	2.1	1.9	1.9	2.2
Occupancy (%)	96.8	93.3	91.1	92.4	91.6	91.6	91.6	91.6	86.7	95.0	93.6
Rental collections (INR mn)	860	1,040	760	900	840	800	1,180	1,280	520	830	1,270
DLF - cashflows:											
Operating cashflows before interest & tax (INR mn)	11,180	8,580	13,740	11,190	3,540	17,690	11,770	18,060	20,070	15,230	12,370
Operating cashflows after interest & tax (INR mn)	10,390	7,950	13,780	11,080	3,770	18,490	12,110	18,500	18,500	13,040	13,550
Capex (INR mn)	(770)	(670)	(850)	(490)	(820)	(870)	(880)	(830)	(1,110)	(1,260)	(1,250)
Net cashflows (INR mn)	13,700	6,650	1,980	11,030	3,010	13,490	(560)	17,030	23,150	11,310	(2,620)
DCCDL											
Operational area (msf)	39.6	39.6	39.7	39.7	41.9	42.0	42.0	40.4	43.2	44.2	44.4
Leased area (msf)	35.5	35.3	36.6	36.4	38.8	39.0	39.0	37.7	40.6	41.7	41.6
Occupancy (%)	89.6	89.1	92.1	91.7	92.6	92.9	92.9	93.3	94.0	94.3	93.7
Rental revenue (INR mn)	10,530	10,430	10,690	10,880	11,240	11,520	11,850	11,930	12,230	13,260	13,620
EBITDA (INR mn)	10,440	10,720	10,890	11,110	11,230	11,760	12,170	12,210	12,360	13,450	14,030
PAT (INR mn)	3,520	3,910	4,170	4,340	4,470	4,700	5,210	9,410	5,280	5,920	6,550
Gross leasing (msf)	1.9	1.5	2.3	1.1	2.1	1.5	2.4	1.5	1.5	-	-
Net leasing (msf)	0.9	0.8	1.5	0.2	0.1	0.2	0.2	1.4	1.2	(0.0)	(1.2)
Net debt - DCCDL (INR bn)	188	183	180	183	179	176	172	167	175	173	174
Net D/E - DCCDL (x)	2.9	2.7	2.5	2.6	2.5	2.3	2.1	1.9	2.1	2.0	1.9
DCCDL - Cashflows:											
Operating cashflow before interest and tax (INR mn)	10,310	11,060	11,120	11,820	12,580	11,880	13,870	12,880	11,830	11,880	13,210
Operating cashflow after interest and tax (INR mn)	5,590	6,370	6,110	5,890	8,890	7,210	9,200	7,390	7,180	7,210	7,600
Capex (INR mn)	2,270	1,890	2,400	2,530	3,590	3,770	4,760	5,120	4,390	3,770	5,560
Net cashflow (INR mn)	3,320	4,480	3,710	3,360	5,300	3,440	4,440	2,270	2,790	3,440	2,040
DCCDL - under construction:											
Leasable area (msf)	5.4	5.3	5.3	5.4	3.1	3.1	3.1	14.0	12.0	12.0	12.0
Pre-leased area (msf)	3.4	4.4	4.7	4.9	2.7	2.7	2.9	4.1	2.3	2.3	2.3
Pre-leased (%)	63.0	83.0	88.7	90.7	87.1	87.1	93.5	29.3	19.2	19.2	19.2

Source: Company, Nuvama Research

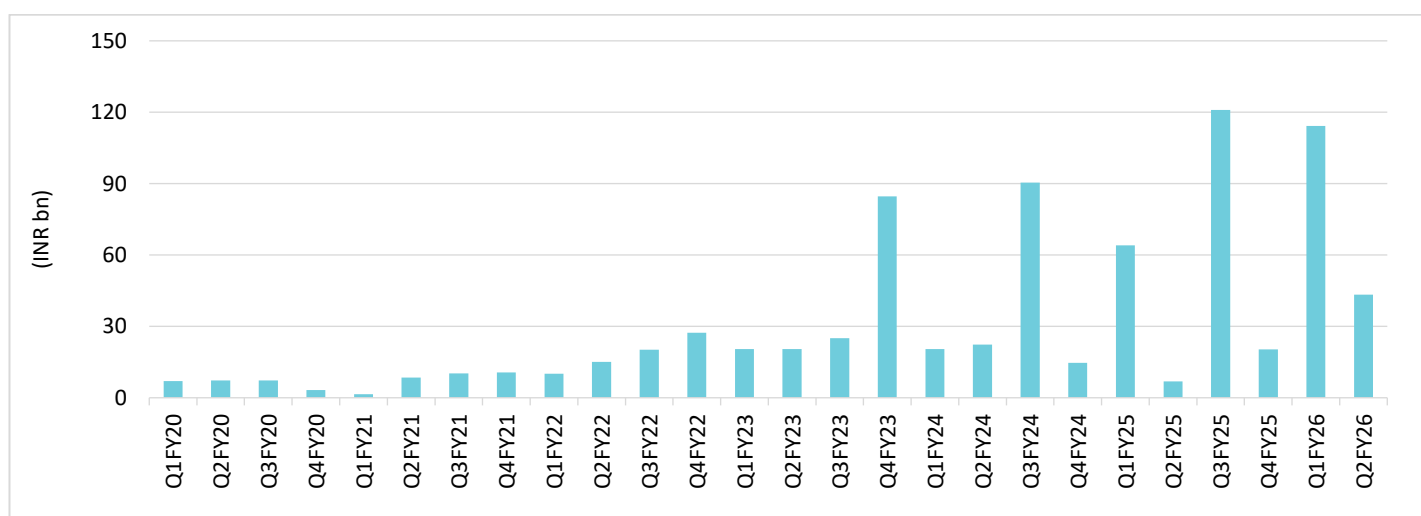
Q2FY26 conference call highlights

- **Financial highlights:** Q2FY26 revenue came in at INR16.4bn (down 17% YoY/40% QoQ). EBITDA margin fell 820bp YoY (up 385bp QoQ) to 17.3% in Q2FY26. Adjusted net profit was INR9.4bn (up 22% YoY/24% QoQ).
- **DCCDL:** Rentals (office + retail) during Q2FY26 came in at ~INR13.6bn (up 15% YoY/3% QoQ).
- **Office portfolio:** Office portfolio occupancy (DLF + DCCDL) was ~93% during the quarter. Within this, SEZ-occupancy was 86% while non-SEZ occupancy was 98% as on end-Q2FY26.
- **Retail portfolio:** Overall retail occupancy (DLF + DCCDL) was ~98% at the end of the quarter.
- **Q2FY26 sales:** Pre-sales for Q2FY26 came in at INR43.3bn (up 526% YoY/ down 62% QoQ); led by successful launch of the The Westpark project in Mumbai.

The following major projects contributed to pre-sales during the quarter:

- The *Westpark* – INR23.2bn
- The *Dahlias* – INR16.2bn (sold 18 units in Q2FY26; current ASP is ~INR125,000–150,000/sft on carpet area).
- Commercial spaces – INR3bn

Exhibit 3: Pre-sales trajectory over quarters

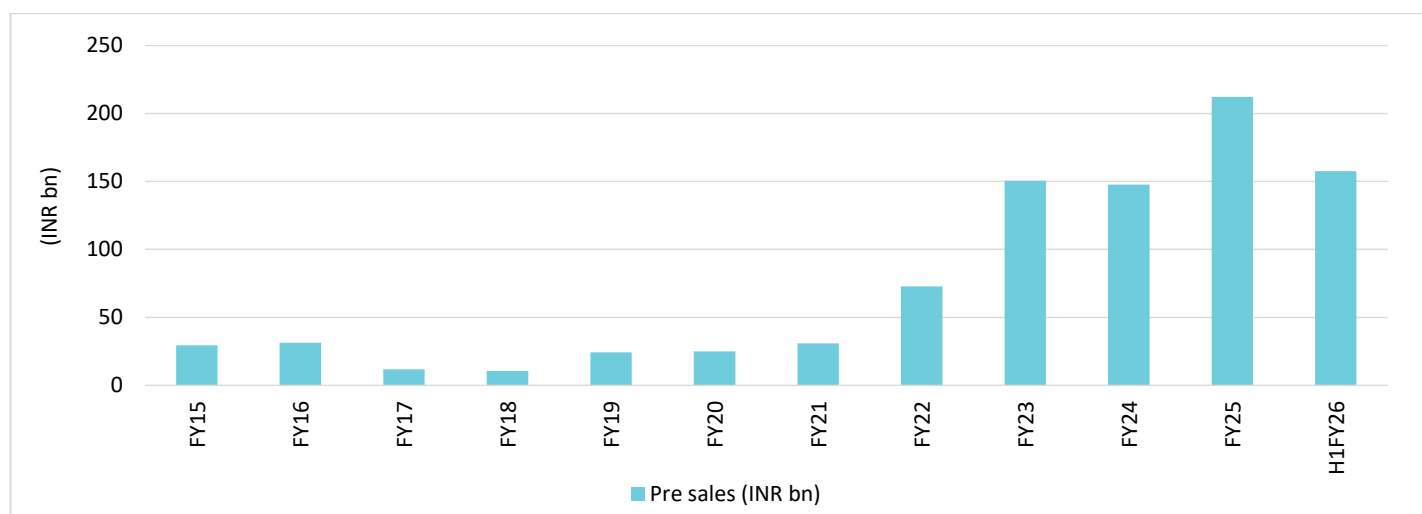


Source: Company, Nuvama Research

For FY26E, the company has guided for INR200–220bn in pre-sales and has already achieved ~INR158bn in H1FY26 (up 122% YoY).

FY25 pre-sales were INR212bn (up 44% YoY), surpassing the guidance of INR170bn (15% YoY growth). New launches contributed ~90% towards overall sales during the year.

Exhibit 4: Pre-sales trajectory over years



Source: Company, Nuvama Research

- **Unsold inventory:** Overall unsold inventory decreased sequentially to ~INR215bn from ~INR233bn as at end-Q1FY26.

Exhibit 5: Unsold inventory decreases QoQ

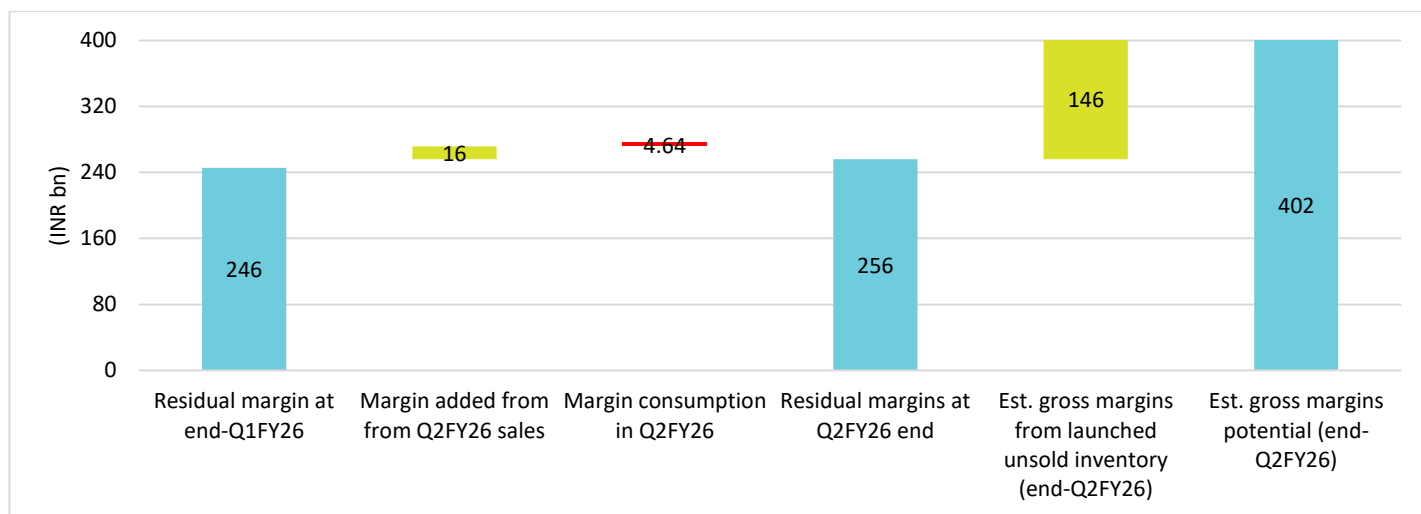
Project	Sales Booked to date (INR bn)	Revenue recognized from Sales booked (INR bn)	Balance Revenue to be recognized (INR bn)	Balance Margins yet to be recognized (INR bn)
The Camellias	119.85	118.74	1.11	0.89
The Dahlias	158.18	-	158.18	109.12
Independent Floors, Gurugram	78.19	62.92	15.26	3.7
Arbour + Privana (South/West)	318.14	-	318.14	122.13
One Midtown (JV)	40.1	35.38	4.71	1.14
North & Metro	41.51	9.31	32.2	7.56
Commercial - Sold	17.05	3.25	13.8	5.7
Completed Inventory Balance	-	-	-	1.66
Westpark, Mumbai (JV)	23.16	-	23.16	4.12
Grand Total	796.17	229.61	566.57	256
Balance Unsold Inventory			214.7	146.3

Source: Company, Nuvama Research

- **Embedded gross margins:** DLF had embedded gross margin of 41% translating to ~INR64bn on sales of ~INR158bn in H1FY26.

Going ahead, the company has residual gross margin of ~INR402bn (~INR256bn from sold units while unsold launched inventory has gross margin of ~INR146bn).

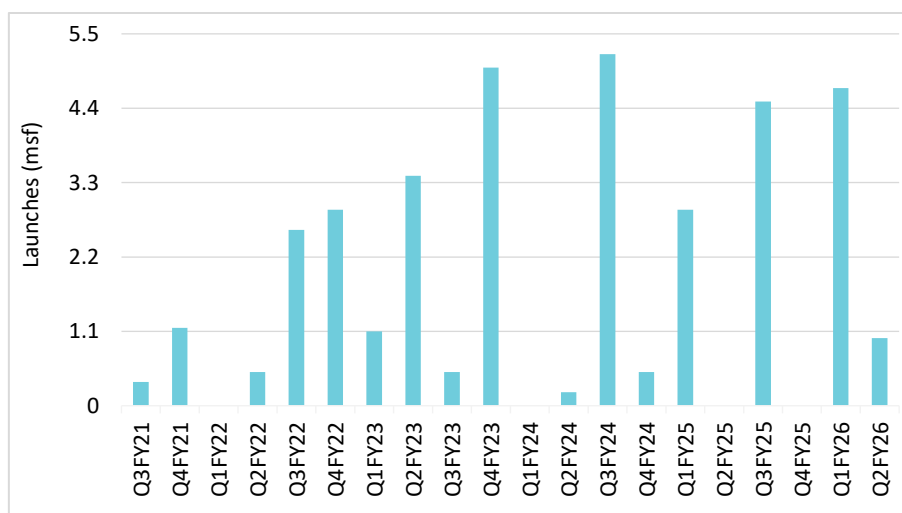
Exhibit 6: Gross margin potential



Source: Company, Nuvama Research

- **Launches:** The company launched its maiden project in Mumbai spanning ~0.9msf with GDV of ~INR23bn.

Exhibit 7: Quarterly launch trajectory



Source: Company, Nuvama Research

In Q1FY26, it launched the *Privana North* project in Gurugram spanning ~4.7msf with a GDV of ~INR110bn. Overall, in H1FY26, DLF launched new projects spanning ~5.7msf with a GDV of ~INR137bn.

The company plans to launch ~24msf projects over the medium term with a GDV of ~INR602bn. The Goa project is slated to be launched in Q3FY26. Over the next 18 months, DLF also plans to launch phase 2 of the *Arbour* project in Gurugram and the *West Park* project in Mumbai, the next phase of the *Privana* project in Gurugram apart from launches in *Panchkula* and the *Hamilton Court* project in Gurugram. *Ireo* land launch may be towards end-FY27 or after that.

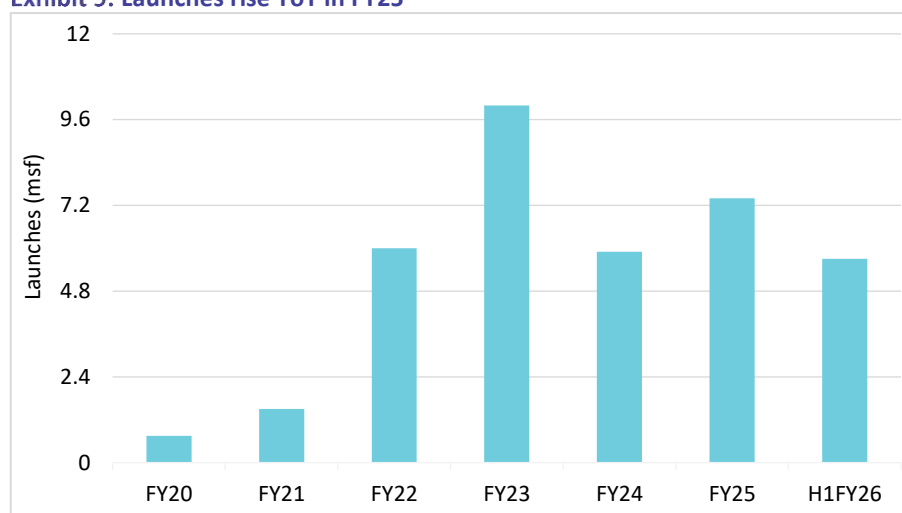
While the next phase of *Dahlia*s project would be officially launched in Q1FY27, DLF plans to open some inventory for 'invite-only' sales towards end-Q4FY26.

Exhibit 8: Launch pipeline schedule

Project	Planned Launches (FY25 onwards)		Launched till FY25		Launched (H1FY26)		To be launched (Medium Term)	
	msf	INR bn	msf	INR bn	msf	INR bn	msf	INR bn
Super-Luxury	5.5	375	4.5	350	-	-	1	25
Luxury	29	740	2.9	56	5.6	110	22	550
Premium	2.3	20	-	-	-	-	2.3	20
Commercial	0.2	10	-	-	0.10	-	0.2	7
Total	37	1145	7.5	406	5.7	110	25	602

Source: Company, Nuvama Research

Exhibit 9: Launches rise YoY in FY25



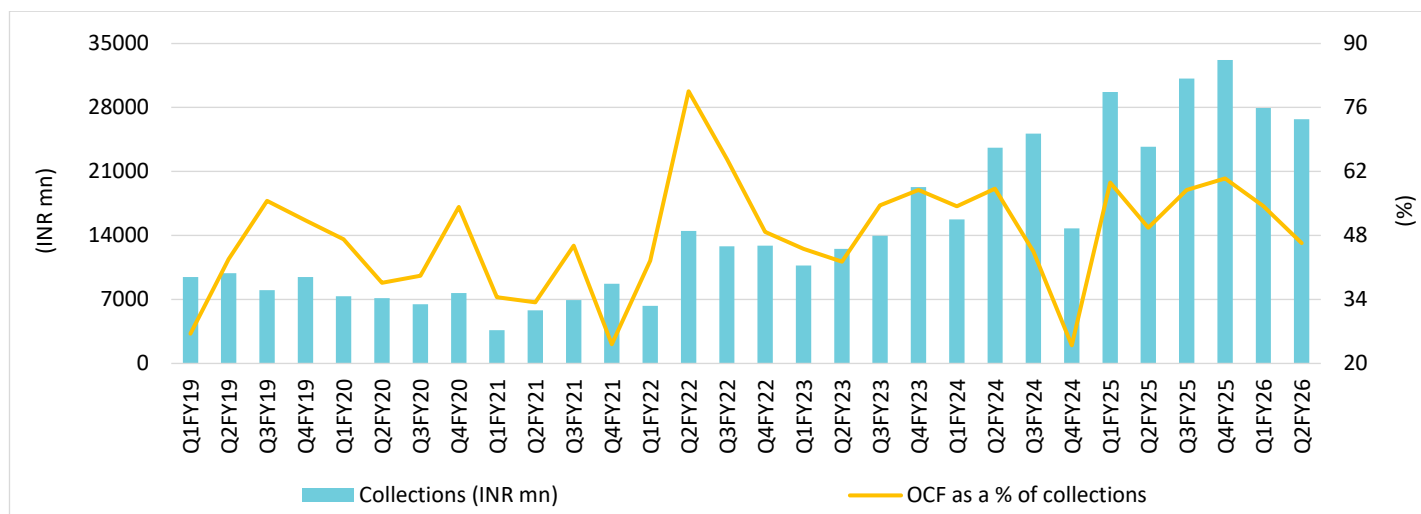
Source: Company, Nuvama Research

- **Entry into MMR:** DLF launched its first project in Mumbai in Jul-25. The *West Park* project in Andheri West shall eventually comprise eight towers. Phase-I of the project has four towers with 416 units (carpet area ~0.55msf) and GDV of ~INR23bn; the other four towers (with carpet area of ~0.7msf) shall be launched in due course. The project is an SRA project in a 51:49 JV with the Trident group (refer to: [DLF – Mumbai foray boosts growth prospects](#)). The company sold out 100% inventory in this project for ~INR23bn within a week of its launch.
- **Cash flow:** Gross residential collections in Q2FY26 were INR26.7bn (up 13% YoY/down 4% QoQ). Overall net cash flow during the quarter was INR11.4bn (excluding dividend outflow), up 3% YoY/1% QoQ.

Collections in H1FY26 came in at ~INR54.7bn (up 2% YoY).

Management mentioned that collections would inch up in H2FY26 as the pace of construction increases. The company is looking to garner collections of ~INR130–140bn in FY27E.

Exhibit 10: OCF as percentage of total collections



Source: Company, Nuvama Research

Exhibit 11: Cash flow statement

Particulars(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Collection from sales	14,720	22,820	24,250	13,930	28,880	22,520	29,880	32,680	27,110	25,450
Rentals	1,040	760	900	840	800	1,180	1,280	520	830	1,270
Sub -Total	15,750	23,590	25,160	14,770	29,680	23,700	31,160	33,200	27,940	26,720
Outflow										
Construction	3,160	3,490	4,670	5,100	4,240	5,210	5,910	7,240	7,420	9,250
Government / Land charges Government	880	2,710	4,850	1,360	3,340	1,500	3,030	1,880	1,320	1,020
Overheads	2,010	2,680	2,140	3,230	3,340	3,110	2,300	2,330	3,220	3,440
Marketing/Brokerage	1,130	970	2,300	1,540	1,070	2,110	1,870	1,680	750	640
Sub -Total	7,180	9,850	13,970	11,230	11,990	11,930	13,110	13,130	12,720	14,350
Operating Cash Flow before Interest & Tax	8,570	13,740	11,190	3,540	17,690	11,770	18,050	20,070	15,220	12,370
Finance cost (net)	600	(90)	30	(50)	(200)	(360)	(600)	(690)	(640)	(1,150)
Tax	20	60	90	(180)	(600)	20	160	2,260	2,830	(30)
Operating Cash Flow after Interest & Tax	7,950	13,770	11,070	3,770	18,490	12,110	18,490	18,500	13,030	13,550
Capex outflow / Others	670	850	490	820	870	880	830	1,110	1,260	1,250
Net surplus / (shortfall)	7,280	12,930	10,580	2,950	17,620	11,230	17,670	17,390	11,780	12,300
Interim Dividend (including TDS)	-	9,490	(2,580)	(2,250)	-	11,550	(2,200)	(6,960)	-	13,990
Interest paid to DCCDL	-	-	-	-	-	-	-	-	-	-
Repayment of capex advance (Hyderabad SEZ)	-	-	-	-	-	-	-	-	-	-
Payment: Land acquisitions/disposals	(630)	(1,460)	(2,130)	(2,190)	(4,130)	(240)	(2,840)	(1,200)	(470)	(920)
Net surplus/(shortfall)	6,650	1,980	11,030	3,010	13,490	(560)	17,030	23,150	11,310	(2,620)

Source: Company, Nuvama Research

Cash EBITDA margins remained strong at 59% in Q1FY26.

Exhibit 12: Common size direct method cash flows

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Collections	100	100	100	100	100	100	100	100	100	100
Construction expenses	(20)	(15)	(19)	(35)	(14)	(22)	(19)	(22)	(27)	(35)
Overheads and others	(20)	(15)	(18)	(32)	(15)	(22)	(13)	(12)	(14)	(15)
Operating surplus	60	70	64	33	71	56	68	66	59	50
Interest	(4)	0	(0)	0	1	2	2	2	2	4
Tax	(0)	(0)	(0)	1	2	(0)	(1)	(7)	(10)	0
Dividend	0	(40)	10	15	0	(49)	7	21	0	(52)
Cash flow available for investments	56	30	74	50	74	9	76	82	51	2
Land, Approvals & JV/JDA investment/TDR	(10)	(18)	(28)	(24)	(25)	(7)	(19)	(9)	(6)	(7)
Capex	(4)	(4)	(2)	(6)	(3)	(4)	(3)	(3)	(5)	(5)
Net surplus/shortfall	42	8	44	20	45	(2)	55	70	40	(10)

Source: Company, Nuvama Research

The company has a surplus cash potential of ~INR443bn; this includes ~INR237bn from sales already done (including cash and cash equivalent of ~INR92bn) and ~INR206bn from the launched unsold inventory.

- **Rental portfolio:** The company (DLF + DCCDL + Atrium Place) has a total operational rental portfolio (office + retail) of 48.7msf, which is 94% leased.

Exhibit 13: Operational rental portfolio (DLF + DCCDL + Atrium Place combined)

Operational Portfolio	Leasable Area (in msf)	Leased Area (in msf)	Vacant Area (in msf)	Leased Area (%)	Weighted Avg Rental Rate [psf]	GAV ¹ [in Rs crore]
Offices : Non-Sez	27	26.4	0.6	98%	124	47,443
DCCDL	23.2	22.9	0.3	99%	119	40,760
DLF	1.8	1.7	0.1	97%	138	3,128
Atrium Place	2	1.8	0.2	89%	173	3,554
Offices : Sez ²	17.2	14.8	2.4	86%	77	19,323
Sub-Total : Offices	44.2	41.2	2.9	93%	107	66,766
Retail	4.5	4.4	0.1	97%	202	12,072
DCCDL	4	3.9	0.1	98%	195	10,726
DLF	0.53	0.48	0.05	91%	260	1,346
Total	48.7	45.6	3.1	94%	116	78,838

Source: Company, Nuvama Research

Notes: i) NOIDA Tech Park & Midtown Plaza GAV is based on internal management estimates.

ii) Excludes ~1msf of Kolkata Sez owned by DLF as it has been contracted to be transferred.

- **DCCDL performance:** DCCDL posted revenue of INR18.1bn (up 13% YoY/5% QoQ) in Q2FY26 while PAT was INR6.6bn (up 26% YoY/11% QoQ).
- **Vacancies** at the portfolio level in Q2FY26 were ~6% by area and just 4% by value. While vacancy in the office portfolio is 7%, that in the retail portfolio is 3%.

With the government now allowing de-notification of individual floors, management expects occupancy in SEZ office parks (currently 86%) to improve going ahead. The company has already applied for de-notification of SEZ assets.

DCCDL has an office SEZ portfolio of 17.2msf with occupancy of ~86%. The non-SEZ occupancy has reached pre-covid levels of 98%.

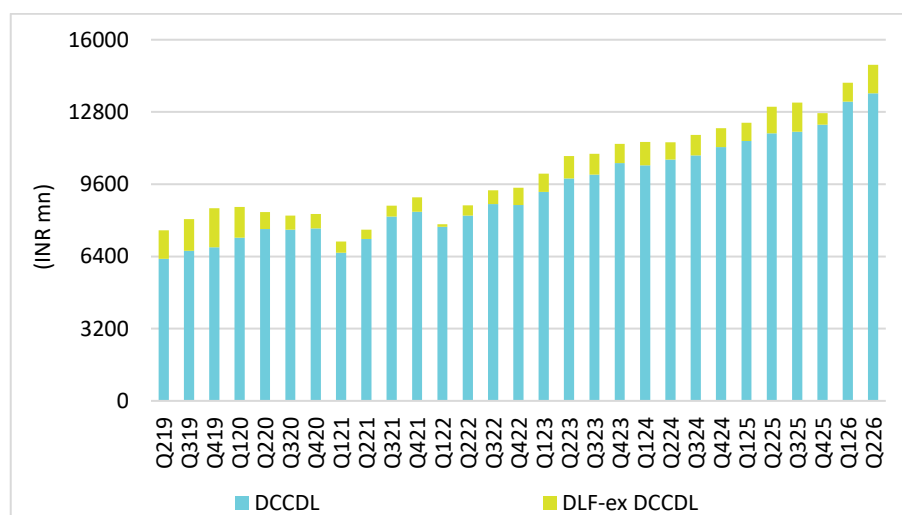
- **Rental income:** Rental income in DCCDL was INR13.6bn (up 15% YoY/3% QoQ) while that in DLF (ex-DCCDL) was INR1.3bn (up 8% YoY/53% QoQ) during the quarter.

For DCCDL, office rentals came in at ~INR11.3bn (up 16% YoY/2% QoQ) during the quarter; retail rentals were at INR2.4bn (up 9% YoY/6% QoQ).

Overall lease rentals were up 14% YoY/6% QoQ in Q2FY26 at INR14.9bn. H1FY26 rentals at ~INR29bn were up 14% YoY.

FY25 overall rentals at INR51.3bn were up 9.7% YoY. The company has guided for exit rentals of ~INR67bn in FY26 of which ~INR59bn is from DCCDL and balance from DLF and Atrium place.

Exhibit 14: Overall rental revenue improves YoY



Source: Company, Nuvama Research

- **Development pipeline:** The company is currently working on a development pipeline of ~25.5msf in its annuity portfolio comprising ~18.3msf of office and ~7.2msf of retail assets.

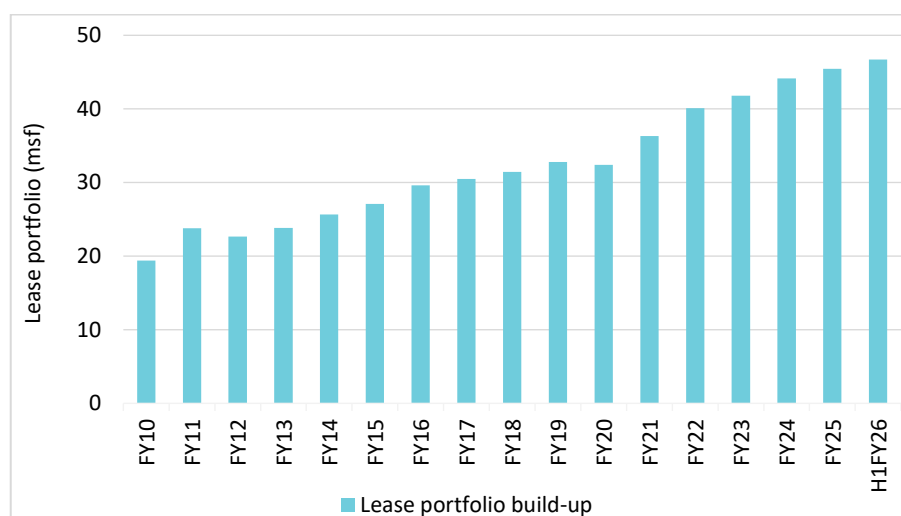
Exhibit 15: Strong annuity portfolio pipeline

Project	Nearing Completion	Pipeline	Ownership	Project	Nearing Completion	Pipeline	Ownership
	Area (in msf)	Area (in msf)			Area (in msf)	Area (in msf)	
DLF Downtown, Gurugram		6.3	DCCDL	DLF Downtown, Gurugram		2	DCCDL
DLF Downtown, Chennai		3.6	DCCDL	Summit Plaza, Gurugram	0.5		DLF
Atrium Place	1	-	Atrium Place	DLF Promenade Goa	0.7		DLF
NOIDA Tech Park	0.4	0.9	DLF	Vasant Kunj Malls, New Delhi		0.3	DCCDL
Hyderabad	-	2.5	DLF	Hyderabad		2.0	DLF
New Gurgaon	-	1.5	DLF	New Gurgaon		1.5	DLF
DLF 5, Gurugram	-	2	DLF				
Sub-Total (Offices)	1.5	16.7		Sub-Total (Offices)	1.2	6	

Source: Company, Nuvama Research

Of the total 25.5msf, ~2.7msf assets are likely to get completed in H2FY26.

Exhibit 16: Steady growth in DLF Group's rental portfolio



Source: Company, Nuvama Research

DLF sold the Kolkata IT park spanning ~1.5msf for ~INR6.75bn and received cash of ~INR6.37bn in FY25. It has also entered into an agreement to sell the 1.05msf IT SEZ asset in Kolkata for ~INR6.9bn ([link](#)). The deal is likely to be completed by end-FY26.

- Status of current ongoing projects:
 - DLF Downtown, Gurugram (Block 5–8) – Construction is going on in full swing and is likely to be completed by end-CY28.
 - DLF Downtown, Chennai (Block 4 and 5) – Construction is underway and is likely to be completed by early-to-mid-CY28.
 - Atrium Place – DLF received OC for phase-1 of ~2.1msf, which is 93% pre-leased. The fit-outs are currently underway and rentals are likely to commence by Dec-25. The phase-2 of ~1.1msf is likely to be completed by

end-Q1FY27 and rentals are likely to commence from Dec-26. Gross rentals from the entire project are likely to be ~INR6–6.5bn upon stabilisation.

- **Malls** – Rentals for the Midtown Plaza, Delhi and Summit Plaza are likely to commence Q3FY26 onwards while the OC for DLF Promenade, Goa is likely in Q4FY26 with rentals commencing by mid-FY27. The exit rentals for these three malls at end-FY27 shall be ~INR4–4.5bn.
- **High-quality land bank to drive growth:** DLF has a balance development potential spanning ~137msf for the residential business and ~62msf for the rental business.

Exhibit 17: Land bank for residential business

Location	Development Potential ¹ [revised estimates including TOD/TDR potential]	Projects [Under execution]	Projects [Launch Pipeline]	Balance Potential [revised estimates including TOD/TDR potential]
DLF 5	24	4.6	-	20
DLF City+	22	4.5	12	6
New Gurugram	89	13	5	71
Gurugram	135	22	17	96
North	27	4	2	21
Metros	26	-	6	20
Total	188	26	25	137

Source: Company, Nuvama Research

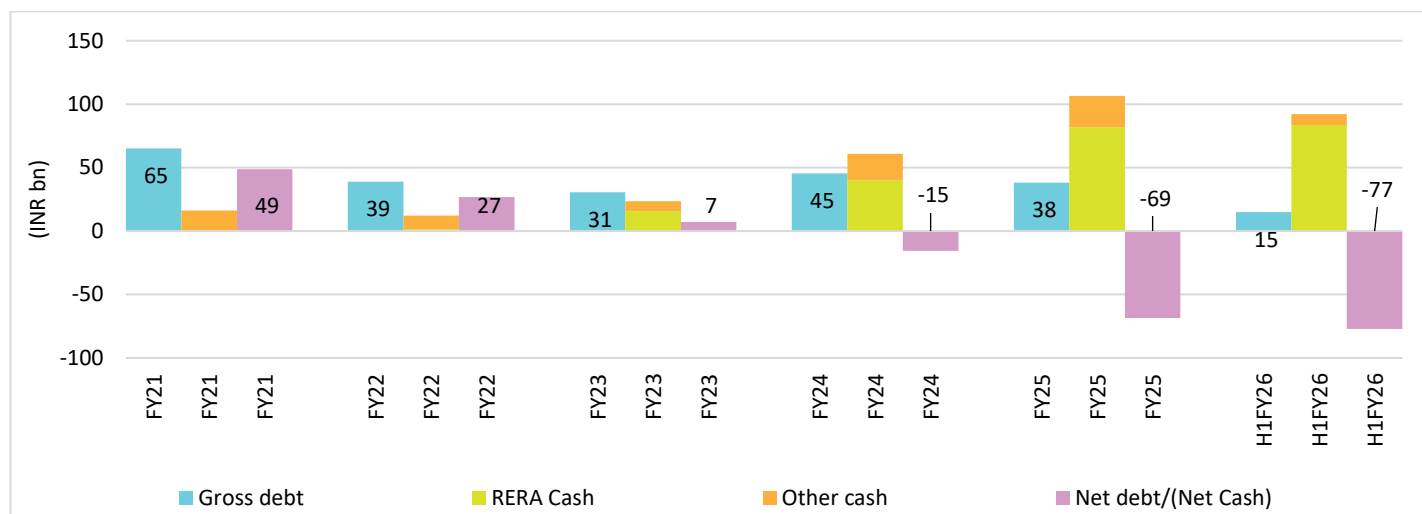
Exhibit 18: Land bank for annuity business

Location	Operational Portfolio [Existing]		Projects [nearing completion]		Projects [Planned pipeline]		Balance Potential [Incl. TOD/TDR potential]	
	DLF	DCCDL	DLF	DCCDL	DLF	DCCDL	DLF	DCCDL
DLF 5	0.6	0.8	0.5	-	2	-	5	-
DLF City +	0.1	24.1	3.1	-	-	8.3	10	13
New Gurugram	-	-	-	-	3	-	27	-
Gurugram	0.7	25	3.6	-	5	8.3	42	13
North	-	0.9	-	-	-	-	-	-
Metros	1.3 [#]	18.4	1.3	-	5.3	4.1	5	2
Total	46 msf		5 msf		23 msf		62 msf	

Source: Company, Nuvama Research

- **Debt:** DLF became a net cash company in Q2FY24. It ended Q2FY26 with a net cash position of INR77.2bn. The company plans to be gross debt free in the Devco in the near term.

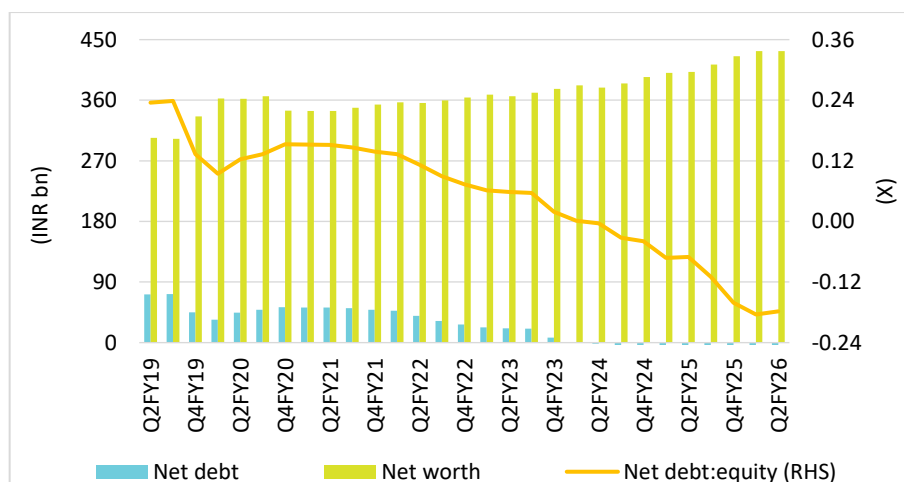
Exhibit 19: Debt and cash trajectory post-covid



Source: Company, Nuvama Research

Almost 70% of its cash at end-Q2FY26 was locked in RERA accounts; consequently, DLF still has gross debt of ~INR15bn. However, given surplus cash flow generation potential, the company expects to achieve gross debt zero position in the Devco business in the near term.

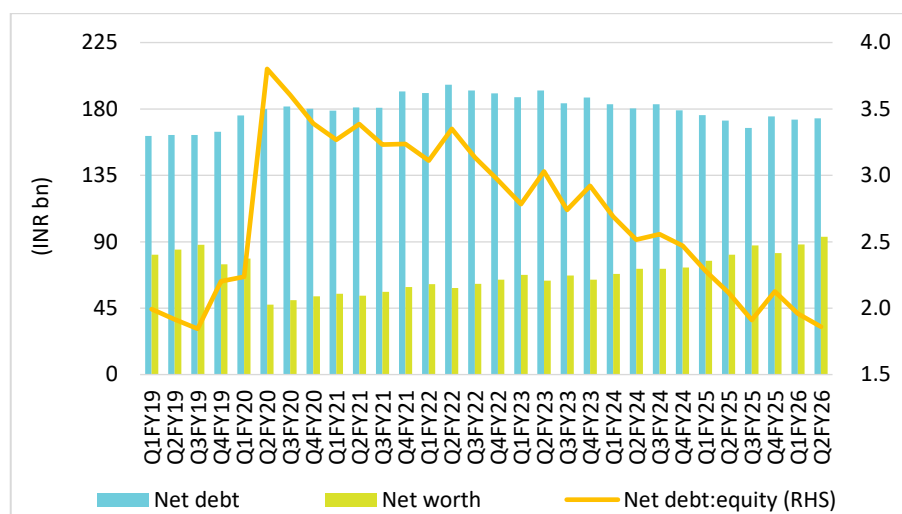
Exhibit 20: DLF retains net-cash status



Source: Company, Nuvama Research

Net debt in DCCDL remained flat QoQ at INR173bn. Net debt-to-EBITDA improved to 3.1x versus 3.2x in Q1FY26.

Exhibit 21: DCCDL's leverage declines QoQ



Source: Company, Nuvama Research

- **Interest rate:** Interest rate in DCCDL fell ~37bp QoQ to 7.3% during the quarter.

Outlook and valuation: Launch trajectory key; maintain 'BUY'

DLF is emerging as a key beneficiary of the ongoing sector consolidation (refer to [Real Estate - Leadership Matters](#)). It boasts an attractive rental portfolio that has strong growth potential. Besides, the company has a revamped balance sheet, which is likely to generate better cash flows. We believe new the launch trajectory shall be a key trigger for the stock.

Given limited inventory levels, the company needs a steady stream of launches in order to maintain a healthy sales trajectory.

We recommend '**BUY/SN**' with a target price of INR980 derived by ascribing a 30% premium to our Q2FY28E NAV of INR754.

Exhibit 22: SotP valuation snapshot

Particulars	Value
Value of future land bank	9,15,012
Value of other Rental Assets	1,16,243
Value of Ongoing Projects	3,78,168
Less: Net Debt (DLF share)	(72,390)
Value of Devco (A)	14,81,813
Value of DCCDL Rental Assets	7,48,856
Less: Net Debt	1,67,452
Value of DCCDL	5,81,404
DLF's share of DCCDL value (B)	3,83,727
NAV (A+B)	18,65,540
NAV Per Share (Rs.)	754
Premium/(Discount) to NAV	30%
Price Target	980

Source: Nuvama Research

The rationale for a 30% premium to NAV is based on the factors mentioned below.

- DLF boasts a premium brand and must command an equity investment scarcity premium (i.e. limited liquid real estate plays in the Indian equity market).
- Robust rental portfolio, which lends high visibility to growing rental income.
- Ability to grow rental portfolio from internal accruals.
- Lean balance sheet and improving cash flow trajectory.
- Relative lack of competition in the NCR market.

These factors contrast with a few negatives.

- DLF has a long-gestation land bank, which could take more than two decades to monetise.
- Around 60% of the company's total land bank is concentrated in the NCR. This exposes the company to concentration risks.

Company Description

DLF Limited, incorporated in the year 1963, is a north-India based real estate developer with a presence across major markets in India. The company is promoted by Mr. K. P. Singh, who has four decades of experience in the Indian real estate industry. DLF is involved in developing a variety of property types under the umbrellas of residential, commercial and retail. More than 50% of its land-bank is located in Gurgaon. DLF has more than 30msf of leased rental assets located in key metros across India.

Investment Theme

DLF boasts of premium brand and equity investment scarcity (i.e., limited real estate plays in the Indian equity market that are liquid).

Robust rental portfolio, which lends high visibility to growing rental income.

Ability to grow rental portfolio from internal accruals.

Lean balance sheet and improving cash flow generation trajectory.

Relative lack of competition in the NCR market.

Key Risks

DLF has a long-gestation land-bank, which could take more than two decades to monetise.

Around 60% of the company's total land-bank is concentrated in NCR, which could restrict scaling-up operations.

Limited presence outside high-end/premium residential space.

Additional Data

Management

Chairman	Rajiv Singh
MD	Ashok Kumar Tyagi
Director	Pia Singh
CFO	Badal Bagri
Auditor	S R Batliboi & Co.

Holdings – Top 10*

% Holding		% Holding	
Invesco	1.53	Jackson	0.24
Quant Money	0.66	Oppenheimer	0.20
Jupiter fund	0.30	ABSL	0.20
Kotak MF	0.27	HDFC MF	0.19
ICICI Pru Life	0.27	LIC Pension	0.16

*Latest public data

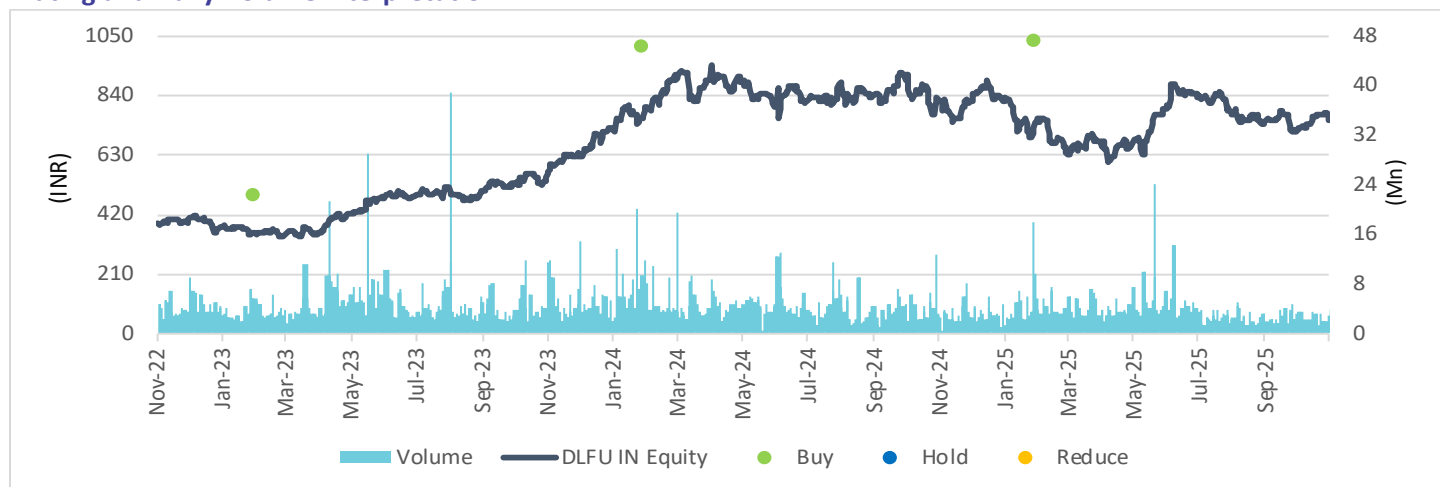
Recent Company Research

Date	Title	Price	Reco
05-Aug-25	New launch aids bookings; <i>Result Update</i>	781	Buy
18-Jul-25	Mumbai foray boosts growth prospects; <i>Company Update</i>	845	Buy
20-May-25	Healthy quarter ; <i>Result Update</i>	753	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
30-Oct-25	Brigade Enterprises	Launches key to pre-sales growth; <i>Result Update</i>
27-Oct-25	Real Estate	Sep-25: Sales and launches fall YoY; <i>Sector Update</i>
20-Oct-25	Sunteck Realty	Q2FY26: Pre-sales remain healthy; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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