

CMP: INR 398

Rating: Buy

Target: INR 755

Stock Info

BSE	532313
NSE	MAHLIFE
Bloomberg	MLIFE:IN
Sector	Real Estate
Face Value (INR)	10
Equity Capital (INR mn)	1550
Mkt Cap (INR mn)	61,650
52w H/L (INR)	679 / 370
Avg Yearly Volume (in 000')	320

Shareholding Pattern %

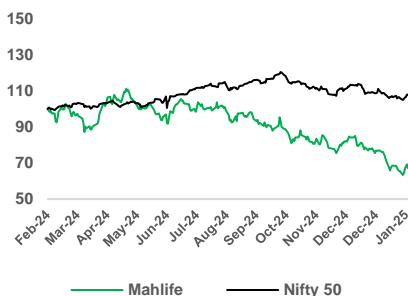
(As on September, 2024)

Promoters	51.15%
DII	9.99%
FII	20.7%
Public & Others	18.15%

Stock Performance (%) 1m 6m 12m

MAHLIFE	-15.8%	-32.6%	-34.8%
NIFTY	-2.68%	-2.89%	7.3%

MAHLIFE vs Nifty



Mahindra lifespace Developers Ltd reported Q3FY25 result numbers were Below Expectation. Revenue for Q3FY25 came in at INR 1,672.8 Mn, which grew by 104% YoY/ growth of 2098% QoQ, against estimates of 1,410 Mn. Gross margin at 15.2%, decreased by 5183 bps QoQ/increase of 349 bps QoQ. EBITDA loss has decreased to INR - 254 Mn from last quarter by 47% and 34.8% from the last year ,and has also recorded a loss on PAT of INR 224.7 Mn (+60% QoQ/ -144.9% YoY)

For Q3FY25, pre-sales were INR 3,340 Mn, de - growth of 25% YoY (INR 4,430Mn in Q3FY24) /de-growth of 16% QoQ (INR 3,970Mn in Q2FY25). The collection stood at INR 3,660 Mn de-growth of 5% YoY (INR 3,860Mn in Q3FY24)/ de-growth of 20% QoQ (INR 4,590 Mn in Q2FY25). Realization came in at INR 8,133/sqft which improved by 76% YoY (INR 4615/sqft in Q3FY24) and increase by 83% QoQ (INR 4,443/sqft in Q2FY25).

Robust Project Pipeline- A strong pipeline of upcoming launches in MMR, Pune, Bengaluru, and Jaipur ensures sustained growth. Q4FY25 key launches include Vista Phase 2(MMR), Ivy Lush Phase 2. One tower of citadel(Pune) , Zen 2, Bangalore, and a project pink in Jaipur .Major FY26 projects launches will include, Bhandup project which will be launch in Q4 of next FY ,Alembic ,Navy Redevelopment , Citadel Phase 3 and Sai baba Vagar (Borivali) , these strong project pipeline will further strengthen revenue visibility.

Strong Pre-sales and Financial Performance- It has reported pre-sales of INR 3,340 Mn in Q3FY25, marking a 25% YoY decline due to approval delays and fewer project launches. In the IC&IC segment, the company generated INR 474.7 Mn in leasing revenue, with Mahindra World City Jaipur and Chennai being the key contributors to growth.

IC&IC Business Growth and Expansion- Mahindra Lifespace's Integrated Cities and Industrial Clusters (IC&IC) segment continues to be a key revenue contributor. In 9M FY25, the company leased 47.3 acres, generating INR 2,090 Mn in revenue, primarily from Mahindra World City Jaipur and Chennai. Additionally, the company announced an interim dividend from Mahindra World City Jaipur, facilitating cash upstreaming from subsidiaries to the parent company. It also extended its partnership with Sumitomo for Origins Chennai Phase 2, further strengthening its presence in the industrial real estate sector. Leasing demand remains strong, driven by both global and domestic manufacturing players.

Outlook & Valuation- Mahindra Lifespace Developers is set to benefit from a strong pipeline of residential projects lined up for the next quarter and the coming financial year. This is expected to support its growth trajectory and help reclaim its market position. In the IC&IC segment, the company continues to perform well, with steady revenue inflows from Jaipur and Chennai. The launch of Origins Phase 2, in collaboration with Sumitomo, is likely to enhance its global presence and attract international attention. We reaffirm our Buy rating on the stock, with a target price of INR 755, implying a 86% upside from current levels, based on a NAV-based valuation.

Key Financials-

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
Net revenues (Rs m)	6066	2121	7586	6455
EBITDA	-1101	-1711	-1297	-5383
EBITDA margins (%)	-18%	-81%	-17%	-83%
PAT	336	982	407	-2932
PAT Margin %	6%	46%	5%	-45%
EPS	6.6	6.3	2.6	-18.9
ROE %	1.9	5.8	2.2	17.1

Source: Company Reports, Arihant Capital Research

Abhishek Jain
abhishek.jain@arihantcapital.com
022-422548871

Kunjag Agarwal
kunjag.agarwal@arihantcapital.com

Q3FY25 Concall Highlights -

Outlook - Mahindra Lifespace remains optimistic about sustained growth in the premium real estate segment, driven by strong market demand and stable economic conditions. The company plans to strategically acquire new land parcels before March 2025 to strengthen its development pipeline and expand its presence in key markets. Additionally, it aims to achieve an Internal Rate of Return (IRR) of over 20% on its projects while maintaining a disciplined financial approach, ensuring long-term profitability and sustainable business growth.

Financial Highlights -

- Revenue for Q3FY25 came in at INR 1672.8 Mn, which grew by 104% YoY/ growth of 2098% QoQ, against estimates of 1,410 Mn
- Pre-sales was at INR 3340 Mn which de-grew by 25% YoY/de-growth of 16% QoQ, against estimates of 4200.
- Collection was at INR 3660 Mn de-growth of 20% YoY & decline of 5% QoQ.
- Gross margin at 15.2%, increase by 349bps YoY/decline of 5182 bps QoQ.
- EBITDA margin at -15.2%, an increase of 3,235 bps YoY/ 61,175 bps QoQ,
- PAT is at INR -224.7 Mn (60% QoQ/ -144.9% YoY) PAT margin came in at -13.43%, below our estimate of INR 340 Mn

Other highlights –

Total GDV addition of INR 15,0,000 mn in so far. Which includes Bhandup, Mumbai of 37 acres, INR 120,000mn GDV (major redevelopment), then in Borivali (Sai Baba Nagar) which has GDV of INR 18,000mn, 3rd in Bengaluru (Near Airport) (INR 10,000mn GDV) and last is Adjacent to Mahindra Zen(INR 2,500mn GDV)

Major Launches in 9M FY25 were Mahindra Ivy Lush (Pune) in which 63% inventory is sold, then Mahindra Zen (Bengaluru), whose 96% inventory sold, then is Kalyan Phase 2. And last plotted Development in Jaipur received strong demand.

For **FY26**, several significant projects are on the horizon. Navy (Redevelopment) is set to contribute INR 10,000mn GDV, while the Alembic project in Whitefield, Bengaluru, is expected to generate INR 18,000mn GDV. Pune will see the launch of Citadel Phase 3, and in Mumbai, the Sai Baba Nagar redevelopment in Borivali is also in the pipeline. The Bhandup project, one of the largest developments, is anticipated to bring INR 120,000mn GDV, making it a key focus area for the company's long-term growth strategy.

The **upcoming launches in Q4FY25** include several key projects across major markets. Vista Phase 2 is expected to have a GDV of INR 12,000mn - INR 14,000mn, followed by Ivy Lush Phase 2 in Pune, which is projected at INR 7,000mn - INR 7,500mn GDV. In Bengaluru, Zen 2 is set to launch with a GDV of INR 2,500mn, while Pune will also see the launch of Citadel Tower, estimated at INR 1,500mn - INR 1,750mn GDV. Additionally, Project Pink in Jaipur, a plotted development, is in the pipeline with a GDV of INR 2,000mn, pending final approvals.

Additionally, on the capital and funding front, the company has announced an interim dividend from Mahindra World City Jaipur, which has helped in upstreaming cash from subsidiaries to the parent company. This move strengthens the company's financial position as it pursues its growth aspirations.

Industrial & IC Business- Leasing Activity for the quarter is 47.3 acres leased (~INR 2,090mn revenue). Mahindra World City Jaipur: 75% of leasing (~35 acres), Chennai & Origins Chennai: 12.4 acres leased (~INR 474.7mn revenue).

Origins Chennai 2 launch in progress, Sumitomo will continue its partnership for the expansion of Phase 2 at Origins Chennai

Q3FY25 - Quarterly Performance (Consolidated)

INR Mn (Consolidated)	Q3FY25	Q2FY25	Q-o-Q	Q3FY24	Y-o-Y
Net Revenue	1672.8	76.1	2098%	819.9	104.02%
Raw Material Costs	1418.7	25.1	5552%	724	95.95%
Gross Profit	254.1	51	398%	95.9	164.96%
Gross Margin	15.19%	67.02%	-5183bps	11.70%	349bps
Employee costs	280.1	294.4	-5%	236.9	18.24%
Other Expenses	228	233.7	-2%	248.8	-8.36%
EBITDA	-254	-477.1	-47%	-389.8	-34.84%
EBITDA margin	-15.18%	-626.94%	61175bps	-47.54%	3236bps
Other Non Operating Income	184.9	83.5	121%	67.8	172.71%
Depreciation	39.7	40	-1%	38.2	3.93%
EBIT	-108.8	-433.6	-75%	-360.2	-69.79%
Finance costs	42.3	70.1	-40%	3.3	1181.82%
Share of profit of joint venture and associate	99.6	363.8	-73%	754.4	-86.80%
Exceptional Items	-	-	-	-	-
PBT	-51.5	-139.9	-63%	390.9	-113.17%
Tax Expense	173.2	0.2	86500%	-109.3	-258.46%
Effective tax rate	-336%	0%	-	36.39%	-
PAT	-224.7	-140.1	60%	500.2	-144.92%
PAT margin	-13.43%	-184.10%	17067bps	61.01%	-7444bps

INR mn	Q3FY25	Q2FY25	Q-o-Q	Q3FY24	Y-o-Y
Pre-sales (INR Mn)	3,340.0	3,970.0	-16%	4,430.0	-25%
Sales Area (Sqft)	0.5	0.5	306%	0.5	306%
Collections (INR Mn)	3,660.0	4,590.0	-20%	3,860.0	-5%
Realizations (INR/Sqft)	8133.3	4,443.0	-62%	4,615.0	-63%

Source: Company reports, Arihant Capital Research

Profit & Loss Statement (Consolidated)

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
Net revenues (Rs m)	6,066	2,121	7,586	6,455
Net Raw Materials	5,010	1,899	7,525	10,317
Gross Profit	1,056	222	61	(3,862)
Growth (%)	17%	10%	1%	-60%
Direct costs	5,138	1,915	7,638	10,511
Other expenses	2,029	1,917	1,245	1,327
EBITDA	(1,101)	(1,711)	(1,297)	(5,383)
EBITDA margins (%)	(18.2)	(80.7)	(17.1)	(83.4)
Depreciation	122	137	119	121
Other income	530	670	363	298
Interest Exp	109	74	100	100
PBT	(803)	(1,252)	(1,154)	(5,307)
Effective tax rate (%)	(3.5)	35.2	25.2	25.2
+ Associates/(Minorities)	1,167	1,794	1,276	1,039
PAT	336	982	407	(2,932)
Adjusted income	1,014	982	407	(2,932)

Source: Company reports, Arianth Capital Research

Balance Sheet (Consolidated)

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
Share capital	1,547	1,550	1,550	1,550
Net worth	18,057	18,728	18,803	15,484
Total debt (including Pref)	2,651	8,728	8,511	8,386
Minority interest	2	2	(4)	(18)
Deferred tax Liability/(Asset)	(592)	(1,058)	(1,058)	(1,058)
Capital employed	20,118	26,399	26,251	22,792
Net tangible assets	360	282	201	119
Net Intangible assets	5	5	4	3
Goodwill	-	-	-	-
CWIP (tangible and intangible)	51	51	75	99
Investments (Strategic)	7,092	8,274	9,935	10,849
Investments (Financial)	1,962	863	0	0
Current Assets (ex Cash) Incl LT assets	25,271	38,008	50,200	10,742
Cash	774	1,068	(1,631)	(1,440)
Current Liabilities (ex ST Loan/Current Portion) incl LT liabilities	15,397	22,150	32,557	(2,396)
Working capital	9,874	15,858	17,643	13,138
Capital deployed	20,118	26,399	26,251	22,792

Source: Company reports, Arianth Capital Research

Cash Flow Statement (consolidated)

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
PBT+ Net Int Expense	(1,223)	(1,848)	-	(5,505)
+ Non-cash items	122	137	119	121
Operating profit before WC changes	(1,101)	(1,711)	-	(5,383)
- Incr./ (decr.) in WC	(971)	5,772	1,997	(4,505)
Others including taxes	35	25	(290)	(1,336)
Operating cash-flow	(165)	(7,417)	(3,004)	457
- Capex (tangible + Intangible)	(530)	57	62	62
Free cash-flow	364	(7,499)	(3,066)	395
Acquisitions	-	-	-	-
- Dividend (including buyback & taxes)	309	357	388	388
+ Equity raised	20	-	-	-
+ Debt raised	43	5,610	(217)	(125)
- Fin Investments	2,830	83	798	914
- Net Int expense + Misc.	(1,230)	(2,898)	(1,583)	(1,223)
Net cash-flow	(1,481)	478	(2,886)	191

Source: Company reports, Arianth Capital Research

Ratio Analysis

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
P/E (x)	53.7	77.6	187.4	-26.0
EV/EBITDA (x)	-	-	-	-
EV/sales (x)	9.0	41.8	12.1	1.5
P/B (x)	3.0	4.1	4.4	-
RoE (%)	1.9	5.8	2.2	-17.1
RoCE (%) - After tax	-3.4	-4.7	-4.0	-21.2
Sales/FA (x)	14.5	6.3	27.1	29.3
DPS (Rs per share)	2.0	2.3	2.5	2.5
Dividend yield (%)	0.6	0.5	0.5	0.5
Dividend payout (%) - Inc. DDT	92.0	36.3	95.2	#DIV/0!
Net debt/equity (x)	-0.0	0.4	0.5	0.6
Receivables (days)	78	184	100	138
Inventory (days)	1,262	5,813	1,841	-312
Payables (days)	115	335	146	160
CFO:PAT%	-16.3	-690.9	-727.5	-15.6
FCF:PAT% - includ M&A payout	35.9	-698.6	-742.6	-13.5

Source: Company reports, Arianth Capital Research

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100 Fax: (91-731) 4217101

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880