

30 April 2024

India | Equity Research | Q4FY24 results review

Mahindra Lifespace Developers

Real Estate

Growth story on track

After Mahindra Lifespace Developers' (MLIFE) current MD and CEO, Mr. Amit Kumar Sinha, took over from May'23, the company had unveiled a strategy of reaching INR 80-100bn of annual residential plus industrial cluster sales by CY28 or 5x in 5 years (CY23-28), while near-term focus remained on achieving its guidance of INR 30bn of residential + industrial cluster (IC) sales by FY25. The company has taken its first step towards reaching its long-term targets by clocking INR 23.3bn of sales bookings in FY24 driven by Kandivali, Mumbai launch in Q4FY24, which clocked sales bookings of over INR 8bn. We expect the company's residential bookings to scale up further to INR 28.4bn in FY25E and INR 35.5bn in FY26E. We cut our rating to **HOLD** from Add post the 16% run-up in the stock price in the last three months with an unchanged target price of INR 649/share. Upside risk: Higher price growth in residential segment. Downside risk: Rise in land and construction costs.

On track to achieve FY25 sales guidance of INR 25bn

MLIFE clocked Q4FY24 sales bookings of INR 10.9bn led by four new launches across 2/73msf of which Vista Phase1 at Kandivali, Mumbai contributed over INR 8bn of sales bookings for the quarter. With this, the company has achieved FY24 sales bookings of INR 23.3bn vs 18.1bn in FY23. In FY25, the company is targeting several new launches primarily across MMR, Pune and Bengaluru and given its robust launch pipeline, we estimate sales bookings of INR 28.4bn in FY25E and INR 35.5bn in FY26E. Hence, we believe the company is on track to achieve its medium-term guidance of INR 25bn of residential sales by FY25.

Long-term goal of achieving INR 80-100bn of annual sales bookings

While the company has been pursuing an aggressive business development strategy in its residential business over FY22-FY24, it also remains cognisant of not stretching its balance sheet too much in one go. The company requires new land parcels having cumulative GDV of over INR 400bn over CY23-28 to achieve its INR 80-100bn annual sales run-rate by CY28. Currently, the one large land parcel already with the company is its Thane land parcel having GDV of ~INR 80bn (50% residential, 50% commercial) and the company will continue to focus on Mumbai, Pune and Bengaluru for new land.

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Market Data

Market Cap (INR)	99bn
Market Cap (USD)	1,185mn
Bloomberg Code	MLIFE IN
Reuters Code	MALD.BO
52-week Range (INR)	679 /364
Free Float (%)	48.0
ADTV-3M (mn) (USD)	4.0

Price Performance (%)	3m	6m	12m
Absolute	15.5	26.1	71.3
Relative to Sensex	11.7	9.0	49.1

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	6,066	2,121	11,400	11,162
EBITDA	(1,101)	(1,711)	671	1,104
EBITDA Margin (%)	(18.2)	(80.7)	5.9	9.9
Net Profit	365	982	1,915	2,277
EPS (INR)	2.4	6.4	12.4	14.8
P/B (x)	5.4	5.2	4.8	4.3
P/E (x)	269.1	99.8	51.2	43.1
EV/EBITDA (x)	(90.8)	(61.8)	155.7	92.8
RoCE (%)	2.3	4.3	8.1	8.7
RoE (%)	(1.7)	5.3	9.7	10.5

Previous Reports

07-02-2023: [Q3FY24 results review](#)

30-10-2023: [Q2FY24 results review](#)

Exhibit 1: Q4FY24 consolidated result snapshot

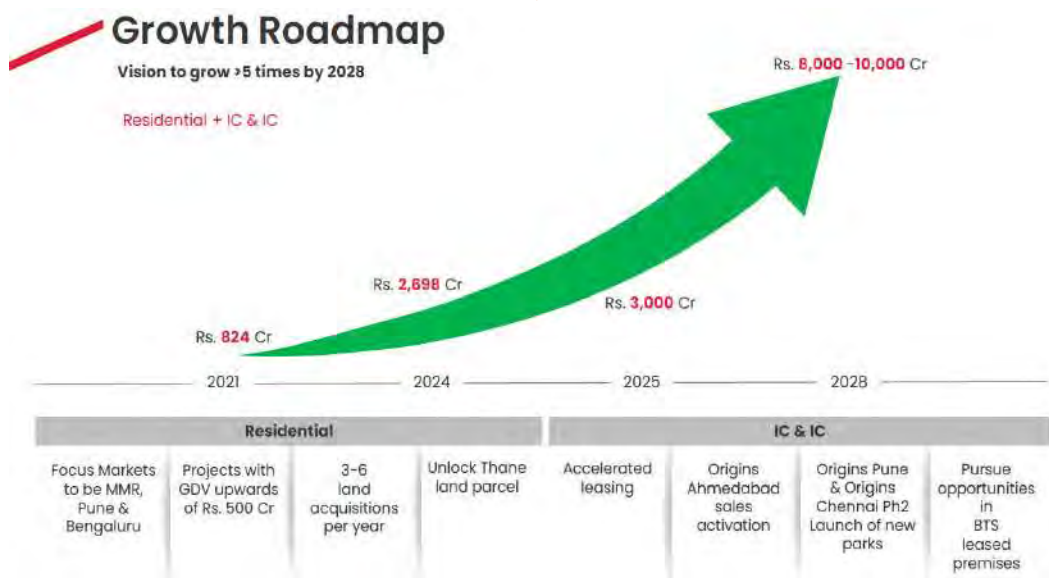
INR mn	Q4FY24	Q4FY23	Q3FY24	YoY (%)	QoQ (%)
Total Operating income	143	2,554	820	(94.4)	(82.6)
Raw Materials	130	2,114	724	(93.9)	(82.1)
Personnel Cost	182	183	237	(0.9)	(23.3)
Other Expenses	373	530	249	(29.7)	49.8
Total Expenses	684	2,827	1,210	(75.8)	(43.5)
EBITDA	(541)	(274)	(390)	NM	NM
EBITDA margin (%)	-378.6	-10.7	-47.5	NM	NM
Interest (Net)	26	34	3	(22.3)	690.9
Depreciation	38	31	38	23.2	0.0
Other Income	403	149	68	170.7	494.5
Exceptional items	-	-	-		
Profit Before Tax	(202)	(189)	(364)	NM	NM
Taxation	(129)	34	(109)	NM	NM
Profit After Tax before MI/Associate	(73)	(223)	(254)	NM	NM
MI/Associate share	788	229	754	NM	NM
Reported PAT	714	5	500	NM	NM
Net margin (%)	499.9	0.2	61.0	NM	NM

Source: I-Sec research, Company data

Exhibit 2: Quarterly sales volume trends

Quarterly Sales Performance	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Volumes (mn-sqft)	0.49	0.42	0.68	0.53	0.85
Value of sales (INR mn)	3,610	3,450	4,550	4,430	10,860
Average realisation (INR/psf)	7,367	8,214	6,691	8,358	12,776

Source: I-Sec research, Company data

Exhibit 3: MLIFE's stated business strategy across business segments

Source: Company data, I-Sec research

Exhibit 4: Key assumptions

Development Properties	FY21	FY22	FY23	FY24	FY25E	FY26E
MLIFE Devco Sales Volume (msf)	1.1	1.3	2.2	2.5	2.8	3.2
MLIFE Devco Sales Value (INR bn)	7.0	10.3	18.1	23.3	28.4	35.5

Source: I-Sec research, Company data

Exhibit 5: SoTP Valuation of MLIFE

Details	Amount (INR mn)	INR/share
Devco residential (FY25-30E)	35,034	227
Industrial cities/SEZs	8,605	56
Rental assets	4,083	26
Land Bank	18,957	123
Total Mar'24E NAV	66,678	433
Add: 50% premium for new project acquisitions/group land parcels	33,339	216
Target Price	100,016	649

Source: I-Sec research, Company data

Exhibit 6: Sensitivity of NAV to WACC and sales price increase

NAV	WACC (%)					
	433	9%	10%	11%	12%	13%
Price Growth CAGR (%)	3%	385	378	372	365	359
	4%	399	392	385	379	373
	5%	414	406	399	393	386
	6%	429	421	414	407	400
	7%	444	436	429	421	414

Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	51.2	51.2	51.2
Institutional investors	32.0	31.7	31.4
MFs and others	19.6	21.5	20.1
Insurance Cos	0.2	1.3	1.5
FIIIs	12.2	8.9	9.8
Others	16.8	17.1	17.4

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	6,066	2,121	11,400	11,162
Operating Expenses	7,167	3,832	10,729	10,058
EBITDA	(1,101)	(1,711)	671	1,104
EBITDA Margin (%)	(18.2%)	(80.7%)	5.9%	9.9%
Depreciation & Amortization	122	137	58	66
Interest expenditure	109	74	552	582
Other income	530	670	818	848
Other Non-operating Income	678	-	-	-
Recurring PBT	(1,481)	(1,252)	879	1,303
Less: Taxes	28	(440)	221	328
PAT	(1,509)	(812)	658	975
Less: Minority Interest	1,874	1,794	1,257	1,302
Net Income (Reported)	(313)	982	1,915	2,277
Net Income (Adjusted)	365	982	1,915	2,277

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	25,221	37,984	43,235	49,736
of which cash & cash eqv.	774	1,068	2,788	5,397
Total Current Liabilities & Provisions	12,662	19,847	23,505	28,052
Net Current Assets	12,559	18,137	19,730	21,684
Investments	7,092	8,274	8,974	9,674
Net Fixed Assets	824	903	993	1,092
Capital Work-in-Progress	361	243	285	319
Other non-current assets	51	51	51	51
Total Assets	20,886	27,608	30,033	32,819
Liabilities				
Borrowings	2,651	8,728	9,228	9,728
Equity Share Capital	1,547	1,550	1,550	1,550
Reserves & Surplus	16,511	17,178	19,092	21,369
Total Net Worth	18,058	18,728	20,642	22,919
Minority Interest	16	2	2	2
Deferred taxes/others	161	150	160	170
Total Liabilities	20,886	27,608	30,033	32,819

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	(964)	(1,518)	2,524	2,925
Working Capital Changes	(520)	(5,096)	47	566
Capital Commitments	(138)	245	(100)	(100)
Free Cashflow	(1,622)	(6,369)	2,472	3,392
Other investing cashflow	417	1,899	(700)	(700)
Cashflow from Investing	278	2,143	(800)	(800)
Activities				
Issue of Share Capital	5	21	-	-
Interest Cost	(11)	(813)	(552)	(582)
Inc (Dec) in Borrowings	47	6,036	500	500
Dividend paid	(311)	(357)	-	-
Others	-	-	-	-
Cash flow from Financing	(271)	4,887	(52)	(82)
Chg. in Cash & Bank balance	(1,476)	416	1,720	2,609
Closing cash & balance	774	1,068	2,788	5,397

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	2.4	6.4	12.4	14.8
Cash EPS	3.2	7.3	12.8	15.2
Dividend per share (DPS)	2.0	2.3	0.0	0.0
Book Value per share (BV)	117.3	121.6	134.1	148.9
Growth (%)				
Net Sales	54.1	(65.0)	437.5	(2.1)
EBITDA	23.0	55.4	(139.2)	64.4
EPS (INR)	(36.8)	169.5	94.9	18.9
Valuation Ratios (x)				
P/E	269.1	99.8	51.2	43.1
P/BV	5.4	5.2	4.8	4.3
EV / EBITDA	(90.8)	(61.8)	155.7	92.8
Dividend Yield (%)	0.3	0.4	0.0	0.0
Operating Ratios				
EBITDA Margins (%)	(18.2)	(80.7)	5.9	9.9
Net Profit Margins (%)	6.0	46.3	16.8	20.4
Net Debt / Equity (x)	0.1	0.4	0.3	0.2
Net Debt / EBITDA (x)	(2.4)	(5.1)	13.7	8.8
Return Ratios				
RoCE (%)	2.3	4.3	8.1	8.7
RoE (%)	(1.7)	5.3	9.7	10.5

Source Company data, I-Sec research

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