

Mahindra Lifespace Developers Ltd

February 4th, 2025

BUY

CMP: INR 400 | Target Price: INR 637 | Potential Upside: 59%

Change in Estimates	✓
Target Price Change	✓
Change in Recommendation	✗

Company Info

BB Code	MLIFE IN EQUITY
Face Value (INR)	5
52 W High/Low (INR)	679/370
Mkt Cap (Bn)	INR 61.6 / \$0.71
Shares o/s (Mn)	155.1
3M Avg. Daily Volume	1,71,300

Actual vs Consensus

INR Bn	Q3FY25A	Consensus	Dev. %
Revenue	1,772	1410	26%
EBITDA	(477)	(15)	-
EBITDAM %	(27)%	-(1)%	-
PAT	(225)	342	-166%

Key Financials

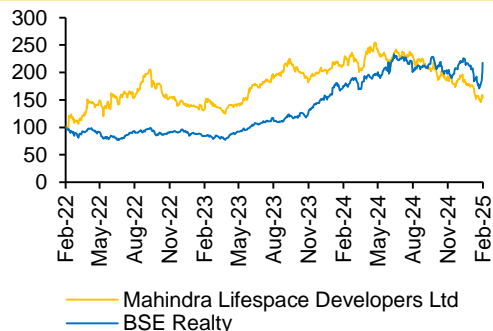
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Revenue	6,066	2,121	6,579	7,334	8,012
YoY (%)	54%	-65%	210%	11%	9%
EBITDA	(1,101)	(1,711)	(1,491)	(1,577)	(1,649)
EBITDAM %	-18	-81	-23	-22	-21
Adj PAT	1,028	983	554	471	401
EPS	6.6	6.4	3.6	3.0	2.6
RoE %	5.7	5.2	2.9	2.4	2.0
ROCE %	563	225	217	186	161
PE(x)	90	94	167	197	231
EV/EBITDA	-86	-59	-70	-66	-63
BVPS	117	121	124	127	130
FCF	(1,584)	(6,704)	2,003	(766)	28

Shareholding Pattern (%)

	Dec-24	Sep-24	Jun-24
Promoters	51.15	51.15	51.15
FIIs	9.99	9.82	9.74
DIIIs	20.7	20.91	21.26
Public	18.15	18.12	17.84

Relative Performance (%)

YTD	3Y	2Y	1Y
BSE REALTY	91.1	127.4	9.3
MLIFE	51.3	4.7	-30



Aayush Saboo

Email: aayush.saboo@choiceindia.com

Ph: +91 22 6707 9512

Degrowth in Presales due to approval delays, launches likely to pick up in Q4FY25.

- Q3FY25 Presales at INR 3,340 Mn, down 25% YoY and 16% QoQ (vs CEBPL est. INR 4,907 Mn).
- Collections for Q3FY25 were at INR 3,660 Mn, down 5% YoY and 20% QoQ (vs CEBPL est. INR 4,648 Mn).
- Launches for Q3FY25 stood at 0.67 msft, up 8% YoY and 60% QoQ.
- Average Selling Price was INR 7,422 per sqft, down 11% YoY and 1% QoQ.
- Q4FY25 to be a launch heavy quarter with launch pipeline of approximately INR 19000 Mn.

Thane and Bhandup projects to be a key turning point : The Thane and Bhandup project value is to be around INR 70-80 Bn and INR 120 Bn respectively, accounting for approximately 44% of its total GDV (gross development value) of INR 450 Bn. The Thane and Bhandup projects will be a mix of Commercial and Residential projects and will be launched in multiple phases over time..

Plotted development projects would drive healthy operational cashflows: Post the successful launches of its maiden plot in Chennai, MLIFE is now fast-tracking second plotted project in Chennai, Project Pink in Jaipur followed by multiple launches over 12-18 months As plotted projects are high velocity in nature, and IRR is comparatively better than residential projects, this would help in faster realization of funds and healthier cash flows to meet the long term growth plan of MLDL.

IC&C segment velocity to remain muted : During the quarter MLIFE leased 12.4 acres of land to 5 customers for Rs.457mn. Management expects the leasing velocity to improve however it is a lumpy business by nature.. Management is optimistic about demand picking up in the next 2 years. The company's long-term plan remains to monetize the IC&C business.

Demand for affordable housing in India will be supported by the new tax breaks in the Union Budget along with a rate cut by the RBI which would in turn lead to lower EMIs, making borrowing easier for homebuyers. This bodes well for MLIFE due to its established brand image in the affordable, mid-premium and premium segment.

SOTP Valuation

MLIFE Particulars	NAV Per Share
Residential	540
O&M FY25EPS @ 10X	4
IC&C	64
Less FY 25 Net debt	67
Future development and land bank	96
Total NAV	637
CMP	400
Upside	59%

MLIFE Particulars	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Presales	3,340	4,430	-25%	3,970	-16%
Residential Collections	3,660	3,860	-5%	4,590	-20%
Launches (mnsft)	0.67	0.62	8%	0.42	60%
Net Sales (incl OOI)	1,673	820	104.0	1,881	-11%
Cost of sales	1,419	724	96.0	1,734	-18%
Employee Expenses	280	237	18.2	279	0%
Other Operating Expenses	228	249	(8.4)	284	-20%
EBITDA	(477)	(390)	22.4	(416)	15%
Depreciation	40	38	3.9	43	-9%
EBIT	(517)	(428)	20.7	(460)	12%
Other Income	185	68	172.7	185	0%
Interest Cost	42	3	1,181.8	60	-30%
EO Items (Adj For Tax)	-	-	#DIV/0!	-	-
PBT	(374)	(364)	2.9	(335)	12%
Income for associate	100	754	(86.8)	365	-73%
Tax	173	(109)	(258.5)	(97)	-279%
RPAT	(448)	500	(189.5)	126	-454%
APAT	(140)	500	(128.0)	126	-211%
Adj EPS (Rs)	(1.4)	3.2	(144.9)	0.8	-278%
Margin Analysis	Q3FY25	Q3FY24	YoY (bps)	Q2FY25	QoQ (bps)
Gross Margin (%)	15.19	11.70	349	7.84	735
Employee Exp. % of Sales	16.7	28.9	(1,215)	14.9	189
Other Op. Exp % of Sales	13.6	30.3	(1,672)	15.1	(148)
EBITDA Margin (%)	(28.5)	(47.5)	1,902	(22.1)	(639)
Tax Rate (%)	(46.3)	30.1	(7,635)	28.9	(7,514)
APAT Margin (%)	(8.4)	61.0	(6,938)	6.7	(1,510)

- Capital raise: Operational cash flow was healthy this year but not sufficient to grow presales by 25% going forward. Working very close with M&M group-Achieving the 5X growth target will require significant capital and MLDL will need to balance accessing external funding sources while preserving operational flexibility and independence

Management Call - Highlights

- Net operating cash flow (excluding land outflows) came in at INR 6 Bn (vs INR Rs 4.6 Bn in 9M FY24)
- Net Debt: INR Rs 9.2 Bn on a fully consolidated basis
- Cost of Debt: 8.9% on a consolidated basis as of December 2024
- GDV addition through land acquisition: INR 140 Bn (excluding a recent INR 1 Bn acquisition in Bangalore)
- Q3 FY25 residential pre-sales were muted due to approval delays
- Delays experienced in society redevelopment projects (Navi, Santacruz) due to the complexities of multi-society approvals and documentation processes

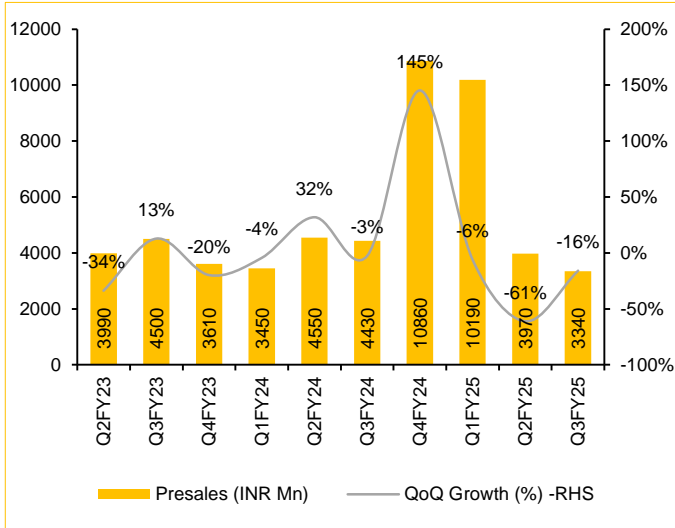
Major land acquisition :

- 8 acres near Bengaluru airport (GDV: INR 10 Bn)
- 36.9 acres in Bhandup, Mumbai (GDV: INR 120 Bn)
- 2.4 acres in Electronic City, Bengaluru (GDV: INR 2.5 Bn)
- 3.7 acres in Borivali West, Mumbai (GDV:INR 18 Bn)
- Leased 47.3 acres to 18 customers for INR 2.09 Bn

Q4 FY25 Launches:

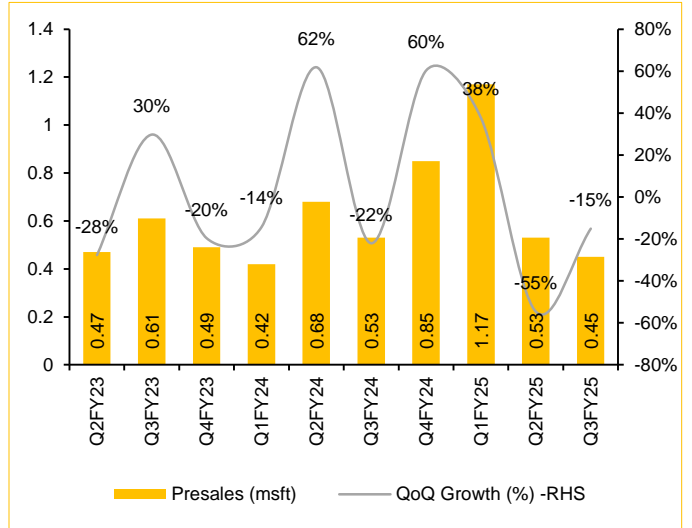
- Vista phase 2 (Kandivali): GDV of INR 120 –140 Bn
- Zen 2 (Bengaluru): Adjacent to Zen 1, GDV of INR 25 Bn
- Citadel tower I (Pune): GDV of INR 15-17.50 Bn
- Possibly Project Pink- plotted development in Jaipur: GDV of INR 2 Bn (Pending approvals)

Presales (INR Mn) decrease by 25% YoY and 16% QoQ



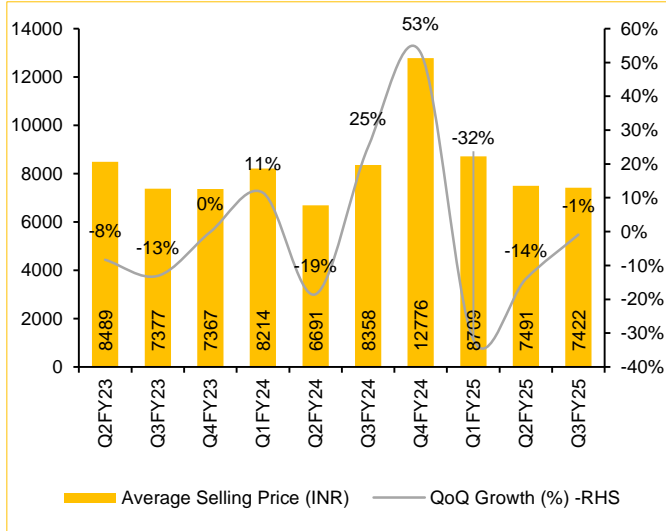
Source: Company, CEBPL

Presales (msft) decline 15% YoY and QoQ



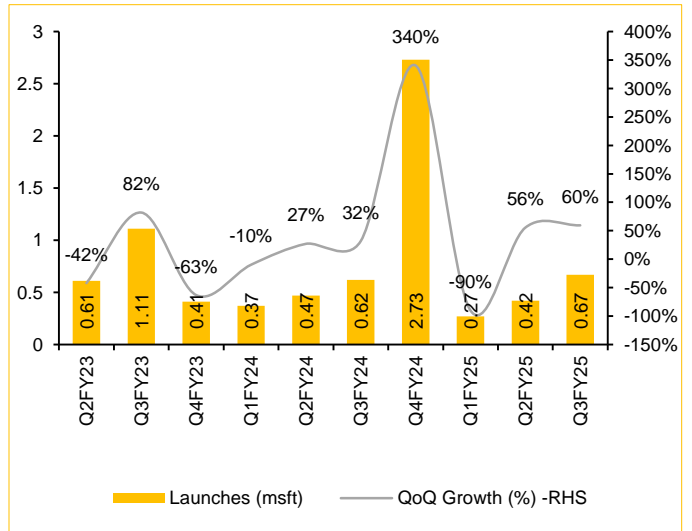
Source: Company, CEBPL

Average selling price decreases 11% YoY and 1% QoQ



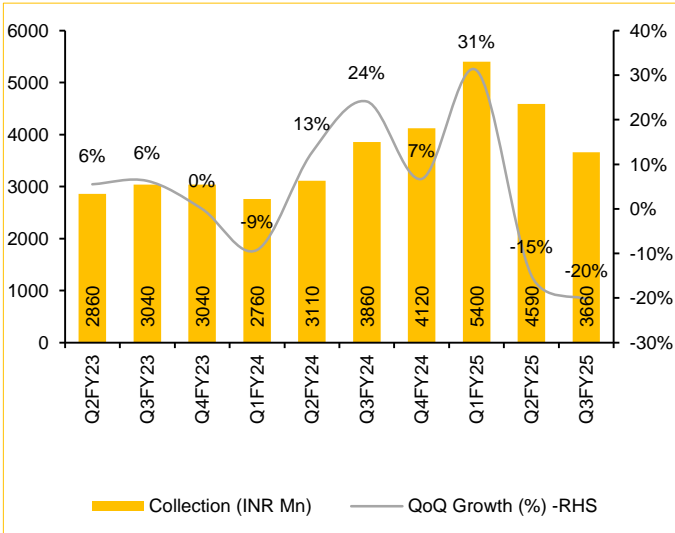
Source: Company, CEBPL

Launches increase by 8% YoY and 60% QoQ



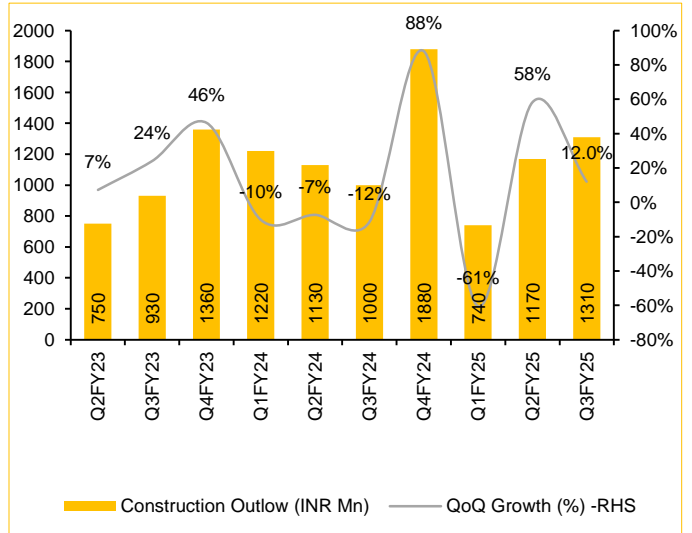
Source: Company, CEBPL

Collections decrease 5% YoY and 20% QoQ

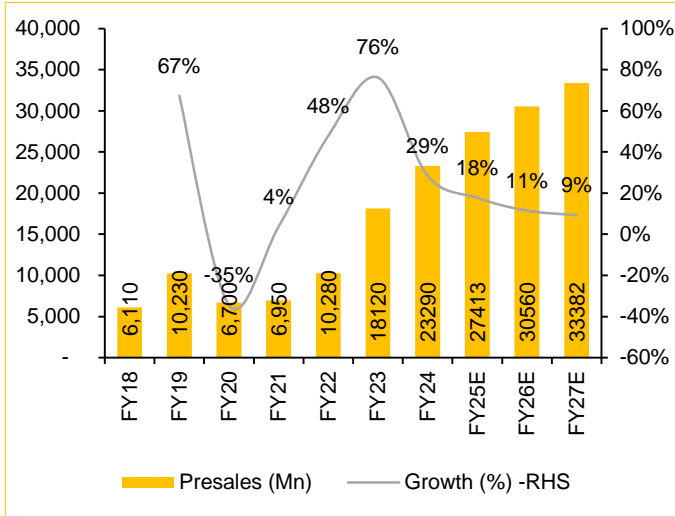


Source: Company, CEBPL

Construction Outflow increases 31% YoY and 12% QoQ

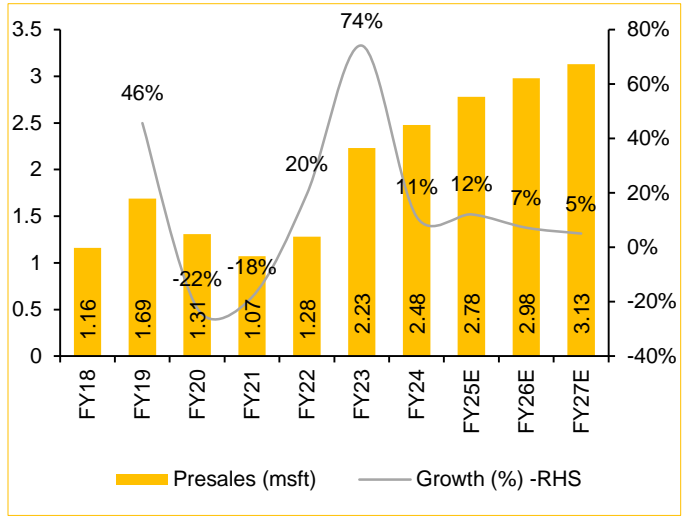


Presales (INR Mn) to grow at 10% CAGR from FY25- FY27



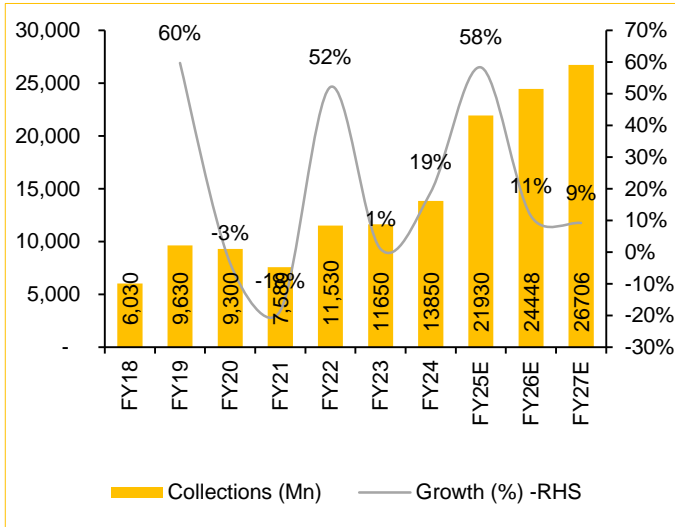
Source: Company, CEBPL

Presales (msft) to grow at a 6% CAGR from FY25-27.



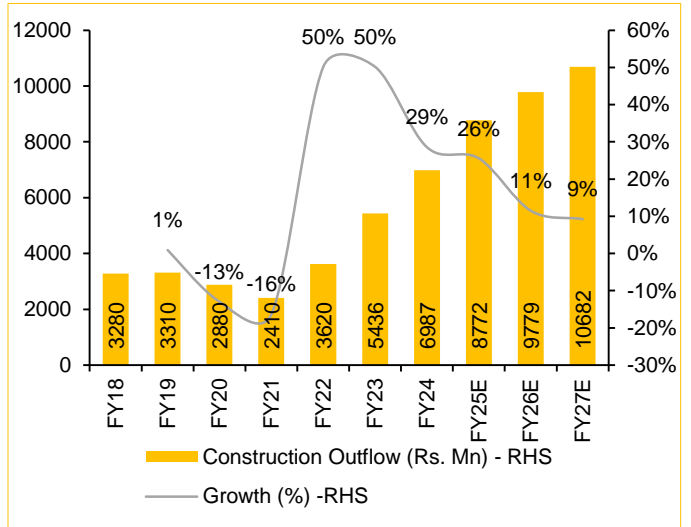
Source: Company, CEBPL

Growth in collections to support operational cash flows



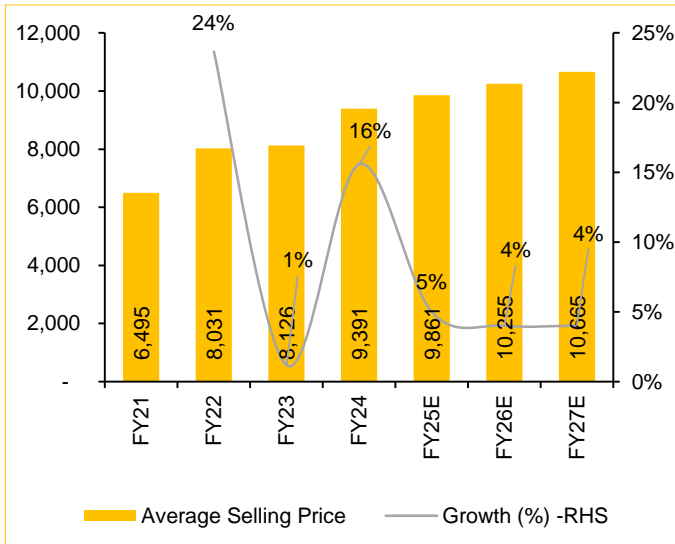
Source: Company, CEBPL

Construction outflow to increase with addition in GDV



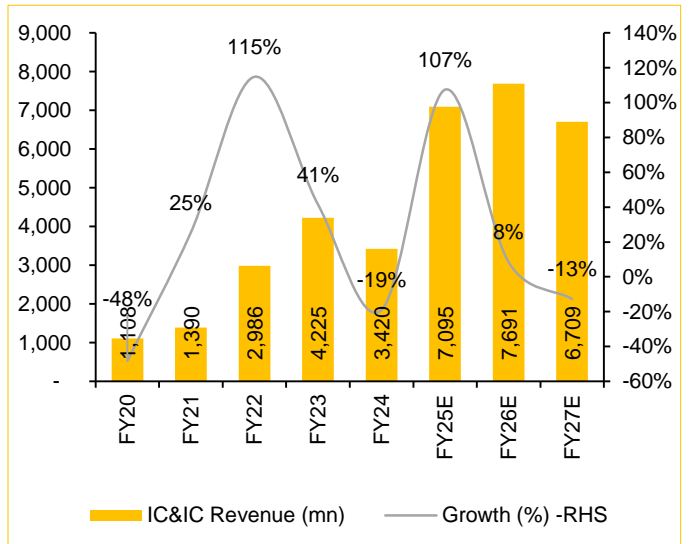
Source: Company, CEBPL

Average Selling Price (INR) to increase gradually



Source: Company, CEBPL

IC&C Revenue (INR Mn) to show steady growth



Source: Company, CEBPL

Income statement (Consolidated in INR Mn)

Particular	FY23	FY24	FY25E	FY26E	FY27E
Revenue	6,066	2,121	6,579	7,334	8,012
Gross profit	928	206	916	1,067	1,202
EBITDA	(1,101)	(1,711)	(1,491)	(1,577)	(1,649)
Depreciation	122	137	137	137	137
EBIT	1,166	617	666	580	508
Interest expense	109	74	97	97	97
Other Income	530	670	500	500	500
EO Items	678	-	-	-	-
Reported PAT	1,028	983	554	471	401
Income from associates	1,181	1,795	1,795	1,795	1,795
Adjusted PAT	1,028	983	554	471	401
EPS	6.6	6.4	3.6	3.0	2.6
NOPAT	(836)	715	1,028	983	554

Source: Company, CEBPL

Balance sheet (Consolidated in INR Mn)

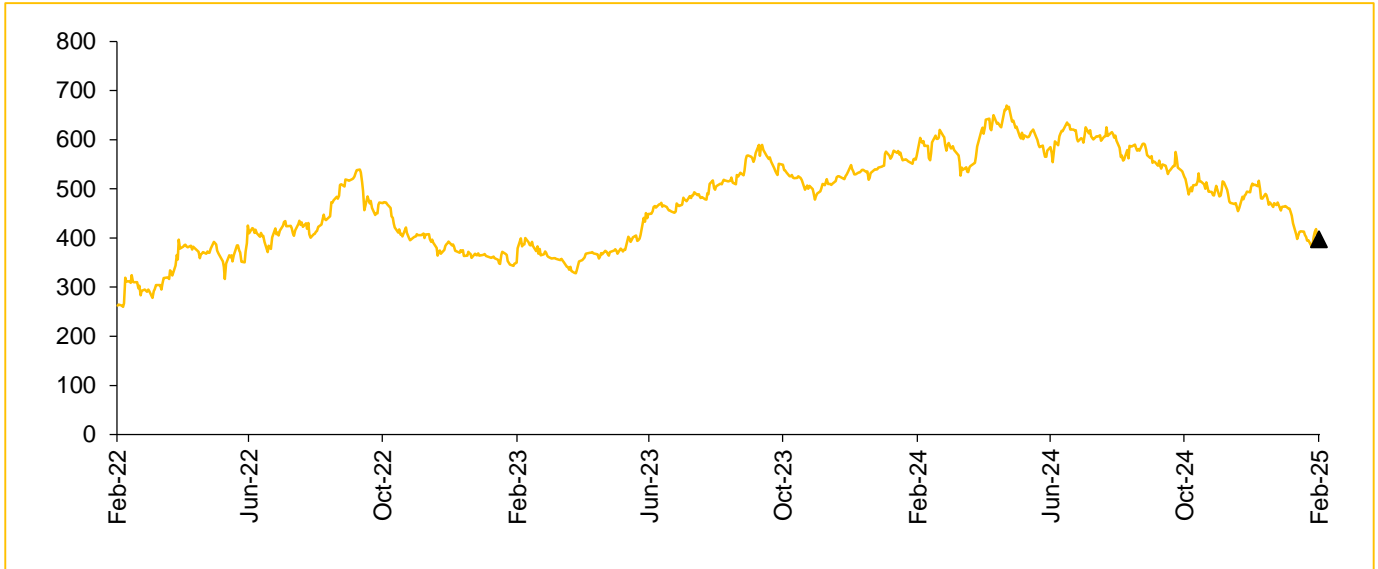
Particular	FY23	FY24	FY25E	FY26E	FY27E
Net worth	18,059	18,730	19,285	19,755	20,156
Total debt	2,651	8,728	11,428	11,428	11,428
Other liabilities & provisions	46	64	64	64	64
Total Net Worth & liabilities	36,089	49,579	57,100	58,606	61,164
Net Fixed Assets	138	195	108	171	183
Capital Work in progress	51	51	51	20	20
Investments	9,053	9,137	13,637	13,124	13,174
Cash & bank balance	495	911	1,017	667	548
Loans & Advances & other assets	2,028	1,949	1,949	1,949	1,949
Net Current Assets	23,124	35,801	38,803	41,140	43,754
Total Assets	34,890	48,044	55,564	57,070	59,628
Capital Employed	20,710	27,458	30,712	31,183	31,584
Invested Capital	20,215	26,547	29,696	30,516	31,035
Net Debt	2,156	7,817	10,411	10,761	10,880
FCFF	(1,584)	(6,704)	2,003	(766)	28

Source: Company, CEBPL

Cash Flows (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
CFO	(1,484)	(6,614)	2,053	(597)	178
Capex	(100)	(90)	(50)	(169)	(150)
FCF	(1,584)	(6,704)	2,003	(766)	28
CFI	279	2,143	(4,550)	344	(200)
CFF	(271)	4,887	2,603	(97)	(97)
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
Growth Ratios (%)					
Revenue	54	(65)	210	11	9
EBITDA	23	55	(13)	6	5
PAT	16	35	8	6	5
Margin ratios (%)					
EBITDA	-18	-81	-23	-22	-21
PAT	16	35	8	6	5
Performance Ratios (%)					
OCF/EBITDA (X)	1.3	3.9	(1.4)	0.4	(0.1)
OCF/IC	(7.3)	(24.9)	6.9	(2.0)	0.6
RoE	5.7	5.2	2.9	2.4	2.0
ROCE	563%	225%	217%	186%	1.6
Turnover Ratios (Days)					
Inventory	1,262	5,813	2,000	1,900	1,850
Debtor	78	184	100	100	100
Payables (days)	115	335	250	250	250
Net Working Cycle (days)	1,224	5,663	1,850	1,750	1,700
Financial Stability ratios (x)					
Net debt to Equity	0.12	0.42	0.54	0.54	0.5
Net debt to EBITDA	(2.0)	(4.6)	(7.0)	(6.8)	(6.6)
Interest Cover	10.7	8.3	6.9	6.0	5.3
Valuation metrics					
Fully diluted shares (mn)	155	155	156	156	156
Price (INR)	600	600	600	600	600
Market Cap(INR Mn)	92,700	92,700	93,300	93,300	93,300
PE(x)	90	94.3	167.2	197.0	231.4
EV (INR.mn)	94,856	1,00,517	1,03,711	1,04,061	1,04,180
EV/EBITDA (x)	-86	-59	-70	-66	-63
Book value (INR/share)	117	121	124	127	130
Price to BV (x)	5.1	4.9	4.8	4.7	4.6
EV/OCF (x)	-64	-15	51	-174	585

Source: Company, CEBPL

Historical Price Chart: EFC (I) Ltd



Institutional Research Team

Utsav Verma	Head of Research – Institutional Equities	utsav.verma@choiceindia.com	+91 22 6707 9440
Deepika Murarka	Analyst – Pharmaceuticals / Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Ashutosh Murarka	Analyst – Cement / Building Material	ashutosh.murarka@choiceindia.com	+91 22 6707 9887
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Aayush Saboo	Analyst – Real Estate & Infrastructure	aayush.saboo@choiceindia.com	+91 22 6707 9512
Maitri Sheth	Analyst – Pharmaceuticals / Healthcare	maitri.sheth@choiceindia.com	+91 22 6707 9511
Bharat Kumar Kudikyala	Associate – Cement / Building Material	bharat.kudikyala@choiceindia.com	+91 22 6707 9887
Arshay Agarwal	Associate – Banking & Financial Services	arshay.agarwal@choiceindia.com	+91 22 6707 9521
Heet Chheda	Associate – Automobile	heet.chheda@choiceindia.com	+91 22 6707 9952
Aryan Goyal	Associate – Auto	aryan.goyal@choiceindia.com	+91 22 6707 9517
Rushil Katiyar	Associate – Information Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9887

CHOICE RATING DISTRIBUTION & METHODOLOGY

BUY	The security is expected to generate upside of 15% or more over the next 12 months
HOLD	The security is expected to show upside or downside returns by 14% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months

Disclaimer

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited-Research Analyst - INH000000222. (CIN. NO.: U65999MH2010PTC198714). Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri(East), Mumbai 400099. Tel. No. 022-6707 9999

Compliance Officer--Prashant Salian, Email Id – Prashant.salain@choiceindia.com Contact no. 022- 67079999- Ext-2310

Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834. Email- ig@choiceindia.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This Research Report (hereinafter referred as "Report") has been prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL RE" Limited). The Research Analysts, strategists are principally responsible for the preparation of "CEBPL RE" research. The research analysts have received compensation based upon various factors, which may include quality of research, investor client feedback, stock picking, competitive factors and firm revenues etc.

Whilst CEBPL has taken all reasonable steps to ensure that this information is correct, CEBPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and CEBPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

General Disclaimer: This 'Report' is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein.

These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this "Report" should rely on information/data arising out of their own Study/investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This 'Report' has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Past performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this 'Report' only. CEBPL does not undertake to advise you as to any change of our views expressed in this "Report" may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject "CEBPL RE" to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by "CEBPL RE" in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this 'Report' shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. "CEBPL" requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to "CEBPL". Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India). Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this report.

Disclosures of Interest (Additional):

1. "CEBPL", its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. "CEBPL" its research Analyst, or its associates or relatives of the research analyst affiliates collectively do not hold more than 1 of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. "CEBPL", its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this research report.
4. "CEBPL", its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
5. "CEBPL", its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
7. "CEBPL", or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
8. CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
9. "CEBPL", its research analyst has not been engaged in market making activity for the company(ies) covered in the Research report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. <https://choiceindia.com/research-listing>

Sr. No.	Particulars	Yes / No
1.	Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL	No
2	Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1 of the company(ies) covered in the Research report	No
3.	Whether compensation has been received by CEBPL or its associates from the company(ies) covered in the Research report	No
4.	CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report	No
5.	CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months	No

Copyright: The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This "Report" is for distribution only under such circumstances as may be permitted by applicable law. This "Report" has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This "Report" is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this "report" or lack of care in this report's preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADINR) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Research report are given above.