

Mahindra Lifespaces

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR637 **TP: INR600 (-6%)** **Neutral**

Ends the year with strong performance

...however, low traction at existing projects in 4Q leads to miss in pre-sales

Bloomberg	MLIFE IN
Equity Shares (m)	155
M.Cap.(INRb)/(USDb)	98.8 / 1.2
52-Week Range (INR)	679 / 364
1, 6, 12 Rel. Per (%)	7/7/46
12M Avg Val (INR M)	198

- MLDL achieved the highest ever quarterly bookings of INR10.9b, up 3.0x/ 2.5x YoY/QoQ (28% miss on estimate), driven by a strong response to the Kandivali project in Mumbai. About 80% of the project's launched inventory was sold. Bookings for FY24 stood at INR23.3b, up 28% YoY with 57% contributions from new launches.
- **IC&IC Segment** – In the IC segment, MLDL leased 29 acres across Jaipur and Chennai for INR1b. In FY24, the company leased 120 acres for INR3.7b, down 20% YoY. However, realization remained steady at INR29m/acre.
- **Cash flows** – The company collected INR4b during the quarter and spent INR2b on construction. In FY24, it generated surplus operating cash flows of INR6.7b. Net debt (Resi+IC&IC) increased to INR6.4b vs. INR3b in 3QFY24.
- **P&L performance** – In 4QFY24, MLDL's revenue came in at INR143m, down 94%/83% YoY/QoQ. It reported an operating loss of INR0.2b. However, aided by higher other income on account of monetization of office in Delhi along with the completion of a plotted development JV project, PAT came in at INR0.7b.

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	2.1	4.0	4.9
EBITDA	-1.7	-1.0	-0.9
EBITDA (%)	NM	NM	NM
Net profit	1.0	1.2	1.0
EPS (INR)	6.3	7.7	6.3
EPS Growth (%)	111.6	21.2	-18.1
BV/Share (INR)	120.8	126.2	130.1

Ratios

Net D/E	0.4	0.2	0.3
RoE (%)	5.3	6.2	4.9
RoCE (%)	-3.2	-2.7	-2.4
Payout (%)	36.3	30.0	36.6

Valuations

P/E (x)	100.6	83.0	101.3
P/BV (x)	5.3	5.0	4.9
EV/EBITDA (x)	NM	NM	NM
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	51.2	51.2	51.3
DII	22.3	23.2	19.4
FII	9.1	8.5	11.3
Others	17.5	17.1	18.0

Key highlights from the management commentary

- **New launches:** Toward the end of 4Q, the company had launched new projects in Bengaluru and Pune, along with subsequent phases at Citadel (Pune) and Green Estates (Chennai). The contribution from these projects will be reflected in 1QFY25. Additionally, the two redevelopment projects and the recently acquired small land parcel in Whitefield (Bengaluru) are also expected to be launched in FY25.
- **Capital Raise:** In order to increase the scale of business by 5x by FY28, the company needs to achieve INR450b worth of BD. While one-third of this is already tied-up in the existing pipeline, including the Thane project, the remaining pipeline is yet to be built, which would require INR70-75b capital commitment. This would be partly funded by accruals and debt headroom and for the balance amount, management is exploring multiple options to raise capital (either a platform deal or QIP).
- **IC & IC Segment:** At Pune, land acquisition is underway and the park would also require multiple approvals before the company can start monetizing it. Hence, the launch could be 18 months away. Management continues to wait for a large anchor deal at Origins, Ahmedabad. In the near term, the traction in this business would be driven by existing parks at Jaipur and Chennai.

Valuation and view: Growth priced in; maintain Neutral

- With the push-out of Thane project launch to FY26, we have revised our bookings estimate by -7%/17% for FY25E/FY26E.
- The company reported strong bookings growth of 28% in FY24, despite muted velocity at existing projects in 4Q. It is well poised to sustain the momentum, given the healthy project pipeline across all focused markets.

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- We estimate the value of the existing pipeline at INR40b. Concurrently, at the CMP, the residential segment is valued at INR81b, in line with our DCF-based value of INR75b. This indicates that the near-term growth potential is already factored into the current price.
- **We reiterate our NEUTRAL stance on the stock with an unchanged TP of INR600, indicating a downside risk of 6%.**

Financial and Operational Performance

Y/E March	FY23				FY24				FY23	FY24	FY24E	Variance (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Income from Operations	946	698	1,869	2,554	980	178	820	143	6,066	2,121	905	-84
YoY Change (%)	-36.2	17.8	667.9	57.9	3.7	-74.5	-56.1	-94.4	54.1	-65.0	-64.6	
Total Expenditure	1,265	1,092	1,983	2,827	1,412	527	1,210	684	7,167	3,832	1,163	
EBITDA	-320	-394	-114	-274	-431	-349	-390	-541	-1,101	-1,711	-259	109
Margins (%)	-33.8	-56.4	-6.1	-10.7	-44.0	-196.5	-47.6	-378.6	-18.2	-80.7	-28.6	
Depreciation	24	32	34	31	30	31	38	38	122	137	36	
Interest	18	25	33	34	42	2	3	26	109	74	11	
Other Income	228	40	112	149	120	79	68	403	530	670	79	
PBT before EO expense	-134	-411	-69	-189	-383	-303	-364	-202	-803	-1,252	-226	-11
Extra-Ord expense	338	0	340	0	0	0	0	0	678	0	0	
PBT	204	-411	271	-189	-383	-303	-364	-202	-124	-1,252	-226	-11
Tax	76	-67	-14	34	-94	-108	-109	-129	28	-440	-72	
Rate (%)	37.0	16.4	-5.1	-17.9	24.4	35.7	30.1	63.8	-22.7	35.2	31.7	
MI & Profit/Loss of Asso. Cos.	625	266	48	229	247	6	754	788	1,167	1,790	113	
Reported PAT	754	-77	332	6	-43	-189	500	715	1,014	979	-42	NA
Adj PAT	541	-77	-8	6	-43	-189	500	715	461	983	-42	
YoY Change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margins (%)	57.2	-11.1	-0.4	0.2	-4.4	-106.5	61.0	500.2	7.6	46.3	-4.6	

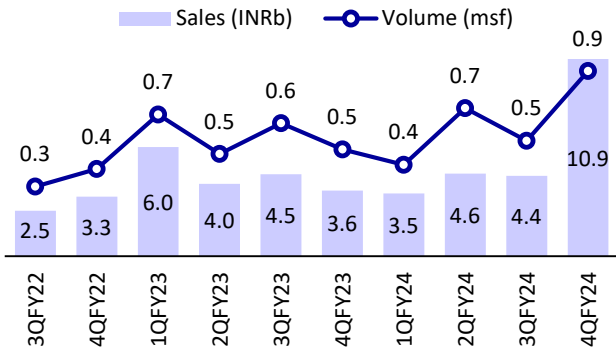
E: MOFSL Estimates

Operational Performance												
Area sold (msf)	0.7	0.5	0.6	0.5	0.4	0.7	0.5	0.9	2.2	2.5	1.2	-32
Booking value (INR b)	6.0	4.0	4.5	3.6	3.5	4.6	4.4	10.9	18	23	15.1	-28
Avg Realization (INR)	9262	8489	7393	7367	8214	6691	8358	12776	8,167	9,391	12056	6

Source: Company, MOFSL

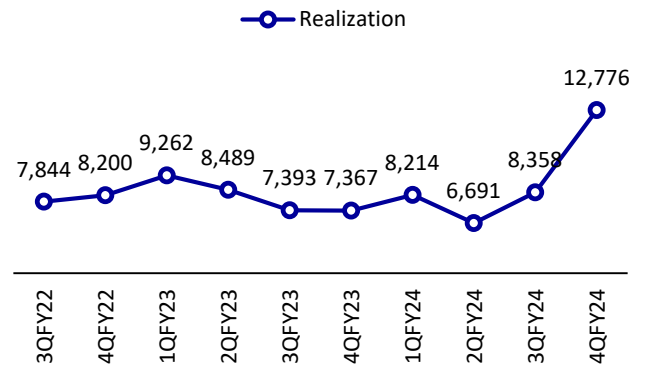
Key Exhibits

Exhibit 1: MLDL reported bookings of INR11b, up 3x YoY



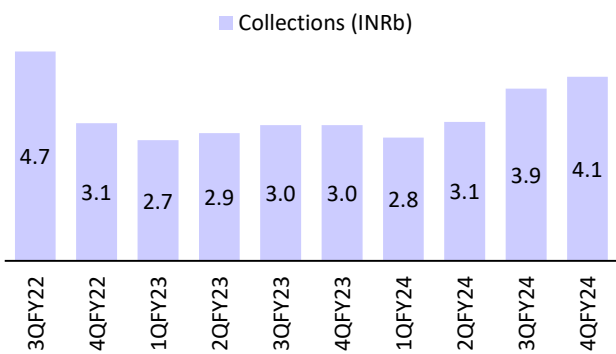
Source: Company, MOFSL

Exhibit 2: Realization/sft increased 73% YoY, due to the launch of Kandivali project



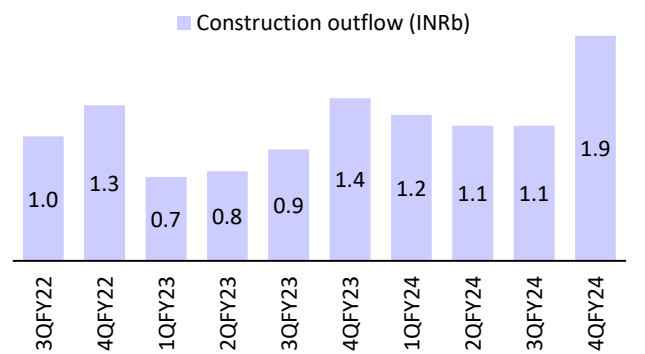
Source: Company, MOFSL

Exhibit 3: Collections increased 36% YoY to ~INR4b



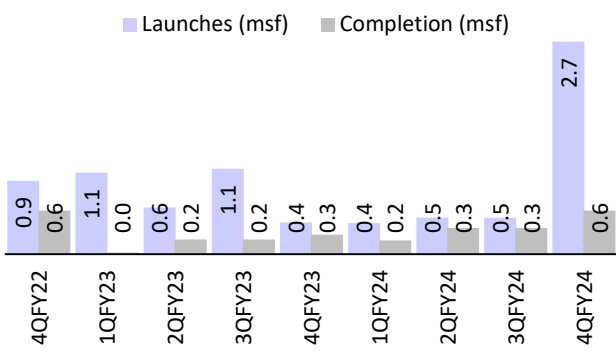
Source: Company, MOFSL

Exhibit 4: The company spent INR2b on construction in 4QFY24



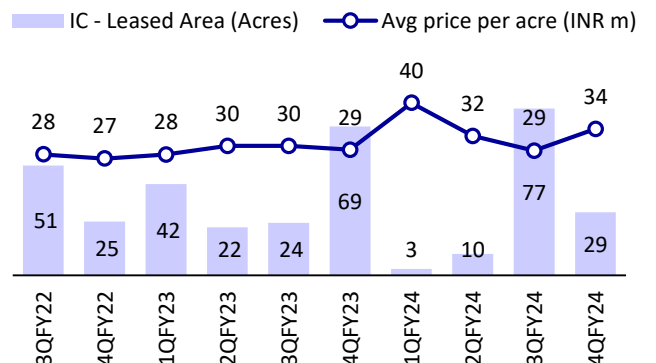
Source: Company, MOFSL

Exhibit 5: MLDL launched four new projects/phases in 4Q



Source: Company, MOFSL

Exhibit 6: In the IC segment, MLDL reported leasing of 29 acres



Source: Company, MOFSL

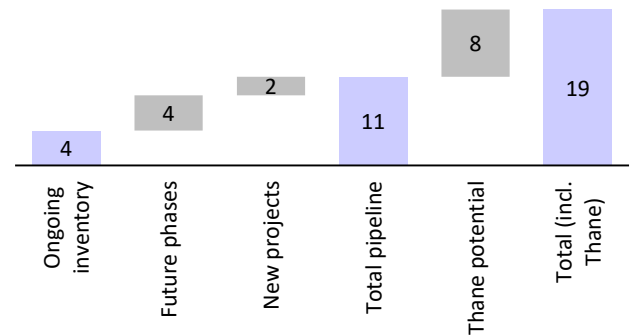
Story in charts

Exhibit 7: Since FY22, MLDL has acquired 10 projects with a development potential of 13msf and GDV of ~INR136b

Micro Market	City	Project size (msf)	MLDL Share	Year of acquisition	GDV
Dahisar	MMR	0.9	70	FY22	10
Kandivali	MMR	1.7	100	FY22	21
Pimpri	Pune	0.4	100	FY22	7
Pimpri	Pune	2.0	100	FY23	23
Hosur Road	Bengaluru	0.5	100	FY23	5
Santa Cruz	MMR	0.1	100	FY23	5
Malad	MMR	0.5	100	FY24	9
Wagholi	Pune	1.5	100	FY24	11
Whitefield 1	Bengaluru	1.3	100	FY24	17
Whitefield 2	Bengaluru	0.2	100	FY24	2
Total		13			136

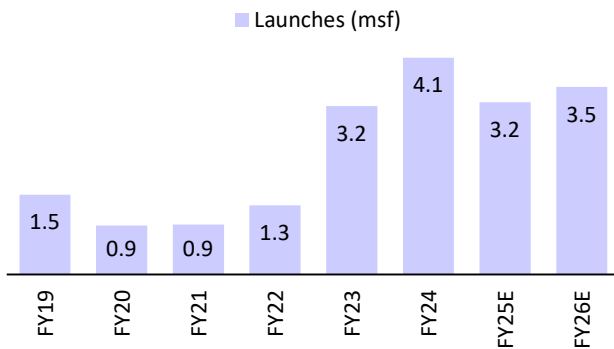
Source: Company, MOFSL

Exhibit 8: The company's current pipeline of 11msf (excl. Thane) has a revenue potential of INR110b



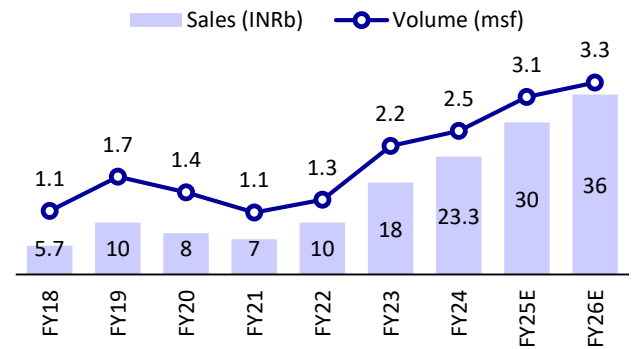
Source: Company, MOFSL

Exhibit 9: Launches to remain higher, driven by a robust pipeline...



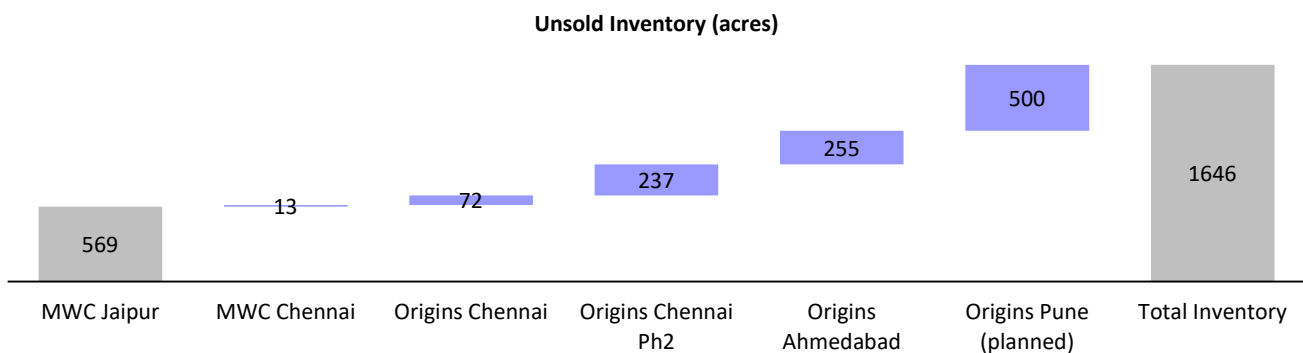
Source: MOFSL, Company

Exhibit 10: ...leading to a 24% CAGR in sales over FY24-26E



Source: MOFSL, Company

Exhibit 11: Including its operating and planned assets, MLDL's IC segment has an unsold inventory of ~1,650 acres



Source: Company, MOFSL

Exhibit 12: Earnings change summary

(INR m)	Old		New		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	3,999	4,915	3,999	4,915	0%	0%
EBITDA	-986	-893	-1,028	-941	NM	NM
Adj. PAT	1,274	1,062	1,186	971	-7%	-9%
Pre-sales	32,268	30,391	30,032	35,561	-7%	17%
Collections	26,625	29,486	22,353	30,867	-16%	5%

Source: MOFSL, Company

Valuation and view

- We value MLDL on an SoTP basis:
- Its Residential business is valued through the DCF method at a WACC of 13% over five years and a terminal growth rate of 5%.
- Its IC&IC segment is valued through the DCF method, using cash flows generated by monetizing land inventory over the next 12-15 years.
- Its residential land bank in Pune, Chennai, and Murud are valued at the current realizable value.
- Based on the above approach, we arrive at a GAV of INR98b. Netting off FY25E net debt of INR5b, we derive at a NAV of INR93b or INR600 per share.

Exhibit 13: Based on our SoTP approach, we arrive at a NAV of INR93b (or INR600 per share), implying fair valuation

Particulars	Rationale	Value (INR b)	Per share	% contribution
Residential	DCF of five years cash flow at a WACC of 13% and a terminal value assuming 3% long-term growth	75	483	81%
IC & IC	PV of future cash flows discounted at a WACC of 13%	15	99	17%
Land bank	~1,650 acres of land bank valued at market price	4	28	5%
Annuity	8.5% Cap rate on FY24E NOI	3	20	3%
Gross Asset value		98	631	105%
Net debt	FY25E	(5)	(32)	-5%
Net Asset value		93	599	100%
No. of shares (m)		155		
NAV per share		599		
CMP		635		
Upside		-6%		

Source: MOFSL, Company

Financials and valuations

Consolidated – Profit & Loss

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	6,109	1,662	3,936	6,066	2,121	3,999	4,915
Change (%)	3.1	-72.8	136.7	54.1	-65.0	88.6	22.9
Operating Expenses	4,830	1,173	3,031	5,138	1,915	2,999	3,686
Employees Cost	822	757	836	792	841	866	892
Other Expenses	1,025	668	963	1,238	1,076	1,162	1,278
Total Expenditure	6,678	2,598	4,830	7,167	3,832	5,027	5,856
% of Sales	109.3	156.3	122.7	118.2	180.7	125.7	119.2
EBITDA	-568	-935	-895	-1,101	-1,711	-1,028	-941
Margin (%)	-9.3	-56.3	-22.7	-18.2	-80.7	-25.7	-19.2
Depreciation	77	70	65	122	137	152	185
EBIT	-645	-1,005	-960	-1,223	-1,848	-1,180	-1,127
Int. and Finance Charges	76	110	65	109	74	177	181
Other Income	105	216	147	530	670	160	197
PBT bef. EO Exp.	-617	-899	-878	-803	-1,252	-1,197	-1,112
EO Items	-1,346	0	968	678	0	0	0
PBT after EO Exp.	-1,963	-899	90	-124	-1,252	-1,197	-1,112
Total Tax	-17	-63	-624	28	-440	-299	-278
Tax Rate (%)	0.9	7.0	-695.2	-22.7	35.2	25.0	25.0
Minority Interest	-11	118	830	1,167	1,790	2,084	1,805
Reported PAT	-1,957	-718	1,545	1,014	979	1,186	971
Adjusted PAT	-623	-718	172	461	979	1,186	971
Change (%)	-152.9	15.2	-123.9	168.7	112.1	21.2	-18.1
Margin (%)	-10.2	-43.2	4.4	7.6	46.1	29.7	19.8

Consolidated - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	514	514	1,545	1,547	1,550	1,550	1,550
Total Reserves	16,499	15,797	16,340	16,511	17,178	18,364	19,335
Net Worth	17,013	16,311	17,885	18,058	18,728	19,914	20,885
Minority Interest	420	420	491	2	2	2	2
Total Loans	2,319	2,443	2,805	2,681	8,772	8,972	9,172
Deferred Tax Liabilities	77	152	0	0	0	0	0
Capital Employed	19,829	19,326	21,181	20,740	27,502	28,888	30,059
Gross Block	320	222	423	545	683	834	1,020
Less: Accum. Deprn.	260	184	249	371	509	660	846
Net Fixed Assets	60	38	174	174	174	174	174
Goodwill on Consolidation	660	660	660	0	0	0	0
Capital WIP	122	146	34	51	51	51	51
Total Investments	5,743	5,786	6,424	9,253	9,143	9,143	9,143
Curr. Assets, Loans&Adv.	18,777	19,249	23,083	26,637	40,200	43,424	47,510
Inventory	12,043	13,447	14,419	20,976	33,779	32,869	38,374
Account Receivables	1,144	564	919	1,291	1,072	1,096	1,346
Cash and Bank Balance	1,324	1,355	2,255	774	1,068	5,860	3,366
Loans and Advances	4,267	3,883	5,490	3,596	4,282	3,599	4,423
Curr. Liability & Prov.	5,534	6,553	9,193	15,367	22,129	23,967	26,881
Account Payables	1,276	1,349	1,733	1,918	1,947	1,804	2,101
Other Current Liabilities	3,972	5,049	7,294	13,288	20,032	21,995	24,573
Provisions	286	155	166	161	150	168	207
Net Current Assets	13,244	12,696	13,890	11,270	18,071	19,457	20,629
Appl. of Funds	19,830	19,327	21,181	20,748	27,438	28,825	29,996

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	-12.1	-14.0	1.1	3.0	6.3	7.7	6.3
Cash EPS	-10.6	-12.6	1.5	3.8	7.2	8.6	7.5
BV/Share	331.2	317.4	115.7	116.7	120.8	128.5	134.7
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	-41.2	-35.8	449.8	167.6	100.6	83.0	101.3
Cash P/E	-47.1	-39.7	326.2	132.5	88.2	73.6	85.1
P/BV	1.5	1.6	4.3	4.3	5.3	4.9	4.7
EV/Sales	4.4	16.1	19.8	13.1	50.0	25.4	21.2
EV/EBITDA	-46.9	-28.6	-86.9	-72.0	-62.0	-98.8	-110.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	-12.8	-13.8	-4.2	-10.5	-43.7	29.7	-17.5
Return Ratios (%)							
RoE	-3.4	-4.3	1.0	2.6	5.3	6.1	4.8
RoCE	-2.6	-3.9	-32.8	-4.1	-3.2	-2.7	-2.4
RoIC	-5.2	-7.6	-62.3	-13.0	-8.6	-5.7	-5.4
Working Capital Ratios							
Fixed Asset Turnover (x)	19.1	7.5	9.3	11.1	3.1	4.8	4.8
Asset Turnover (x)	0.3	0.1	0.2	0.3	0.1	0.1	0.2
Inventory (Days)	719	2,952	1,337	1,262	5,813	3,000	2,850
Debtor (Days)	68	124	85	78	184	100	100
Creditor (Days)	76	296	161	115	335	165	156
Leverage Ratio (x)							
Current Ratio	3.4	2.9	2.5	1.7	1.8	1.8	1.8
Interest Cover Ratio	-8.5	-9.2	-14.7	-11.2	-25.0	-6.6	-6.2
Net Debt/Equity	0.1	0.1	0.0	0.1	0.4	0.2	0.3

Consolidated – Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	-617	-778	24	379	543	887	693
Depreciation	77	70	65	122	137	152	185
Interest & Finance Charges	-57	-21	-65	-109	-74	177	181
Direct Taxes Paid	-132	-128	-180	-117	-42	299	278
(Inc)/Dec in WC	-36	332	354	-520	-5,096	3,407	-3,666
CF from Operations	-764	-525	199	-246	-4,531	4,922	-2,328
Others	136	-155	-718	-1,238	-2,083	-160	-197
CF from Operating incl EO	-628	-680	-520	-1,484	-6,614	4,762	-2,524
(Inc)/Dec in FA	-31	-29	-133	-141	-161	-152	-185
Free Cash Flow	-659	-709	-653	-1,625	-6,774	4,610	-2,710
(Pur)/Sale of Investments	0	0	550	757	-509	0	0
Others	911	1,133	815	-338	2,813	160	197
CF from Investments	881	1,104	1,232	278	2,143	8	11
Issue of Shares	0	0	25	5	21	0	0
Inc/(Dec) in Debt	37	124	362	293	6,077	200	200
Interest Paid	-292	-271	-207	-109	-813	-177	-181
Dividend Paid	-356	-4	-4	-311	-357	0	0
Others	-64	-47	-55	-148	-41	0	0
CF from Fin. Activity	-674	-198	122	-270	4,887	23	19
Inc/Dec of Cash	-421	226	834	-1,476	416	4,793	-2,495
Opening Balance	156	924	1,150	1,984	495	911	5,703
Closing Balance	-265	1,150	1,984	508	911	5,703	3,209

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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