Analysing the Stock Performance of DLF in the Face of the Pandemic: A Study on Risk, Return, and Market Correlation

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Abstract*: This study investigates the stock performance of DLF Ltd., a prominent player in the Indian real estate sector, in three distinct phases: pre-pandemic (March 2019 to March 2020), during the pandemic (March 2020 to March 2022), and post-pandemic (March 2022 to September 2024). Using monthly historical stock prices of DLF, the SENSEX, and the BSE Realty Index, collected from the BSE website, this research applies mean-variance analysis to assess the risk and return characteristics of DLF's stock during these periods. Additionally, correlation and regression analyses are conducted to explore the relationship between DLF's stock returns and the broader market indices, with a particular focus on the BSE Realty Index, given its relevance to the real estate sector.*

The study reveals the significant impact of the COVID-19 pandemic on the real estate market, especially on stocks like DLF, which experienced heightened volatility during the pandemic. The pre-pandemic phase reflected stable growth, while the pandemic period saw a sharp decline in stock returns due to market uncertainty and economic downturns. However, the post-pandemic phase witnessed a robust recovery, with DLF's stock aligning closely with the recovery trends in the real estate sector, as indicated by its correlation with the BSE Realty Index.

This paper aims to provide valuable insights into the stock performance of DLF in relation to macroeconomic factors and sector-specific trends, offering an understanding of how the company's performance has evolved to enhance shareholder value across these three critical phases. The findings offer implications for investors and stakeholders in assessing the resilience and potential of real estate stocks in times of crisis and recovery.

Keywords: Stock Performance, Pandemic, Mean-Variance Analysis, Correlation, Regression Analysis, Shareholder Value, Real Estate Sector