

# Mahindra Lifespaces

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR605**      **TP: INR600 (-1%)**      **Neutral**

## New launches drive performance

### Achieves the highest ever quarterly collections

- Mahindra Lifespaces (MLDL) achieved bookings of INR10.2b, up 195% YoY (in line) in 1QFY25, driven by a strong response in the new projects in Pune and Bengaluru, which were launched towards the end of 4QFY24. These two projects generated ~INR7b of combined pre-sales.
- **IC&IC segment** – In the IC segment, MLDL leased 19 acres across Jaipur and Chennai for INR0.8b in 1QFY25. Realization stood at INR40m/acre.
- **Cash flows** – The company collected INR5.4b during the quarter and spent INR.8b on construction. The OCF for 1QFY25 stood at INR2.9b, leading to a decline in net debt to INR4.0b from INR6.4b in 4QFY24.
- **P&L performance** – In 1QFY25, MLDL's revenue came in at INR1.9b, up 92% YoY, driven by 0.1msf completion of the premium project Vicino. It reported an operating loss of INR0.4b. However, PAT came in at INR127m, aided by INR365m of contribution from the JV projects and the IC business.

Bloomberg	MLIFE IN
Equity Shares (m)	155
M.Cap.(INRb)/(USDb)	93.8 / 1.1
52-Week Range (INR)	679 / 471
1, 6, 12 Rel. Per (%)	-5/-5/3
12M Avg Val (INR M)	224

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	2.1	4.0	4.9
EBITDA	-1.7	-1.6	-0.9
EBITDA (%)	NM	NM	NM
Net profit	1.0	1.0	0.9
EPS (INR)	6.3	6.3	5.7
EPS Growth (%)	111.6	0.5	-9.8
BV/Share (INR)	120.8	124.9	128.3

### Ratios

Net D/E	0.4	0.2	0.3
RoE (%)	5.3	5.2	4.5
RoCE (%)	-3.2	-3.2	-2.4
Payout (%)	36.3	36.2	40.1

### Valuations

P/E (x)	95.8	95.4	105.8
P/BV (x)	5.0	4.8	4.7
EV/EBITDA (x)	NM	NM	NM
Div Yield (%)	0.4	0.4	0.4

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	51.2	51.2	51.2
DII	21.3	22.3	19.9
FII	9.7	9.1	11.5
Others	17.8	17.5	17.5

### Key highlights from the management commentary

- **New launches:** Management is aiming to launch over INR35b worth of inventories across seven projects in the next three quarters. The key among them include Kandivali Phase 2, Malad redevelopment, Citadel, Pune phase 3, and the plotted project in Jaipur.
- **Business development:** MLDL signed INR20b worth of projects, and it currently has a pipeline of INR200b. Hence, management does not wish to chase new deals and its focus remains on signing projects that fit the profitability framework, especially given that the expectations of land owners have intensified. In FY24, the company spent INR8.5b on BD, and the spending for FY25 will be similar or lower.
- **P&L:** Most of the projects currently getting completed were launched before FY20. These projects are either in the affordable segment or have faced multiple execution challenges and hence, will continue to drag the P&L performance for a few quarters more. However, the profitability will improve from FY26.

### Valuation and view: Growth priced in; reiterate Neutral

- MLDL posted a strong booking growth and it is well poised to sustain the momentum given the healthy project pipeline across all focused markets.
- We estimate the value of the existing pipeline at INR40b. Further, at the CMP, the residential segment is valued at INR72b, in line with our DCF-based value of INR74b. This indicates that the near-term growth potential is already factored into the current price.
- **We reiterate our NEUTRAL rating on the stock with an unchanged TP of INR600, indicating fair valuation.**

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

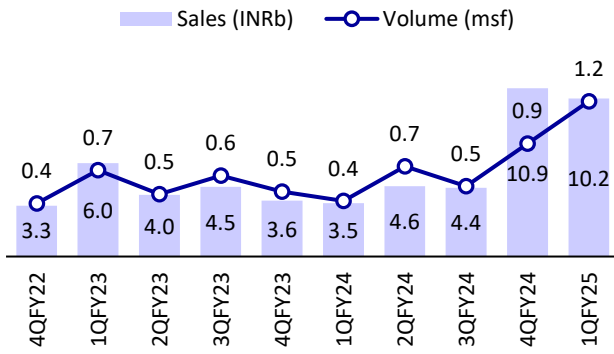
## Financial and Operational performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1Q		
<b>Income from Operations</b>	<b>980</b>	<b>178</b>	<b>820</b>	<b>143</b>	<b>1,881</b>	<b>880</b>	<b>1,040</b>	<b>198</b>	<b>2,121</b>	<b>3,999</b>	<b>1,600</b>	<b>18</b>
YoY Change (%)	3.7	-74.5	-56.1	-94.4	91.9	395.1	26.8	38.6	-65.0	88.6	63.2	
Total Expenditure	1,412	527	1,210	684	2,297	1,238	1,463	629	3,832	5,627	2,011	
<b>EBITDA</b>	<b>-431</b>	<b>-349</b>	<b>-390</b>	<b>-541</b>	<b>-416</b>	<b>-358</b>	<b>-423</b>	<b>-431</b>	<b>-1,711</b>	<b>-1,628</b>	<b>-411</b>	<b>1</b>
Margins (%)	-44.0	-196.5	-47.6	-378.6	-22.1	-40.7	-40.7	-217.4	-80.7	-40.7	-25.7	
Depreciation	30	31	38	38	43	44	39	25	137	152	39	
Interest	42	2	3	26	60	72	87	69	74	288	31	
Other Income	120	79	68	403	186	132	156	126	670	600	64	
<b>PBT before EO expense</b>	<b>-383</b>	<b>-303</b>	<b>-364</b>	<b>-202</b>	<b>-334</b>	<b>-343</b>	<b>-393</b>	<b>-398</b>	<b>-1,252</b>	<b>-1,468</b>	<b>-418</b>	<b>-20</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-383</b>	<b>-303</b>	<b>-364</b>	<b>-202</b>	<b>-334</b>	<b>-343</b>	<b>-393</b>	<b>-398</b>	<b>-1,252</b>	<b>-1,468</b>	<b>-418</b>	<b>-20</b>
Tax	-94	-108	-109	-129	-97	-81	-95	-94	-440	-367	-120	
Rate (%)	24.4	35.7	30.1	63.8	28.9	23.6	24.3	23.7	35.2	25.0	28.7	
Minority Interest & Profit/Loss of Asso. Cos.	247	6	754	788	365	521	542	657	1,790	2,084	417	
<b>Reported PAT</b>	<b>-43</b>	<b>-189</b>	<b>500</b>	<b>715</b>	<b>127</b>	<b>259</b>	<b>244</b>	<b>353</b>	<b>979</b>	<b>983</b>	<b>119</b>	<b>7</b>
<b>Adj PAT</b>	<b>-43</b>	<b>-189</b>	<b>500</b>	<b>715</b>	<b>127</b>	<b>259</b>	<b>244</b>	<b>353</b>	<b>983</b>	<b>983</b>	<b>119</b>	
YoY Change (%)	NM	NM	NM	NM	NM	NM	-51.2	-50.7	NM	0.0	NM	
Margins (%)	-4.4	-106.5	61.0	500.2	6.8	29.4	23.5	178.0	46.3	24.6	7.4	
E: MOFSL Estimates												
<b>Operational performance</b>												
<b>Area sold (msf)</b>	0.4	0.7	0.5	0.9	1.2	0.7	0.5	0.7	<b>2.5</b>	<b>3.1</b>	1.1	<b>5</b>
<b>Booking value (INR b)</b>	3.5	4.6	4.4	10.9	10.2	6.0	6.0	7.8	<b>23</b>	<b>30</b>	10.0	<b>2</b>
<b>Avg Realization (INR)</b>	8214	6691	8358	12776	8718	9000	12000	10663	<b>9,391</b>	<b>9,779</b>	9000	<b>-3</b>

Source: Company, MOFSL

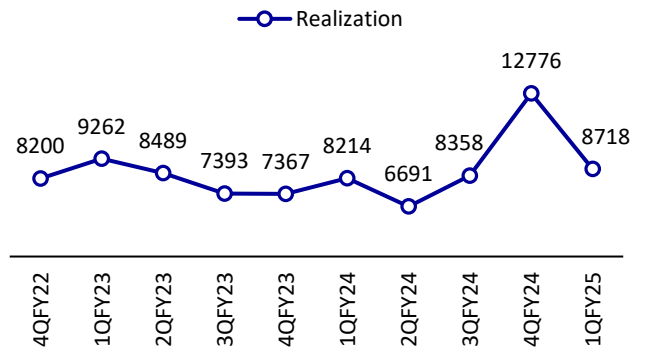
Key Exhibits

Exhibit 1: MLDL reported bookings of INR10b, up 3x YoY



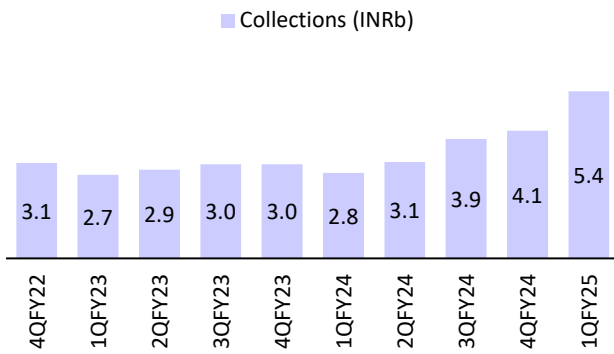
Source: Company, MOFSL

Exhibit 2: Realization/sft increased 6% YoY



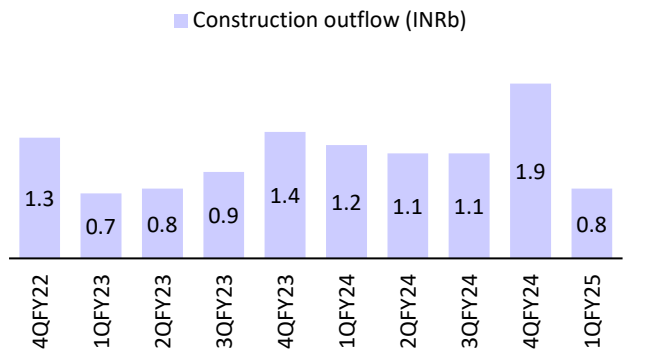
Source: Company, MOFSL

Exhibit 3: Collections doubled YoY to ~INR5.4b



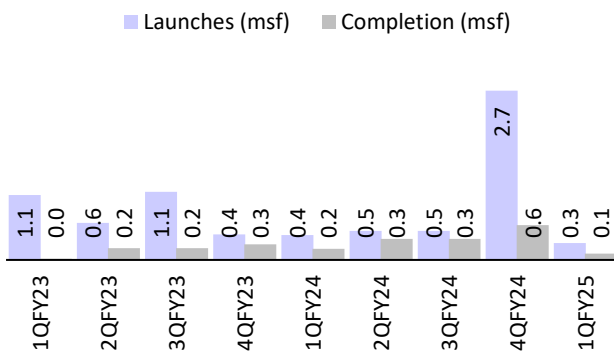
Source: Company, MOFSL

Exhibit 4: MLDL spent ~INR1b on construction in 1QFY25



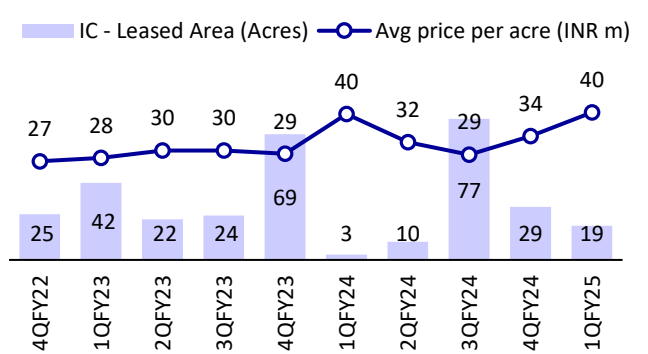
Source: Company, MOFSL

Exhibit 5: MLDL launched one new project/phase in 1Q



Source: Company, MOFSL

Exhibit 6: In the IC segment, it reported leasing of 19 acres



Source: Company, MOFSL

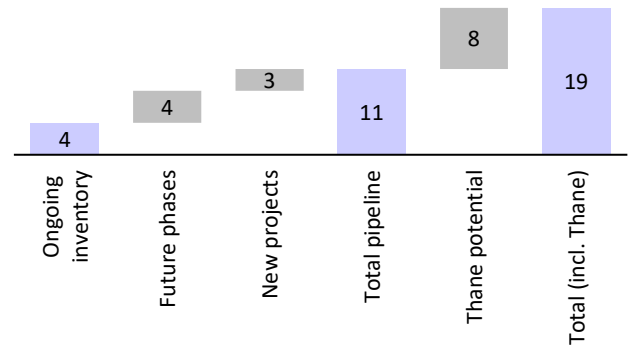
Story in charts

**Exhibit 7: Since FY22, MLDL has acquired two projects with a development potential of 9msf and GDV of ~INR126b**

Micro Market	City	Project size (msf)	MLDL Share	Year of acquisition	GDV
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	16
Whitefield 1	Bengaluru	1.3	100	FY24	17
Whitefield 2	Bengaluru	0.2	100	FY24	2
Borivali	MMR	0.7	100	FY25	18
Hosur Road	Bengaluru	0.3	100	FY23	3
<b>Total</b>		<b>9</b>			<b>126</b>

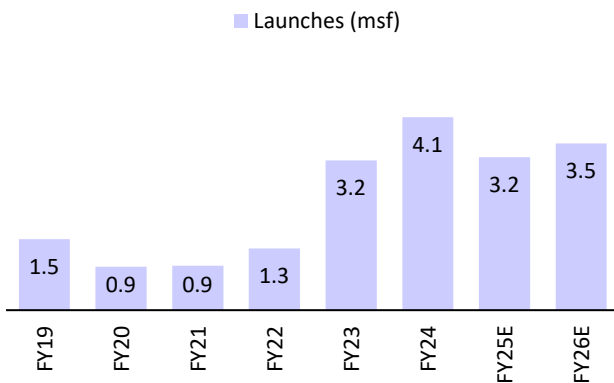
Source: Company, MOFSL

**Exhibit 8: The company’s current pipeline of 11msf (excl. Thane) has a revenue potential of ~INR120b**



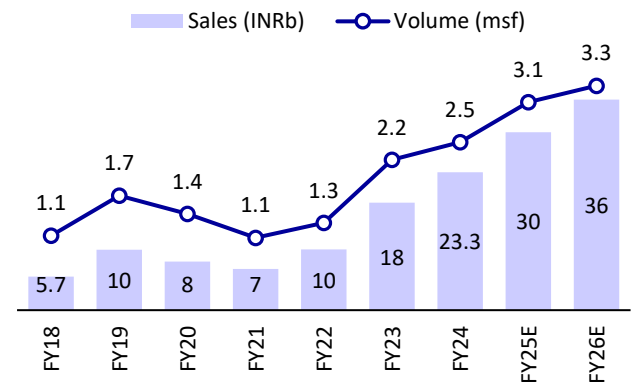
Source: Company, MOFSL

**Exhibit 9: MLDL to increase its launches, driven by a robust pipeline...**



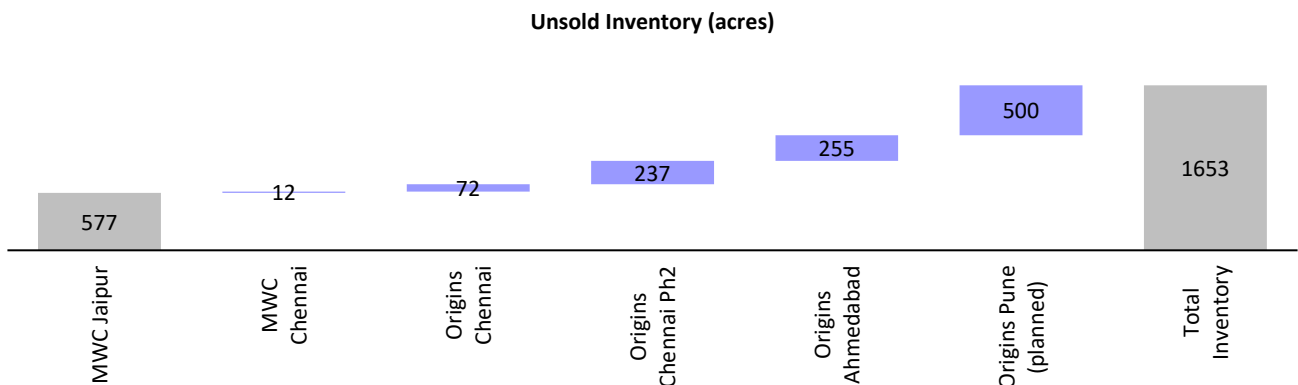
Source: MOFSL, Company

**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: Our 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	-1,028	-941	-1,628	-941	NM	NM
Adj. PAT	1,186	971	983	886	-17%	-9%
Pre-sales	30,032	35,561	30,032	35,561	0%	0%
Collections	22,353	30,867	22,353	30,867	0%	0%

Source: MOFSL, Company

**Valuation and view**

- We value MLDL on an SoTP basis:
- Its residential business is valued by 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 an 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 a 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 FY25E NOI	3	20	3%
<b>Gross Asset value</b>		<b>98</b>	<b>631</b>	<b>105%</b>
Net debt	FY25E	(5)	(32)	-5%
<b>Net Asset value</b>		<b>93</b>	<b>599</b>	<b>100%</b>
No. of shares (m)		155		
<b>NAV per share</b>		<b>600</b>		
CMP		605		
<b>Upside</b>		<b>-1%</b>		

Source: MOFSL, Company

## Financials and valuations

### Consolidated – Profit & Loss

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>6,109</b>	<b>1,662</b>	<b>3,936</b>	<b>6,066</b>	<b>2,121</b>	<b>3,999</b>	<b>4,915</b>
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	3,599	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
<b>Total Expenditure</b>	<b>6,678</b>	<b>2,598</b>	<b>4,830</b>	<b>7,167</b>	<b>3,832</b>	<b>5,627</b>	<b>5,856</b>
% of Sales	109.3	156.3	122.7	118.2	180.7	140.7	119.2
<b>EBITDA</b>	<b>-568</b>	<b>-935</b>	<b>-895</b>	<b>-1,101</b>	<b>-1,711</b>	<b>-1,628</b>	<b>-941</b>
Margin (%)	-9.3	-56.3	-22.7	-18.2	-80.7	-40.7	-19.2
Depreciation	77	70	65	122	137	152	185
<b>EBIT</b>	<b>-645</b>	<b>-1,005</b>	<b>-960</b>	<b>-1,223</b>	<b>-1,848</b>	<b>-1,780</b>	<b>-1,127</b>
Int. and Finance Charges	76	110	65	109	74	288	295
Other Income	105	216	147	530	670	600	197
<b>PBT bef. EO Exp.</b>	<b>-617</b>	<b>-899</b>	<b>-878</b>	<b>-803</b>	<b>-1,252</b>	<b>-1,468</b>	<b>-1,225</b>
EO Items	-1,346	0	968	678	0	0	0
<b>PBT after EO Exp.</b>	<b>-1,963</b>	<b>-899</b>	<b>90</b>	<b>-124</b>	<b>-1,252</b>	<b>-1,468</b>	<b>-1,225</b>
Total Tax	-17	-63	-624	28	-440	-367	-306
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
<b>Reported PAT</b>	<b>-1,957</b>	<b>-718</b>	<b>1,545</b>	<b>1,014</b>	<b>979</b>	<b>983</b>	<b>886</b>
<b>Adjusted PAT</b>	<b>-623</b>	<b>-718</b>	<b>172</b>	<b>461</b>	<b>979</b>	<b>983</b>	<b>886</b>
Change (%)	-152.9	15.2	-123.9	168.7	112.1	0.5	-9.8
Margin (%)	-10.2	-43.2	4.4	7.6	46.1	24.6	18.0

### 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	17,805	18,336
<b>Net Worth</b>	<b>17,013</b>	<b>16,311</b>	<b>17,885</b>	<b>18,058</b>	<b>18,728</b>	<b>19,355</b>	<b>19,886</b>
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
<b>Capital Employed</b>	<b>19,829</b>	<b>19,326</b>	<b>21,181</b>	<b>20,740</b>	<b>27,502</b>	<b>28,329</b>	<b>29,060</b>
Gross Block	320	222	423	545	683	834	1,020
Less: Accum. Deprn.	260	184	249	371	509	660	846
<b>Net Fixed Assets</b>	<b>60</b>	<b>38</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>
Goodwill on Consolidation	660	660	660	0	0	0	0
Capital WIP	122	146	34	51	51	51	51
<b>Total Investments</b>	<b>5,743</b>	<b>5,786</b>	<b>6,424</b>	<b>9,253</b>	<b>9,143</b>	<b>9,143</b>	<b>9,143</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>18,777</b>	<b>19,249</b>	<b>23,083</b>	<b>26,637</b>	<b>40,200</b>	<b>43,081</b>	<b>46,511</b>
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	5,517	2,367
Loans and Advances	4,267	3,883	5,490	3,596	4,282	3,599	4,423
<b>Curr. Liability &amp; Prov.</b>	<b>5,534</b>	<b>6,553</b>	<b>9,193</b>	<b>15,367</b>	<b>22,129</b>	<b>24,182</b>	<b>26,881</b>
Account Payables	1,276	1,349	1,733	1,918	1,947	2,019	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
<b>Net Current Assets</b>	<b>13,244</b>	<b>12,696</b>	<b>13,890</b>	<b>11,270</b>	<b>18,071</b>	<b>18,899</b>	<b>19,630</b>
<b>Appl. of Funds</b>	<b>19,830</b>	<b>19,327</b>	<b>21,181</b>	<b>20,748</b>	<b>27,438</b>	<b>28,329</b>	<b>29,060</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>-12.1</b>	<b>-14.0</b>	<b>1.1</b>	<b>3.0</b>	<b>6.3</b>	<b>6.3</b>	<b>5.7</b>
Cash EPS	-10.6	-12.6	1.5	3.8	7.2	7.3	6.9
BV/Share	331.2	317.4	115.7	116.7	120.8	124.9	128.3
DPS	0.0	0.0	0.0	0.0	2.3	2.3	2.3
Payout (%)	0.0	0.0	0.0	0.0	36.3	36.2	40.1
<b>Valuation (x)</b>							
P/E	-41.2	-35.8	449.8	167.6	95.8	95.4	105.8
Cash P/E	-47.1	-39.7	326.2	132.5	84.0	82.6	87.5
P/BV	1.5	1.6	4.3	4.3	5.0	4.8	4.7
EV/Sales	4.4	16.1	19.8	13.1	47.9	24.3	20.5
EV/EBITDA	-46.9	-28.6	-86.9	-72.0	-59.3	-59.7	-106.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.4	0.4	0.4
FCF per share	-12.8	-13.8	-4.2	-10.5	-43.7	27.7	-18.7
<b>Return Ratios (%)</b>							
RoE	-3.4	-4.3	1.0	2.6	5.3	5.2	4.5
RoCE	-2.6	-3.9	-32.8	-4.1	-3.2	-3.2	-2.4
RoIC	-5.2	-7.6	-62.3	-13.0	-8.6	-8.7	-5.4
<b>Working Capital Ratios</b>							
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	184	156
<b>Leverage Ratio (x)</b>							
Current Ratio	3.4	2.9	2.5	1.7	1.8	1.8	1.7
Interest Cover Ratio	-8.5	-9.2	-14.7	-11.2	-25.0	-6.2	-3.8
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	616	580
Depreciation	77	70	65	122	137	152	185
Interest & Finance Charges	-57	-21	-65	-109	-74	288	295
Direct Taxes Paid	-132	-128	-180	-117	-42	367	306
(Inc)/Dec in WC	-36	332	354	-520	-5,096	3,622	-3,881
<b>CF from Operations</b>	<b>-764</b>	<b>-525</b>	<b>199</b>	<b>-246</b>	<b>-4,531</b>	<b>5,045</b>	<b>-2,515</b>
Others	136	-155	-718	-1,238	-2,083	-600	-197
<b>CF from Operating incl EO</b>	<b>-628</b>	<b>-680</b>	<b>-520</b>	<b>-1,484</b>	<b>-6,614</b>	<b>4,445</b>	<b>-2,711</b>
(Inc)/Dec in FA	-31	-29	-133	-141	-161	-152	-185
<b>Free Cash Flow</b>	<b>-659</b>	<b>-709</b>	<b>-653</b>	<b>-1,625</b>	<b>-6,774</b>	<b>4,293</b>	<b>-2,897</b>
(Pur)/Sale of Investments	0	0	550	757	-509	0	0
Others	911	1,133	815	-338	2,813	600	197
<b>CF from Investments</b>	<b>881</b>	<b>1,104</b>	<b>1,232</b>	<b>278</b>	<b>2,143</b>	<b>448</b>	<b>11</b>
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	-288	-295
Dividend Paid	-356	-4	-4	-311	-357	-355	-355
Others	-64	-47	-55	-148	-41	0	0
<b>CF from Fin. Activity</b>	<b>-674</b>	<b>-198</b>	<b>122</b>	<b>-270</b>	<b>4,887</b>	<b>-444</b>	<b>-450</b>
<b>Inc/Dec of Cash</b>	<b>-421</b>	<b>226</b>	<b>834</b>	<b>-1,476</b>	<b>416</b>	<b>4,449</b>	<b>-3,150</b>
Opening Balance	156	924	1,150	1,984	495	911	5,360
<b>Closing Balance</b>	<b>-265</b>	<b>1,150</b>	<b>1,984</b>	<b>508</b>	<b>911</b>	<b>5,360</b>	<b>2,210</b>

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NOTES



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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

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