

DLF

Well placed to ride headwinds

DLF reported Revenue/EBITDA/APAT at Rs 16.1/4.6/3.3 bn, ~2x/3.7x/3.5x our estimates, on back of revenue recognition from Camellias (Rs 7.5bn). Presales rebounded to Rs 8.5bn vs Rs 1.5bn QoQ. Excluding the sale of AMEX commercial campus, sales bookings stood at Rs 4.7bn, a decline of 35% YoY. While office portfolio remains robust with +98% collections, retail is inching towards recovery with footfall at 35-40% of pre-pandemic level. Gradual recovery in presales, strong launch pipeline and REIT plans for DCCDL augur well for re-rating. We maintain BUY on DLF, with unchanged TP of Rs 219, given healthy balance sheet and change our FY21/FY22/FY23 EPS estimates by 3.5/-3.9/-16.3% to front load revenue from Camellias project.

- **2QFY21 highlights:** DLF registered consolidated revenue at Rs 16.1bn, -6.2%/~3x YoY/QoQ and ~2x our estimates, as it started to recognize revenue from Camellias (Rs 7.5bn) in 2QFY21. EBITDA margins also improved to 28.4% (20.4/0.3% 2QFY20/1QFY21), on the Camellias revenue recognition. Finance costs declined by 46/5% YoY/QoQ. Adjusting the provision (Rs 962mn) made against interest levied on overdue receivables, APAT came in at Rs 3.3bn, a rise of 9% YoY and ~3.5x our estimates.
- **Presales recovering; launches planned across categories:** DLF reported sales booking at Rs 8.5bn, rise of 18% YoY. However, excluding the AMEX commercial sales, bookings declined by 35% YoY to Rs 4.7bn. Of Rs 66bn completed inventory, Rs 44bn is from Camellia, which we believe would see back-ended recovery, given the large ticket size. DLF is planning to launch 10 msf of mid-income housing from H1FY22 and expand commercial portfolio with the launch of Hines JV and new developments in DLF 5.
- **Balance sheet position comfortable:** Consolidated net debt remained stable at Rs 52bn at the end of quarter (vs Rs 52bn on Jun-20 end), with net D/E at 0.15x. Net debt is likely to remain at the same level given the planned residential launches which will largely self-finance. The company also brought down interest cost from 9.7% in 1QFY21 to 9.1% during the quarter. DLF generated positive operating cashflow of Rs 2bn during 1H FY21.

Financial summary

YE March (Rs mn)	2Q FY21	2Q FY20	YoY (%)	1Q FY21	QoQ (%)	FY20	FY21E	FY22E	FY23E
Net Sales	16,098	17,155	(6.2)	5,486	193.4	60,828	47,446	49,343	43,422
EBITDA	4,631	3,504	32.2	17	26,669.9	11,350	11,746	12,492	11,371
APAT	3,284	3,025	8.6	(707)	NA	11,106	8,045	10,557	11,687
Diluted EPS (Rs)	1.3	1.2	8.6	(0.3)	NA	4.5	3.2	4.3	4.7
P/E (x)						35.3	48.7	37.1	33.5
EV / EBITDA (x)						38.0	37.4	33.5	38.4
RoE (%)						3.3	2.3	3.0	3.2

Estimate change summary

Rs mn	FY21			FY22			FY23		
	New	Old	% diff	New	Old	% diff	New	Old	% diff
Revenue	47,446	40,289	17.8	49,343	36,260	36.1	43,422	41,699	4.1
EBITDA	11,746	7,273	61.5	12,492	6,428	94.3	11,371	7,466	52.3
Margin (%)	24.8	18.1	670.6	25.3	17.7	758.8	26.2	17.9	828.3
APAT	8,045	7,774	3.5	10,557	10,990	(3.9)	11,687	13,963	(16.3)

Source: Company, HSIE Research; Consolidated Financials

BUY

CMP (as on 30 Oct 2020)	Rs 158
Target Price	Rs 219
NIFTY	11,642

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 219	Rs 219
EPS Change %	FY21E	FY22E
	3.5	-3.9

KEY STOCK DATA

Bloomberg code	DLFU IN
No. of Shares (mn)	2,475
MCap (Rs bn) / (\$ mn)	392/5,255
6m avg traded value (Rs mn)	1,935
52 Week high / low	Rs 267/115

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.0	7.8	(12.8)
Relative (%)	8.0	(9.7)	(11.7)

SHAREHOLDING PATTERN (%)

	Jun-20	Sep-20
Promoters	74.95	74.95
FIs & Local MFs	1.76	1.65
FPIs	18.54	18.33
Public & Others	4.75	5.07
Pledged Shares	-	-

Source: BSE

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Disclosure:

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