

Mahindra Lifespaces

Strong launch pipeline to drive further rerating

Mahindra Lifespaces Developers Ltd (MLDL) reported the highest ever annual presales of INR 18.1bn (+77% YoY), with volume at 2.2msf (+73% YoY). This was backed by robust launches of 3.19msf (+51% YoY). For FY24, nine project launches are planned with Kandivali, Bengaluru, one society redevelopment and Citadel Ph 2 as key launches. The GDV of these launches is estimated at INR 50bn with a large part front loaded (INR 25bn) in H1FY24. MLDL added INR 32bn worth of GDV and expects to add 35-40bn worth of GDV in FY24, backed by a robust business development pipeline of INR 55bn. Within IC&IC, the company leased 158 acres for INR 4.6bn (+53% YoY). This is near its FY25 target of INR 5bn for an annual lease. Given the tailwinds in the industrial business, the upcycle in the residential business, a robust balance sheet, a trustworthy brand image, and a robust business development pipeline, we remain constructive on MLDL and maintain a BUY rating, with NAV-based TP of INR 521/sh.

- Q4FY23 financial highlights:** Revenue: INR 2.6bn (+58%/+37% YoY/QoQ, a beat of 13%). It was a loss at the EBITDA level of INR 274mn (INR -357/-114mn in Q4FY22/Q3FY23, vs est. INR 110mn profit). Profit from JV/Associates came in at INR 229mn (-14%/+380% YoY/QoQ, vs INR 282mn estimate). RPAT/APAT was INR 5mn (-99%/+168% YoY/QoQ vs. INR 426mn est.). MLIFE generated INR 6.5bn of operating cash flow during FY23.
- Strong presales; robust launch pipeline:** MLDL recorded presales of INR 3.6bn (+10%/-20% YoY/QoQ and volume stood at 0.49msf (+26%/-20% YoY/QoQ). For FY23, presales were highest ever at INR 18.1bn (+77% YoY) and volume stood at 2.2msf (+73% YoY). For FY24, INR 22.5bn of presales is expected. MLDL launched 0.41msf of saleable area (0.32msf of RERA carpet area) in two projects, viz. Mahindra Nestalgia at Pune and Meridian plotted development at Alibaug. For FY24, a total of nine launches are planned which includes Kandivali and Citadel Ph 2 as key launches, which are expected to get launched by H1FY24. Also, one of the redevelopment projects will also be launched in FY24. Dahisar and Thane's launches are likely by FY25 as certain policies and approvals are awaited. Within IC&IC, for Q4FY23, the company leased 69 acres for INR 2bn (+185%/+191% YoY/QoQ). For FY23, leasing stood at INR 4.6bn (+53% YoY).
- Robust BD pipeline:** MLDL has a current BD pipeline of INR 55bn, excluding the recent INR 8.5bn society redevelopment project won in Q1FY24. For FY23, MLDL added INR 32bn worth of GDV. Residential net cash stood at INR 340mn (vs net debt of INR 940mn in Q3FY23) and IC&IC net debt increased to INR 3.3bn (vs INR 2.7bn in Q3FY23).

Consolidated financial summary (INR mn)

(INR mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY22	FY23	FY24E	FY25E
Net Sales	2,554	1,618	57.9	1,869	36.6	3,936	6,066	7,905	11,068
EBITDA	(274)	(357)	23.3	(114)	(139.7)	(895)	(1,101)	(798)	1,806
APAT	5	642	(99.2)	(8)	168.8	173	421	771	3,006
Diluted EPS (INR)	0.0	4.2	(99.2)	(0.0)	168.8	1.1	2.7	5.0	19.5
P/E (x)						327	135	74	19
EV / EBITDA (x)						(64)	(54)	(76)	33
RoE (%)						9.5	5.7	4.3	14.8

Source: Company, HSIE Research

Consolidated estimate change summary

Particulars	FY24E			FY25E		
	New	Old	Chg.(%)	New	Old	Chg.(%)
Revenues	7,905	10,171	(22)	11,068	14,240	(22)
EBITDA	(798)	384	-	1,806	1,057	71
EBITDA (%)	(10.09)	3.78	-	16.31	7.42	889
APAT	771	1,583	(51)	3,006	1,569	92

Source: Company, HSIE Research

BUY

CMP (as on 26 Apr 2023)	INR 367
Target Price	INR 521
NIFTY	17,814

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 521	INR 521
	FY24E	FY25E
EPS Change %	(51)	+92

KEY STOCK DATA

Bloomberg code	MLIFE IN
No. of Shares (mn)	155
MCap (INR bn) / (\$ mn)	57/695
6m avg traded value (INR mn)	81
52 Week high / low	INR 555/309

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.9	(10.2)	(1.5)
Relative (%)	3.7	(11.5)	(6.6)

SHAREHOLDING PATTERN (%)

	Dec-22	Mar-23
Promoters	51.30	51.28
FIs & Local MFs	18.34	19.44
FPIs	11.42	11.31
Public & Others	18.93	17.97
Pledged Shares	-	-

Source: BSE

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Disclosure:

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