

**CMP: INR 540**

**Rating: BUY**

**Target Price: INR 755**

**Stock Info**

|                         |              |
|-------------------------|--------------|
| BSE                     | 532313       |
| NSE                     | INE813A01018 |
| Bloomberg               | MLIFE:IN     |
| Reuters                 | MAHM.NS      |
| Sector                  | Real Estate  |
| Face Value (INR)        | 10           |
| Equity Capital (INR mn) | 1,550        |
| Mkt Cap (INR bn)        | 82.85        |
| 52w H/L (INR)           | 599/316      |

**Shareholding Pattern %**

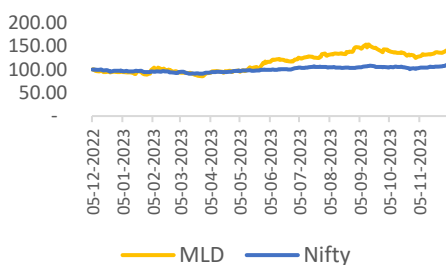
(As on Sep, 2023)

|                 |       |
|-----------------|-------|
| Promoters       | 51.19 |
| DII and FIIs    | 32.04 |
| Public & Others | 16.77 |

**Stock Performance (%)**

|          | 1m   | 3m    | 12m |
|----------|------|-------|-----|
| MLDL     | 1.51 | -1.27 | 49  |
| Nifty 50 | 6.85 | 10.28 | 19  |

**lifespace Vs Nifty**



Source: Company, Arihant Capital Research

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**Mahindra Lifespace Developers Ltd.** is the real estate and infrastructure development company of Mahindra group. The Company's development footprint includes 34.46 msf of finished, ongoing, and future residential projects spread across 9 Indian cities. It also includes more than 5000 acres of ongoing and future projects under development or management at its integrated developments/industrial clusters spread across four locations.

**Key Rationale**

**Robust sales momentum to be led by upcoming launches:** The business intends to launch eight to nine projects in FY24, with a gross development value of INR 35,000-40,000mn. We anticipate 1.5x increase in sales value from FY23 levels to ~INR 28,000 mn in FY25E dependent on the pipeline and new land. There are 9 launches planned, 3 has already launched till date, that is, plotted development, in the plotting development project, there were 282 plots launched and 200+ are already sold, Tathawade phase 3 and Citadel 2. The Kandivali launch may happen by Q3FY24/Q4FY24 which will have a GDV of ~INR 12,000mn along with other 5 launches in FY24. Over the past two years, MLDL has demonstrated excellent sales momentum, with pre-sales rising sharply from INR 6,950mn in FY21 to INR 18,120 mn in FY23.

**MLDL targeting 5x growth:** The company is targeting 5x sales growth over next 5 years, the vision is to achieve INR 8,00,000-1,00,000 mn of sales by FY28 over INR 22,680mn of sales in FY23. The company has business development pipeline of INR 55,000mn, to increase gradually to support the 80,000-1,00,000 mn pre-sales which translates to INR 4,00,000-5,00,000 mn of GDV addition. The company has already signed INR 1,40,000 of deals which includes Thane land, Navy redevelopment, Santacruz redevelopment, Bangalore Malgudi, Wagholi, and Kandivali land. The company has huge growth prospects as there is possibility of getting land banks transferred from time to time from M&M for development purposes which again gives huge scalability potential over the long term.

**Increase profitability will be one of the key focus:** Under the recently appointed MD & CEO, Mr. Amit Sinha, the company is concentrating on growing, but not at the expense of profitability. Mid-premium and premium projects will be given more attention, the company will be selective when it comes to Happinest projects-value/affordable category so that the profitability increases. The company is targeting to achieve 18-20% gross margins in residential business.

**IC&IC Business:** In this vertical the company has total inventory of sales value of ~50,000 mn and an area of ~1,400 acres. The IC&IC business is expected to generate ~INR 5,000 mn annually, the aim is to use the IC&IC land banks and the infrastructure that the company has to generate cash that allows them to build residential business.

**Strong Balance sheet:** The company has healthy net debt/equity ratio, cost of debt was 6.5% in FY22 which increased to 8.12% in FY23. The company is also trying to sell out legacy projects and take it out of the balance sheet and free up the cash.

**Outlook and valuation:** The company has laid down an ambitious growth plan of 5x over next 5 years under the leadership of new CEO Mr. Amit Sinha. To support this plan the company would need total new project addition of ~INR 4,00,000-5,00,000mn, has planned 8-9 projects with Gross Development Value of ~INR 35,000-40,000mn in FY24, the key focus geographies would be MMR, Pune and Bengaluru. The company has one historical land bank in Thane, where it is targeting mixed development with total sales potential of INR 80,000 mn, likely to be launched from FY25 onwards in phases. Considering strong scalability, capability to grow multi fold over next 5 years to be supported by real estate upcycle trend, strong BD pipeline, uptick in the blended realisations and robust launch pipeline, we initiate coverage on MLDL with buy rating and a TP of INR 755 based on NAV and DCF method of valuation.

**Key Rationale****Robust sales momentum to be led by upcoming launches:**

The business intends to launch eight to nine projects in FY24, with a gross development value of INR 35,000-40,000mn. We anticipate 1.5x increase in sales value from FY23 levels to ~INR 28,000 mn in FY25E dependent on the pipelines and new land. There are 9 launches planned, 3 has already happened till date, that is, plotted development, in the plotting development project, there were 282 plots launched and 200+ are already sold, Tathawade phase 3, Citadel 2. The Kandivali launch may happen by Q3FY24/Q4FY24 which will have a GDV of ~INR 12,000mn along with other 5 launches in FY24. Over the past two years, MLDL has demonstrated excellent sales momentum, with pre-sales rising sharply from INR 6,950mn in FY21 to INR 18,120 mn in FY23.

MLDL was planning Kandivali launch in Q1FY24 but that could not happen due to changes in the regulation related to Mother Earth RG area, but will happen in coming quarters.

We anticipate 1.5x increase in sales value from FY23 levels to ~INR 28,000 mn in FY25E dependent on the pipelines and new land. In FY24 the company plans to launch Kandivali with GDV of INR 12,000 mn, 2 redevelopment projects Malad (to be launched either in Q4FY24/Q1FY25 with GDV of ~INR 8,500 mn) and Santacruz (to be launched either in Q4FY24/Q1FY25 with GDV of ~INR 5,000mn), Malgudi Bangalore with GDV of ~INR 4,000mn and the remaining projects are remaining phases of current projects. In FY25 the biggest launch will be Thane Ghodbunder road and balance of Kandivali, 1 redevelopment project out of Malad and Santacruz plus extension phases of current projects and FY24 launches.

In FY23, the Company launched three new projects Citadel in Pune, Nestalgia in Pune and Eden Kanakpura in Bengaluru. It also launched fresh inventory in six of its existing projects. The company reported sales of INR 18,120 mn in 2022-23, which is its best ever performance and significantly higher than INR 10,280 mn achieved in the previous year. Area sold also increased from 1.28 million square feet (msf) in 2021-22 to 2.23 msf in 2022-23. Overall, in the residential business, the Company is currently developing 6.62 msf with another 7.07 msft available in the form of forthcoming projects — new phases of ongoing projects and new projects that are under planning.

**ONGOING Premium**

## Residential

|              | Project Name      | Total Development | Launched Development | Completed Development | Area Sold of C | Ongoing Development |
|--------------|-------------------|-------------------|----------------------|-----------------------|----------------|---------------------|
|              |                   | A                 | B                    | C                     | D              |                     |
| MMR          | Vicino            | 0.27              | 0.27                 | 0.08                  | 0.08           | 0.19                |
|              | Alcove #          | 0.39              | 0.39                 | 0.00                  | NA             | 0.39                |
|              | Meridian II       | 0.04              | 0.04                 | 0.00                  | 0.00           | 0.04                |
|              | Meridian plotted  | 0.15              | 0.15                 | 0.00                  | 0.00           | 0.15                |
| Pune         | Nestalgia         | 0.53              | 0.52                 | 0.00                  | 0.00           | 0.52                |
|              | Mahindra Citadel  | 2.77              | 0.51                 | 0.00                  | 0.00           | 0.51                |
| NCR          | Luminare #        | 1.21              | 1.21                 | 0.77                  | 0.77           | 0.44                |
| Nagpur       | Bloomdale         | 1.55              | 1.55                 | 1.34                  | 1.34           | 0.21                |
| Bengaluru    | Eden Kanakpura    | 0.80              | 0.80                 | 0.00                  | NA             | 0.80                |
|              | Chennai           | Aqualily          | 1.58                 | 1.51                  | 1.35           | 1.35                |
|              | Lakefront Estates | 0.42              | 0.37                 | 0.00                  | 0.00           | 0.37                |
|              | Lakewoods         | 0.90              | 0.47                 | 0.28                  | 0.28           | 0.19                |
| <b>TOTAL</b> |                   | <b>10.62</b>      | <b>7.79</b>          | <b>3.82</b>           | <b>3.82</b>    | <b>3.97</b>         |

Source: Company, Aриhant Capital Research

## Key Rationale

## Ongoing-value homes

| Location     | Project Name           | Total Development | Launched Development | Completed Development | Area Sold of C | Ongoing Development |
|--------------|------------------------|-------------------|----------------------|-----------------------|----------------|---------------------|
|              |                        | A                 | B                    | C                     |                | D                   |
|              | Happinest Palghar Ph 2 | 0.36              | 0.18                 | 0.00                  | 0.15           | 0.18                |
| MMR          | Happinest Kalyan 1     | 0.84              | 0.84                 | 0.34                  | 0.44           | 0.50                |
|              | Happinest Kalyan 2     | 1.22              | 0.68                 | 0.00                  | 0.41           | 0.68                |
| Pune         | Happinest Tathawade    | 1.20              | 1.20                 | 0.00                  | 0.66           | 1.20                |
| Chennai      | Happinest MWCC         | 0.41              | 0.41                 | 0.00                  | 0.29           | 0.41                |
| <b>TOTAL</b> |                        | <b>4.03</b>       | <b>3.32</b>          | <b>0.34</b>           | <b>1.95</b>    | <b>2.84</b>         |

Source: Company, Aриhant Capital Research

## Premium Residential- Future Phases

| Location            | Project Name                 | Future Development (msf) |
|---------------------|------------------------------|--------------------------|
| Pune                | Nestalgia                    | 0.02                     |
|                     | Mahindra Citadel             | 2.26                     |
| Chennai             | Aqualily                     | 0.07                     |
|                     | Lakefront Estates            | 0.05                     |
|                     | Lakewoods                    | 0.43                     |
|                     | <b>Total</b>                 | <b>2.83</b>              |
| <b>New Projects</b> |                              |                          |
| MMR                 | New Project (Dahisar) #      | 0.86                     |
|                     | New Project (Kandivali)      | 1.68                     |
|                     | New Project (Malad W)        | 0.45                     |
|                     | New Project (Santacruz W)    | 0.14                     |
| Bengaluru           | New Project(South Bengaluru) | 0.45                     |
|                     | <b>Total</b>                 | <b>3.58</b>              |
|                     | <b>Grand Total</b>           | <b>6.41</b>              |

## Value Homes-Future Phase

| Location | Project Name            | Future Development (msf) |
|----------|-------------------------|--------------------------|
| MMR      | Happinest Palghar Ph 2  | 0.18                     |
|          | Happinest Kalyan 2 Ph 2 | 0.53                     |
|          | <b>Total</b>            | <b>0.71</b>              |

Source: Company, Aриhant Capital Research

**Key Rationale**

**MLDL targeting 5x growth:** The company is targeting 5x sales growth over next 5 years, the vision is to achieve INR 8,00,000-1,00,000 mn of sales by FY28 over INR 22,680mn of sales in FY23. The company has business development pipeline of INR 55,000mn, to increase gradually to support the 80,000-1,00,000 mn pre-sales which translates to a INR 4,00,000-5,00,000 mn of GDV addition. The company has already signed INR 1,40,000 of deals which includes Thane land, Navy redevelopment, Santacruz redevelopment, Bangalore Malgudi, Wagholi, and Kandivali land. We expect the construction activity to pick up from Q3FY24 with new projects coming up.

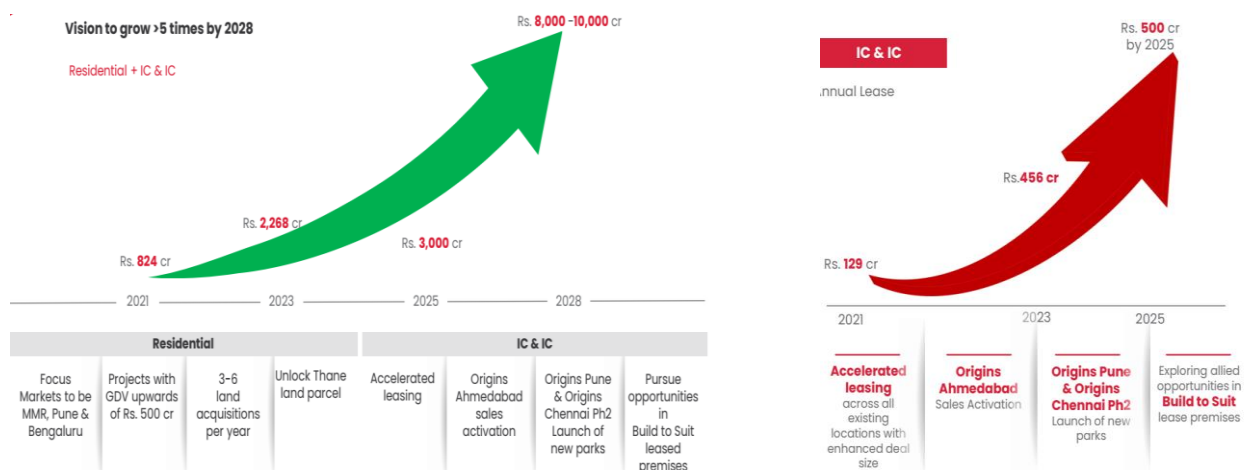
MLDL has robust BD pipeline of ~INR1,35,500mn which includes Thane INR80,000mn, Kandivali INR24,000mn, redevelopment Navy Project INR 8,500mn, Santacruz 5000mn, Bangalore Malgudi INR 4,000mn, Wagholi INR 14,000mn, looking at the size of BD we believe the company will be able to achieve its pre sales target of INR 25,000 mn by FY25 and INR 80,000 mn sales by FY28, growth will be largely from residential segment wherein sales in FY23 stood at INR 18,120 mn.

The Industrial cluster business is likely to be stable at ~INR 5,000 mn. In Q2FY24, the company acquired 5.38 acres of land in Wagholi, Pune with a development potential of over 1.5 msf (saleable area). The launch expected pertaining to this project is in next 4-6 weeks.

**Land Bank**

| Land Name                                 | Location | Gross Area (acres) | Development Plan   |
|---|----------|--------------------|--|
| Ghodbundar Road, Thane                    | MMR      | 68                 | Land conveyance completed. Planned as Mixed-use Development.                                 |
| Murud, Raigad                             | MMR      | 1,291              | Under study & evaluation stage.  |
| Bhor, Pune                                | Pune     | 500                | Planned to be developed as Origins, Pune. Under land aggregation stage to ensure contiguity. |
| OBL (Outside Boundary Land – MWC Chennai) | Chennai  | 57                 | Planned as land sale   |
| OC2 (Origins Chennai 2)                   | Chennai  | 237                | Under land aggregation stage to ensure contiguity.   |
| <b>Total</b>                              |          | <b>2,153</b>       |  |

Source: Company, Arianth Capital Research



Source: Company, Arianth Capital Research

**Key Rationale**

**Increasing profitability will be one of the key focus:** Under the recently appointed MD & CEO, Mr. Amit Sinha, the company is concentrating on growing, but not at the expense of profitability. Mid-premium and premium projects will be given more attention, the company will be selective when it comes to Happinest projects-value/affordable category so that the profitability increases. In Q4FY23, the reported gross margin was 13%, we expect that to improve by the end of FY24 and in FY25.

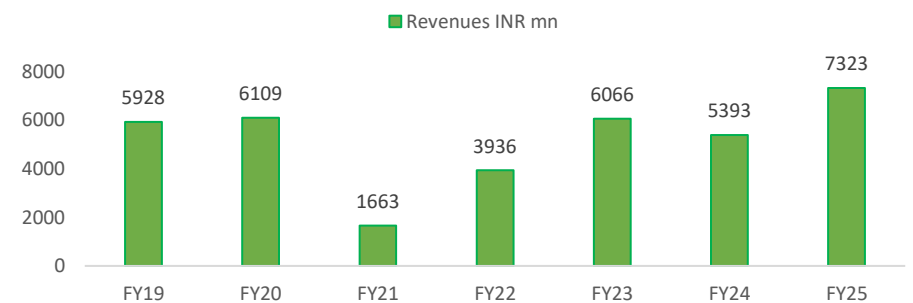
The company has had good number of launches since last couple of years, all these projects have been launched with right pricing, right mark-to-market, right set of value proposition for customer, the impact should come in next 4 to 8 quarters for all these projects in P&L.

The company is also working closely on creating a product which is outstanding in terms of efficiency of design, specs and technology which will have an improvement on the pricing aspect.

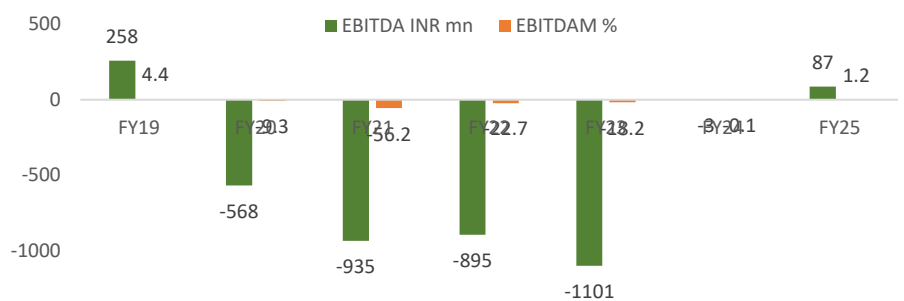
The company is also venturing into redevelopment, the new projects and redevelopment projects both is taken into consideration, we expect accretive gross margin going forward.

The gross margins expected from recently launched projects is ~18-20% which includes interest and overhead cost as well.

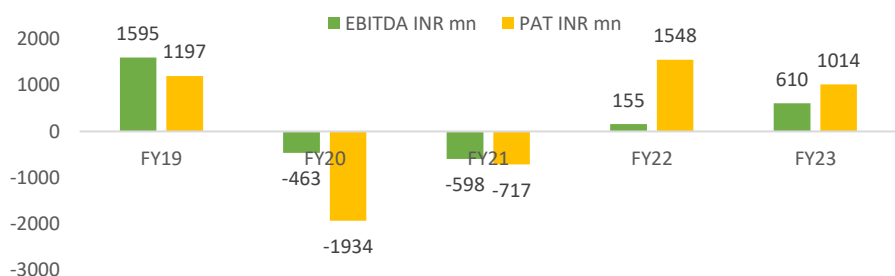
In addition to above points, the company is actively increasing its business development pipeline which will help them to build decent size and scale in order to absorb all overhead costs effectively leading to increase in profitability.



Source: Company, Aриhant Capital Research



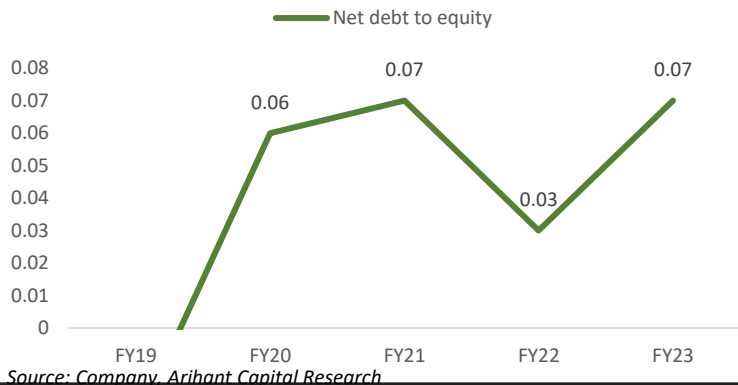
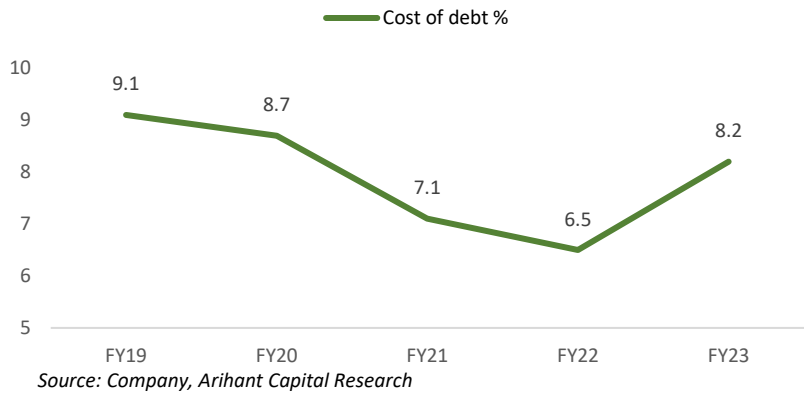
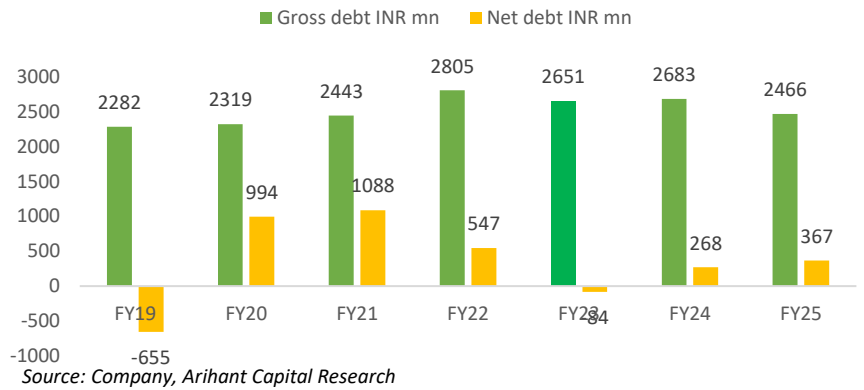
\*EBITDA excludes other income and associates share  
Source: Company, Aриhant Capital Research



Source: Company, Aриhant Capital Research

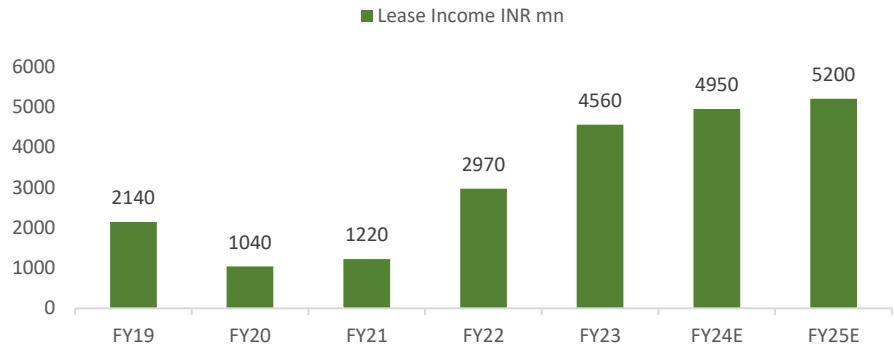
**Key Rationale**

**Strong Balance sheet:** The company has been growing its residential business aggressively in the past two years. As on September, 2023 net debt in residential business stood at INR -80mn and in IC&IC business it stood at INR 2370mn. The company should continue to monitor its debt levels and take steps to reduce them in near future. The company has healthy net debt/equity ratio, in Q2FY24 it stood at almost 0%. Cost of debt was 6.5% in FY22 which increased to 8.1% in Q2FY24. The company is also trying to sell out legacy projects and take it out of the balance sheet and free up the cash. Mahindra Lifespace has created strong brand value, access to capital is easy for the company even if the deal is large like to the tune of ~INR10,000mn-20,000mn the company can arrange capital withing 3-4 months, that is the kind of capability the company has. Overall, very strong and healthy balance sheet looking at aggressive land deals and launch pipeline.

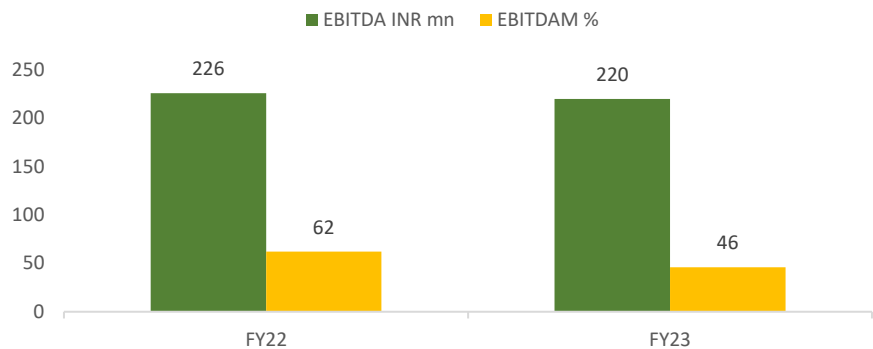


**Key Rationale**

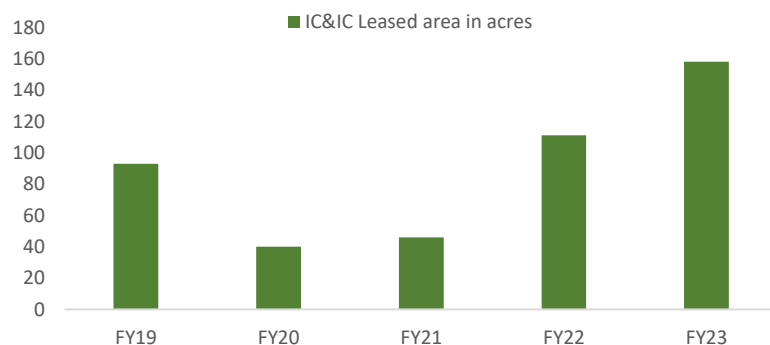
**IC&IC Business to generate stable income:** In this vertical the company has total inventory of sales value of ~50,000 mn and an area of ~1400 acres. The IC&IC business is expected to generate ~INR 5,000 mn annually, the aim is to use the IC&IC land banks and the infrastructure that the company has, to generate cash that allows them to build residential business. The company wants to manage inventory very wisely by seal the deal at right time and at right price. In FY23 the company leased worth INR 4,560 mn of space, it is a plug and play infrastructure, suits many of the companies, the pipeline is very healthy. The company have closed 3 acres in the first quarter of FY24 in MWC Chennai, but the pipeline is very strong, will be able to convert most of these in the current financial year across all over IC & IC portfolio.



Source: Company, Aриhant Capital Research



Source: Company, Aриhant Capital Research



Source: Company, Aриhant Capital Research

### Industry Overview

**Macroeconomic scenario:** The global economy was prepared for another year of solid performance in 2022 after a remarkable growth in 2021. However, occurrences like the Ukraine War and the Covid- China's macroeconomic situation was impacted by such environment. Global food and energy markets were disrupted, when disruptions in the supply chain led to ongoing inflation, central banks in significant advanced economies was prompted to hike interest rates and tighten their monetary policy, the growth suffered. IMF data show that the world production growth significantly slowed to 3.4% in 2022, instead of 6.4% in 2021. Developing and Emerging Europe were the most effected ones, then the Advanced Economies.

In contrast, developing nations in other regions, particularly Asia, fared significantly better, with India leading the pack. India's gross domestic product expanded by 7.0% in 2022–2023. Even though growth slowed down from 9.1% the year before, two factors stand out. Firstly, both governmental investment and private consumption spending contributed to this rise, which was broad based. Second, India's banking and financial systems have demonstrated exceptional stability, and this trend is probably going to continue.

The IMF predicts that before things start to get better, the global economy will continue to moderate its growth to 2.8% in 2024. In advanced economies, particularly in Europe, the slowdown will be more noticeable. While there are downside risks in the shape of weak external demand, tight global financial conditions, and persistent inflation, the situation in India is predicted to be considerably better. According to the Reserve Bank of India (RBI), business investment spending and consumer demand are expected to remain strong in 2023–2024, with no overall influence on the economy. India's GDP is expected to increase at a 6.5% annual rate in 2023–2024, according to RBI's most recent Monetary Policy Report, which also suggests that India will remain the world's fastest growing economy.

### Real estate Industry

Post pandemic the consumer sentiments remained positive and most if the markets saw many launches. Throughout the year, demand and offtake for residential constructions remained high despite an increase in borrowing rates, maintaining the demand-supply equilibrium. Price stability allowed the sector to pass on the rise in costs, and prices remained stable. The prices holding steady in the right micro markets, see inflation and prices going well in the same direction, so overall a healthy market. As we very well know, residential markets and the real estate market tend to be cyclical, we are two years into this cycle where we see the buoyancy to continue and we believe, this cycle will be longer than some of the other cycles that we have seen in the past.

With a focus on sustainable developments and creating distinctive goods through design and innovation that improve the living experience, the company will increase its offers under both the luxury and value housing segments. Mahindra Lifespace is also actively assessing new potential in the redevelopment of society and stressed assets. In the course of the year, it was awarded its first society redevelopment project in Santacruz West, one of Mumbai's most exclusive residential areas.

*Source: Industry data, Aриhant Capital Research*



### Industry Overview

**Pricing scenario:** In Q2FY24, property prices in India's top eight cities rose by 8% year over year due to strong housing demand supported by persistently optimistic homebuyer sentiment and stable lending rates. The April to June 2023 quarter saw a 15% YoY increase in housing prices in Kolkata. According to the survey, it was the eight cities' biggest home price increase. Over the past seven quarters, housing costs in the city have increased. The current increase in property prices is the result of increased demand, which has been fuelled by supportive government incentives like the renewal of a 2% stamp tax reduction and a 10% circular rate cut. Due to a 14% YoY increase in home prices in the northern area in Q2, Delhi-NCR came in second. In the second quarter of the previous year, house prices in Hyderabad increased by 13%. The two micro-markets with the biggest YoY increases in house prices during Q2 2023 were Golf Course Road and Dwarka Motorway, with 46% and 40%, respectively. Because of its improved accessibility and closeness to commercial office centres in Gurugram, which have caused a rise in demand for residential properties, housing prices in Golf Course Road continue to exceed those in Delhi in Q2 FY24.

During Q2 FY24, housing prices in Bengaluru increased 10% YoY, with prices in the peripheral and outer west micro markets experiencing the largest growth of 42%, driven by future high-end projects. Due to the rising demand for mid-segment residential properties, housing prices for 3 BHK units increased by 12% YoY, followed by those for 2 BHK units. Home buyers confidence has increased as a result of the Reserve Bank of India (RBI) pausing its modification in the repo rate during February. Homebuyers sentiments are still favourable as a result of increased visibility about monthly EMIs, even if the repo rate has stabilised at 6.5% since February 2023. Housing demand is still strong, despite the difficulties developers are still having with rising construction prices. The forthcoming holiday season and the sustained preference for home ownership will likely cause the housing demand to rise even more during the next few quarters.

### Pan India residential prices Q2 FY24 (INR /sq ft)

| City      | Average Price Q2FY24 | YoY growth | QoQ growth |
|-----------|----------------------|------------|------------|
| MMR       | 19,110               | -1%        | -3%        |
| Pune      | 8,500                | 2%         | 11%        |
| Kolkata   | 7,300                | 1%         | 15%        |
| Hyderabad | 10,530               | 1%         | 13%        |
| Delhi/NCR | 8652                 | 3%         | 14%        |
| Chennai   | 7,650                | 3%         | 6%         |
| Bengaluru | 8,680                | -1%        | 10%        |
| Ahmedabad | 6500                 | 3%         | 10%        |

Source: Industry data, Arianth Capital Research

### Inventory

Delhi NCR saw a 7% YoY fall in unsold inventories, making it the only metropolis to experience such a decline. The last two quarters have seen a decline in Delhi NCR's unsold inventory, indicating a favourable consumer purchasing climate. Due to an increase in project launches, unsold inventory levels increased in several areas. During Q2, the southwest micro market of Hyderabad and the northwest suburb of Ahmedabad both experienced increases of 26% and 24%, respectively, on a year-over-year basis. Despite the rise in unsold inventory, housing prices in both cities have steadily increased over the past few quarters. Due largely to the large number of new releases over the last year, the housing market has maintained its caution and restraint. Supply expansion has kept price growth productive and moderate, attracting both end users and long-term investors. Given that prices are stable and products remain affordable, sales will probably keep increasing.

Source: Industry data, Arianth Capital Research

**Industry Overview**

**MMR**

There were 10,550 property registrations in Mumbai Metropolitan Region (MMR) in August 2023. This is a 23% increase from the same month last year. The stamp duty collections also increased by 23% to Rs 790 crore in August 2023.

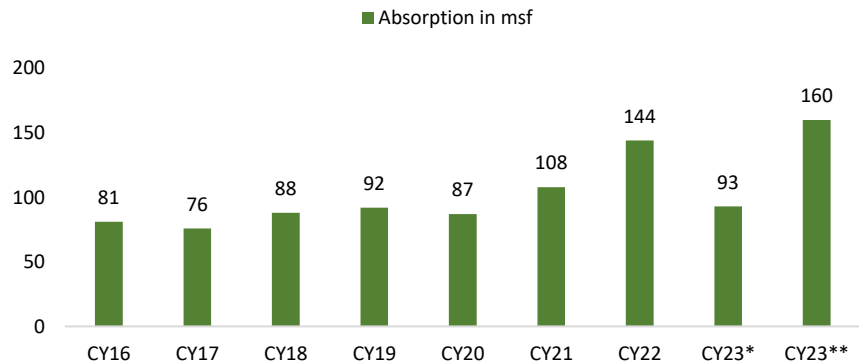
Of the overall registered properties, 80% were residential units and the remaining 20% were non-residential assets. The central and western suburbs of Mumbai saw the most number of property registrations, followed by the eastern suburbs.

The increase in property registrations in MMR is attributed to a number of factors, including the following:

- The rise in the stock market and the economy has boosted investor confidence.
- The Reserve Bank of India has kept interest rates low, which has made it more affordable to borrow money.
- The government has introduced a number of incentives for homebuyers, such as the Pradhan Mantri Awas Yojana (PMAY).
- The demand for housing in MMR is still high, due to the city's status as the financial capital of India and its limited supply of land.

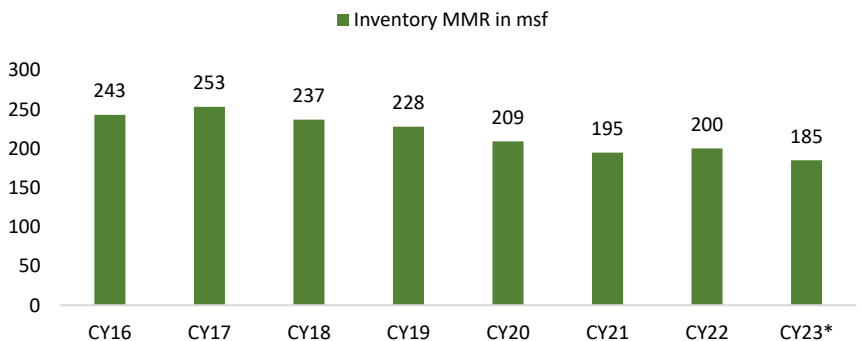
The increase in property registrations is a positive sign for the real estate market in MMR.

From Jan to July 2023, MMR absorption was 95 msf a decadal high (143 msf in CY22), and momentum appears to be strong. Inventory across ticket sizes and across the market has significantly decreased. Unsold inventory was less than 14 months which is low as compared to previous trends. MMR market has the highest ticket size market, rise in interest rates and prices have not impacted much.



Please Note:  
 CY23\* is Jan to July 2023  
 CY23\*\* is on prorata basis calculation

Source: Industry data, Aриhant Capital Research



Please Note:  
 CY23\* till July 2023

Source: Industry data, Aриhant Capital Research

## Company Board

| Personnel | Name & Designation | Description |
|-----------|--------------------|-------------|
|-----------|--------------------|-------------|



**Mr. Ameet Hariani**  
Chairman

Mr. Ameet Hariani, Advocate and Solicitor, obtained his law degree from Government Law College, Mumbai and his Masters in Law degree from the University of Mumbai. Has over 30 years of experience advising clients on corporate and commercial law, mergers and acquisitions, real estate and real estate finance transactions.



**Mr. Amit Kumar Sinha** He holds dual MBA from The Wharton School, University of  
MANAGING DIRECTOR & Pennsylvania, specializing in Finance and Strategy and  
CEO Bachelor of Engineering (Electrical and Electronics) from  
the Birla Institute of Technology, Ranchi.



**Dr. Anish Shah**  
MD & CEO

He has diverse experience with global businesses beyond GE. He led Bank of America's US Debit Products business, where he launched an innovative rewards program, led numerous initiatives in payment technology and worked closely with various teams across the Bank to enhance value for the customer.



**Ms. Amrita Verma  
Chowdhury**  
INDEPENDENT  
DIRECTOR

Ms Amrita holds degrees in B.Tech. from IIT Kanpur, MS from UC Berkeley, and MBA from Carnegie Mellon - Tepper Business School. She is a business strategist, engineer & innovator. She brings a unique understanding of business growth, technology, digital spaces and branding.

Source: Company filing, Aриhant Capital Research

**Business Overview**  
**Company background**

Mahindra Lifespace Developers Ltd. (also known as "Mahindra Lifespaces") was founded in 1994. By inspiring change via sustainable habitats in their thriving residential communities and business ecosystems, Mahindra Lifespaces delivers the Mahindra Group's idea of "Rise" to India's real estate and infrastructure industry.

The Company's development footprint includes over 5,000 acres of ongoing and upcoming projects at its integrated developments and industrial clusters spread across four locations, as well as 33.58 msf of completed, ongoing, and upcoming residential projects across seven Indian cities.

**Real estate sector**



Mahindra Lifespaces Premium Housing



Mahindra Happinest Affordable Housing



Mahindra World City Integrated Cities



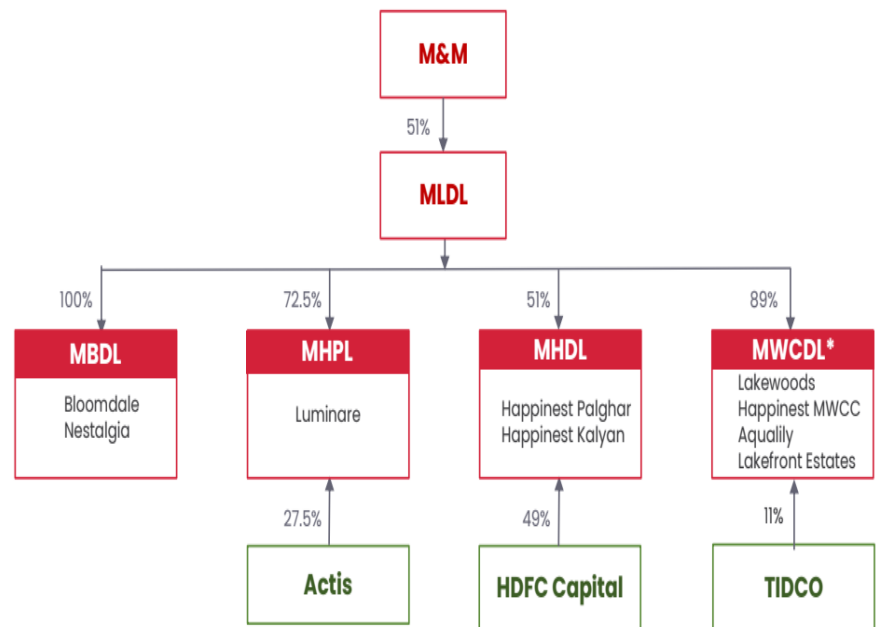
ORIGINS by Mahindra World City Industrial Clusters

**Residential Vertical**

This vertical consists of premium residential projects, value homes under the Mahindra Happinest brand. The company has presence in 9 cities, has completed 20.05 msf of residential development, 14.41 msf is ongoing and planned development.

*Source: Company filing, Aриhant Capital Research*

**RESIDENTIAL – STRUCTURE OVERVIEW**



*Source: Company filing, Aриhant Capital Research*

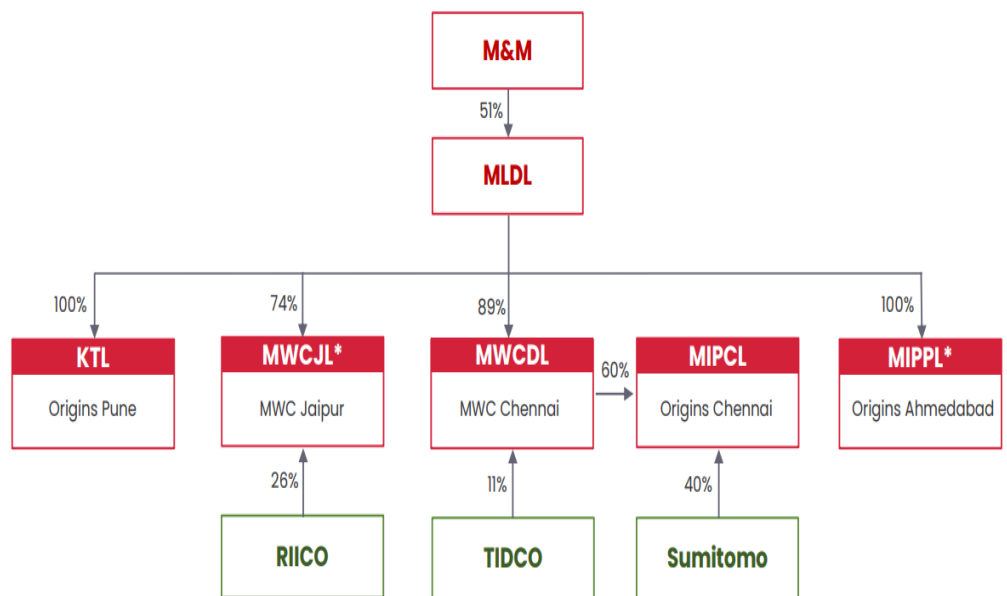
**Business Overview**

**Integrated Cities and Industrial Clusters (IC&IC)**

Mahindra Lifespaces was the first company to popularise the idea of integrated cities, which are self-contained urban habitats that offer an enabling environment that fosters business and offers the right solutions for all infrastructure needs. Mahindra Lifespaces makes doing business simple by providing a responsive and efficient ecosystem that is crafted with high quality infrastructure and solid governance.

Mahindra Lifespace has taken this segment under the names of ‘Mahindra World City’ for the integrated cities vertical and under ‘Origins by Mahindra’ brand umbrella for industrial clusters.

**IC & IC - STRUCTURE OVERVIEW**



Source: Company filing, Arihant Capital Research

**IC&IC**  
**Integrated Cities**  
 Presence in Chennai and Jaipur  
**Industrial Clusters**  
 Origins in Chennai and Ahmedabad  
**5000+ acres**  
 Development Footprint  
**225**  
 Clients from 15+ Countries

Source: Company filing, Arihant Capital Research

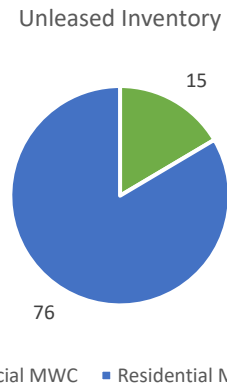
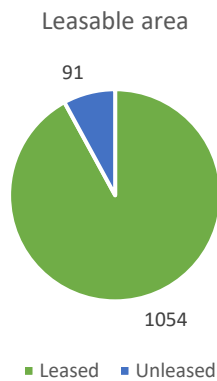
**Business Overview**

**IC&IC Business**

MLIFE's IC & IC business H1FY24 IC&IC closed at 12.8 acres of land leasing with a value of INR 467mn. The company is on track to achieve its stated target of INR 5.0bn of annual land monetization by FY25. This will be achieved by launching new parks at Origins, Pune and Chennai Phase 2, as well as exploring allied opportunities in build to suit lease premises.

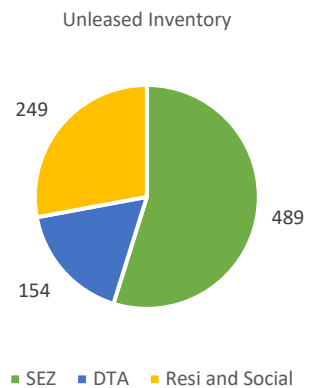
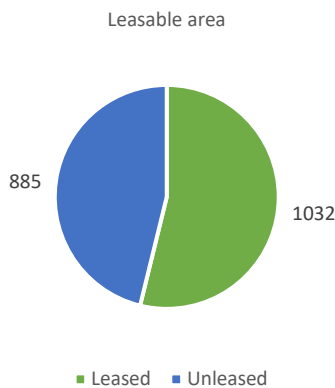
In other words, MLIFE's IC & IC business is well-positioned for growth in the coming years. The company has a strong track record, a diversified portfolio, and a clear growth strategy. We believe, that the business will be able achieve its stated target of INR 5.0bn of annual land monetization by FY25.

**MWC, Chennai**



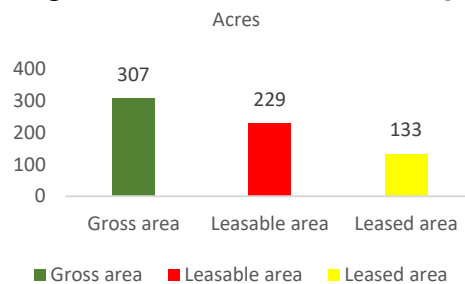
Source: Company, Aриhant Capital Research

**MWC, Jaipur**

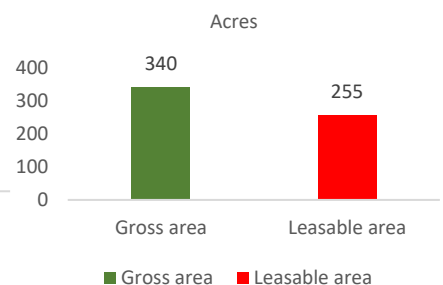


Source: Company, Aриhant Capital Research

**Origins, Chennai**



**Origins, Ahmedabad**

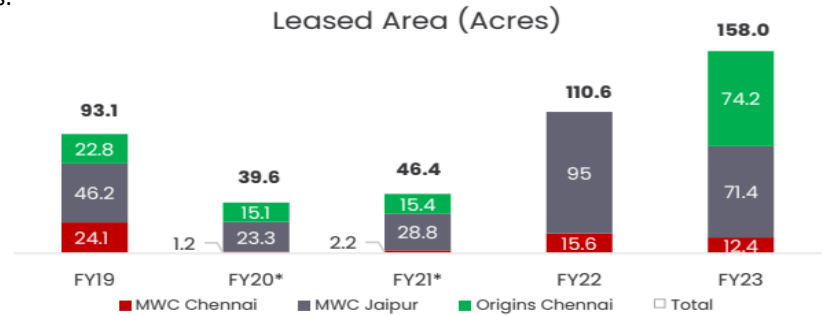


Source: Company, Aриhant Capital Research

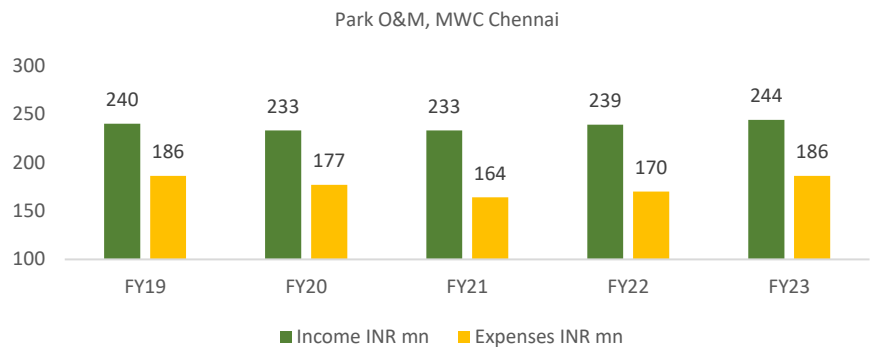
**Business Overview**

**Integrated Cities and Industrial Clusters (IC & IC) Business**

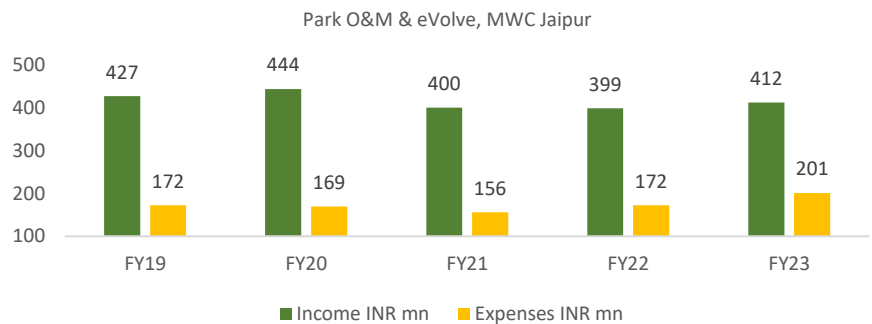
Debt in IC&IC business has gone up and stood at INR 2400 mn in Q4FY23, but cash balances were INR 2730 mn and the company is net positive from IND AS point of view. On the weighted average the margins in IC business is strong, Jaipur operates usually above 65%-70%, Chennai is little lower than that, the average margins at which IC business operated is 55-60%. The IC&IC business is bit lumpy business, the company is facing competition from local government and GIDC, MIDC kind of equivalents who offer land parcels at a cheaper price, but the company is trying to create a value proposition in order to service certain segment of consumers and achieve good price points.



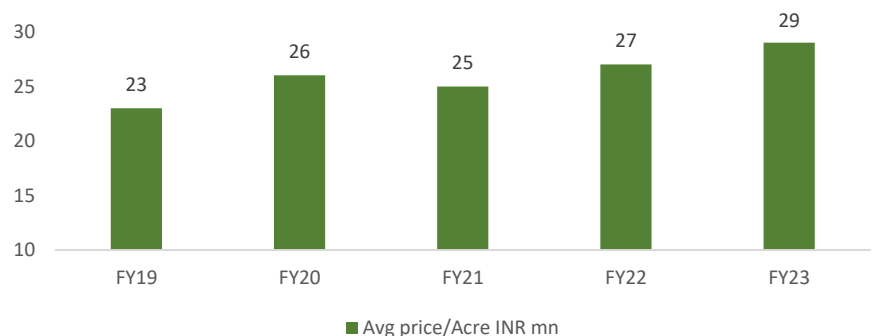
Source: Company, Arihant Capital Research



Source: Company, Arihant Capital Research



Source: Company, Arihant Capital Research



Source: Company, Arihant Capital Research

**Business Overview**

**MWC Chennai** is the first integrated city project developed by the Mahindra Group. It is a 1,524-acre project with a leasable potential of 1,145 acres. The project is divided into three zones: Special Economic Zone (SEZ), Domestic Tariff Area (DTA), and Residential & Social Zone (R&S).

MWC Chennai has leased out all of its land in the SEZ and DTA zones, but it is still offering lease options in the R&S zone. As of the end of 2022-23, there were 69 industrial customers in MWC Chennai, with 24 in the SEZ and 45 in the DTA. Of these, 63 companies are currently operational, and one company is expected to start operations soon. During the year, Hitachi Energy India and Pegatron (a Taiwanese manufacturer of Apple iPhones) inaugurated new facilities in MWC Chennai. The city currently provides direct employment to over 50,000 people.

MWC Chennai has a healthy occupancy rate in its completed residential projects. Construction is also underway on three new residential projects. The city has all of the essential infrastructure and amenities for its residents, including retail and commercial centers, healthcare facilities, schools, and hotels. As a mature project, the focus is now on community building and other initiatives that will make the city more livable and attractive to potential residents.

As a part of the Mahindra Group, MWC Chennai is a leader in adopting sustainable and environmentally friendly practices. It is the first integrated city in India to achieve "Zero Waste to Landfill" certification. This means that 99% of the waste generated in MWC Chennai is diverted from landfills.

**MWC Jaipur** is a massive integrated city project in Jaipur, India, developed by the Mahindra Group. It is one of the largest projects of its kind in India, with a gross area of over 2,900 acres. The project is divided into three zones: Special Economic Zone (SEZ), Domestic Tariff Area (DTA), and Residential & Social Zone (R&S).

MWC Jaipur is home to a wide range of businesses and industries, including IT/ITeS, e-commerce, warehousing, logistics, packaging, engineering, defence equipment, auto components, construction & tunnelling equipment and materials, ATM machines, food processing, apparel, furniture, handicrafts, jewelry, and herbal products.

In 2022-23, MWC Jaipur leased around 71 acres of land to new and existing customers, taking the cumulative net leased area to over 1,000 acres. The project currently has over 130 customers, of which over 70 are already operational. MWC Jaipur is expected to provide direct employment to over 18,000 people.

The project is being developed in partnership with the Rajasthan State Industrial Development and Investment Corporation (RIICO) and the International Finance Corporation (IFC), a member of the World Bank Group. This partnership ensures that MWC Jaipur is being developed to the highest standards and that it will be a sustainable and inclusive city.

**Origins Chennai** is a 307-acre industrial cluster project developed by Mahindra Industrial Park Chennai Limited (MIPCL), a joint venture between Mahindra & Mahindra and Sumitomo Corporation. It is the Company's first industrial cluster project and Tamil Nadu's first IGBC Platinum Certified industrial park.

Origins Chennai is located in North Chennai and has a leasable potential of 227 acres. It is home to a variety of businesses and industries, including manufacturing, warehousing, and logistics. The project is designed and developed with a strong focus on sustainability and features a number of green initiatives, such as rainwater harvesting, solar power generation, and waste management.

**Origins Ahmedabad** is a 340-acre industrial cluster project located near Ahmedabad, Gujarat. The project has a leasable potential of 255 acres and is expected to be home to a variety of businesses and industries. The Mahindra Group has obtained all necessary approvals for the project and has commenced primary infrastructure development for the initial phase.



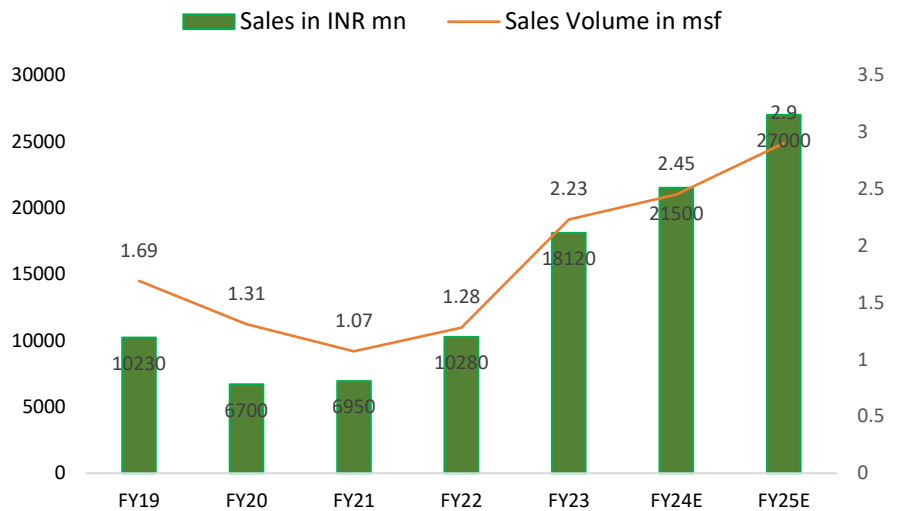
**Business Overview**

**Operational and Financial performance Residential business**

**Sales and Sales Volume**

The company has shown consistent improvement in sales value and volume over the years. The Company continued to grow its presence with nine launches (including phase launches) in its key markets, Mumbai, Pune, and Bengaluru and accelerated the momentum in key operational parameters with best ever sales performance of INR 13120 mn in FY23, which was an increase by 76% YoY.

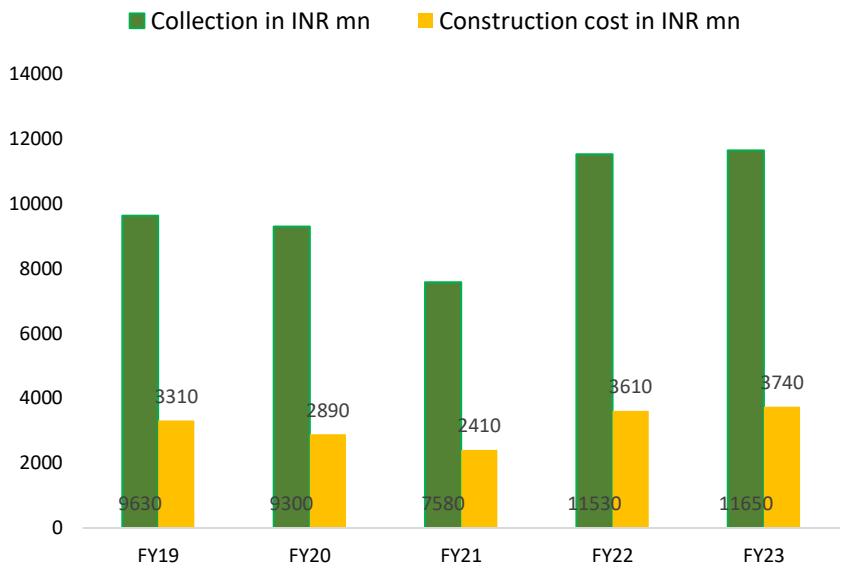
growth over the previous year. The area sold also increased by over 74% YoY to 2.23 msf in FY23. We expect the presales to grow to INR 21500 mn in FY24 and INR 27000 by FY25



Source: Company, Aриhant Capital Research

**Collections and Construction Outflows**

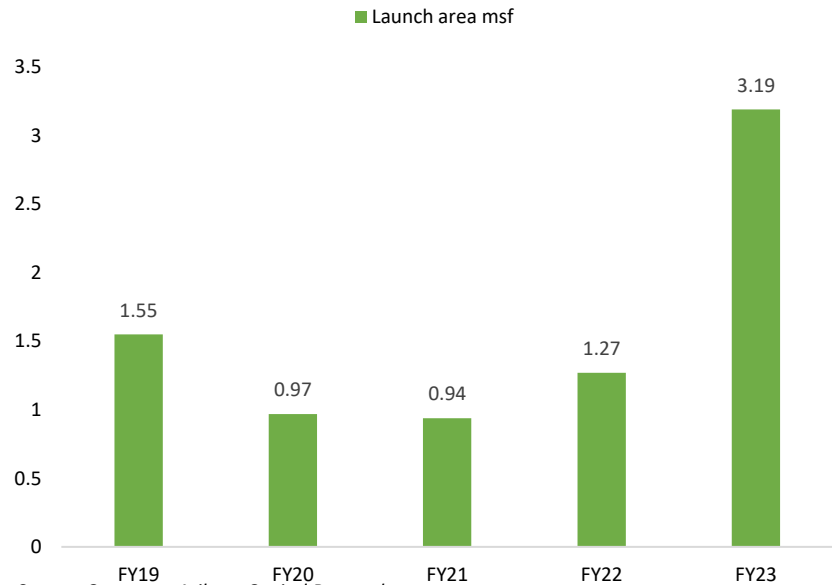
The collections are in line with the sales value, the chart shows that company has been prudent and disciplined in collection activity. Collections continued to remain strong and rose to INR 11,650 mn.



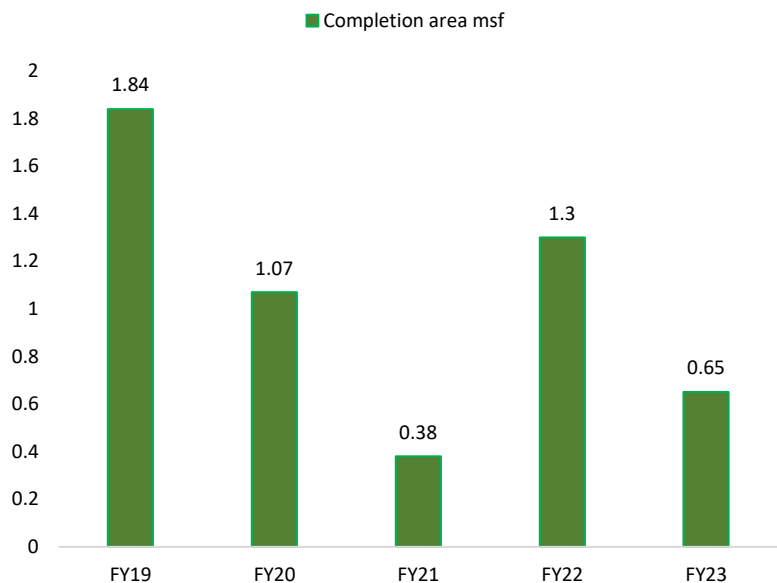
Source: Company, Aриhant Capital Research

**Business Overview****Launches**

In FY23 the company launched 3 new projects Citadel and Nostalgia in Pune, and Eden Kanakpura in Bengaluru. The Company also launched fresh inventory in six of its existing projects. These launches cumulatively accounted for around 3.2 msf of saleable area.

**Completion**

In residential vertical construction activity remained strong and handover of units increased considerably during the year. Mahindra Lifespaces completed construction of 0.65 msf in FY23, whereas handover of units to homeowners grew from 925 units in FY22 to 1,246 units in FY23.



## Q2FY24 Concall KTAs

**In FY24 more than 9 launches with GDV of ~INR 2500-3500cr expected**

In Q2FY24, the company **launched** 0.47msf of saleable area at Tathawade phase 3 in Pune. Forayed into plotted development with the launch of Lakefront estates 0.37 msf in Chennai.

- **Completed** 0.34msf of area in Q2Fy24 vs 0.19msf in Q2FY23
- **Sales** stood at INR 455cr up by 14% YoY/30.9% QoQ; Collections at INR 311cr
- The consolidated **total income** stood at INR25.7 crore as against Rs. 73.8 crore in Q2 FY23 and INR 110.1 crore in Q1 FY24
- The consolidated **PAT**, after non-controlling interest, stood at a loss of INR 19.0 crore as against loss of INR 7.7 crore in Q2 FY23 and a loss of INR 4.3 crore in Q1 FY24.
- **Acquisition** Acquired 5.38 acres of land in Wagholi, Pune with a development potential of over 1.5 msf (saleable area). The launch expected pertaining to this project in next 4-6 weeks.
- **Ongoing projects** The company has 3.97msf of ongoing development with a sales value of INR 2639cr spread across Pune, Chennai, MMR, Blore, Nagpur and NCR in premium residential segment.
- Additionally, the company has 2.97msf ongoing development with a sales value of INR 1027cr spread across Pune, Chennai and MMR in value residential segment.
- **Forthcoming projects** includes 2.83 msf of launches in premium segment, new projects of 3.58msf and 0.71 msf of value homes.
- **Launches** FY24 The company is planning to launch 9 projects in FY24 worth GDV of ~INR 2500-3500cr which will include a project in Bangalore, Kandivali, happiness Kalyan 2 phase 2, happiness palghar2 phase2, redevelopment project.
- **Santacruz redevelopment** project many get delayed duet to some approval issues, but the company has compensated it with additional 3 more projects for FY24.
- **Business development** The company has healthy BD of ~INR 5000-6000cr, the company recently acquired navy project Malad, the agreement has been signed by 170 flat owners and 135 registrations were done last week. This has been the fastest bring to market effort which was witnessed in this project.
- **IC&IC Business** It's a lumpy business, Q2Fy24 was subdued as compared to H2FY23, going forward the company has hinted that the domestic consumption may increase on the back of increase in manufacturing activities, China+1 related opportunities. H2FY24 seems better as the company has healthy pipeline of LOI to get converted to lease opportunities.
- **Debt** The company has debt of INR 291cr with cash and cash equivalents of INR, COB at 8.1%.
- **Realisation** is on upward trend, but the company has not taken any hikes, the volatility in the cost of construction persists, the company is trying to focus on standardisation which may help them to stabilize the volatility issue.

**Outlook** The company has announced targets of being 5x from current levels by FY28 which we feel can be achieved looking at the industry tailwinds and the company's robust pipeline. For Fy25 the company has guided for ~INR 2500cr presales in residential and INR 500cr for IC&CI business.

Source: Company, Aриhant Capital Research

**Outlook and Valuation:**

Mahindra Lifespace, a real estate development company, reported a strong performance in 2022-23 with a revenue growth of 76.3% in the residential business and 53.5% in the industrial business. The company is on track to achieve its medium-term objective of achieving sales of INR 2,500 crore in the residential business and annual leasing of INR 500 crore in the industrial business by 2025.

Mahindra Lifespace is successfully executing its strategy of building a sizeable presence in its identified micro markets and has made its foray into society redevelopment space in Mumbai. In the industrial business, its presence in key industrial corridors with plug-and-play infrastructure gives it a distinct advantage over its peers. The company also has a strong balance sheet and the ability to raise capital at competitive terms to fund its growth aspirations.

The outlook for Mahindra Lifespace in 2023-24 is positive. The company is planning to launch 9 projects in FY24 worth GDV of ~INR 25,000-35,000mn which will include a project in Bangalore, Kandivali, Happiness Kalyan 2 phase 2, Happinest Palghar2 phase2, redevelopment project.

The company is well-positioned to capitalize on the growing demand for residential and industrial real estate in India.

Overall, Mahindra Lifespaces is a well-positioned company to continue its growth in the years to come. The company has a strong brand, experienced management team, financial strength, and diversified portfolio. These factors will help the company to capitalize on the growth of the Indian real estate market.

Under the recently appointed MD & CEO, Mr. Amit Sinha, the company is concentrating on growing, but not at the expense of profitability. Mid-premium and premium projects will be given more attention, the company will be selective when it comes to Happinest projects-value/affordable category so that the profitability increases. The company has huge growth prospects as there is possibility of getting land banks transferred from time to time from M&M for development purposes which again gives huge scalability potential over the long term.

MLDL has potential of strong scalability, capability to grow multi fold over next 5 years, to be supported by real estate upcycle trend, thus, **we have a buy rating with a target price of INR 755 for the stock, based on NAV & DCF method of valuation.**

**Valuation.**

| Particulars          | Value INR mn  | Value per share INR |
|----------------------|---------------|---------------------|
| Residential          | 28,897        | 188                 |
| Rental               | 2,996         | 19                  |
| Other income         | 519           | 3                   |
| Industrial Land -DCF | 17,006        | 110                 |
| Land                 | 28,015        | 182                 |
| <b>Fair value</b>    | <b>77,433</b> | <b>503</b>          |

|   |        |     |
|---|--------|-----|
| Add: 50% premium on NAV for huge growth potential | 38,717 | 252 |
|---|--------|-----|

|                     |            |
|---------------------|------------|
| <b>Target price</b> | <b>755</b> |
|---------------------|------------|

|     |     |
|-----|-----|
| CMP | 540 |
|-----|-----|

|        |     |
|--------|-----|
| Upside | 40% |
|--------|-----|

Source: Company, Arianth Capital Research

**Moats of the company:**

**Strong brand value:** The company has a strong brand value in its operating regions. The company has ventured into redevelopment projects through and Malad projects. Post acquiring these 2 projects the company is getting Santacruz offers to re-evaluate and consider other projects too, that is, the trust and brand value the company has created over the years.

**Industrial business:** Its presence in key industrial corridors with plug-and-play infrastructure gives it a distinct advantage over its peers.

**Strong balance sheet:** It also has a strong balance sheet and the ability to raise capital at competitive terms to fund its growth aspirations.

**Forayed into society redevelopment space:** The company has successfully forayed into society redevelopment space in Mumbai by winning Santacruz and Malad projects. Now the company is getting more offers from the society to consider and evaluate other projects too.

The company it has built strong capabilities in terms of differentiated offerings in both residential and industrial businesses as well as ability to **deliver on scale**.

**Customer centric:** The company is customer centric, that is, even after 5 years of society cool off period, MLDL makes sure to address the customer's grievances unlike other players so people have trust and confidence for the brand.

**Keys Risks**

•**Inability to sell the project as per plan:** This can be due to a number of factors, such as oversupply of property in the market, changes in economic conditions, or poor marketing of the project.

•**Inability to complete and deliver projects according to the schedule:** This can be due to delays in obtaining permits, unforeseen site conditions, or bad weather. Delays can lead to additional costs of construction and maintenance.

•**Erosion of brand value:** This can happen if a developer fails to deliver on its promises or if there are quality problems with the projects that are delivered.

•**Difficulties in the appointment and retention of quality contractors and manpower:** This can be due to a number of factors, such as a shortage of skilled workers or competition from other projects.

•**Inability to attract and retain talent:** This can be due to a number of factors, such as a shortage of skilled workers, low salaries, or a poor work environment.

•**Poor customer satisfaction:** This can happen if the developer fails to meet the expectations of its customers.

•**Fraud and unethical practices:** This can include things like bribery, corruption, and misappropriation of funds.

•**Failure to comply with laws and regulations:** This can lead to fines, penalties, and lengthy litigations.

*Source: Company filing, Arianth Capital Research*

## Peer Comparison

| Particular                               | CMP (INR)      |                | M.Cap (INR cr) |            | Revenue (INR cr) |             | EBITDA (INR cr) |                | EBITDA Margin (%) |            | PAT (INR cr) |      |
|--|----------------|----------------|----------------|------------|------------------|-------------|-----------------|----------------|-------------------|------------|--------------|------|
|  | as on 17-08-23 | as on 17-08-23 | FY22           | FY23       | FY22             | FY23        | FY22            | FY23           | FY22              | FY23       | FY22         | FY23 |
| Sunteck Realty                           | 440            | 6458           | 513            | 362        | 95               | 64          | 19.00%          | 18.00%         | 33                | 4          |              |      |
| DLF Ltd                                  | 522            | 1,29,223       | 5,717          | 5,695      | 1,743            | 1,726       | 30.00%          | 30.00%         | 1,500             | 2034       |              |      |
| Prestige Estates Projects Ltd            | 610            | 24,490         | 6,390          | 8,315      | 1,517            | 2,086       | 24.00%          | 25.00%         | 1215              | 1067       |              |      |
| Arihant Superstructures Ltd              | 188            | 776            | 331            | 389        | 70               | 78          | 21.00%          | 20.00%         | 41                | 43         |              |      |
| Brigade Enterprises                      | 589            | 13,604         | 2,999          | 3,445      | 770              | 859         | 26.00%          | 25.00%         | -65               | 222        |              |      |
| <b>Mahindra Lifespace Developers Ltd</b> | <b>535</b>     | <b>8,387</b>   | <b>394</b>     | <b>607</b> | <b>-88</b>       | <b>-110</b> | <b>-22.00%</b>  | <b>-18.00%</b> | <b>162</b>        | <b>103</b> |              |      |

Source: Industry data, Arihant Capital Research

| Particular                        | ROCE (%) |        | P/BV (x) |      | EV/EBITDA (x) |      | PE (x) |       | D/E (x) |
|-----------------------------------|----------|--------|----------|------|---------------|------|--------|-------|---------|
|                                   | FY22     | FY23   | FY22     | FY23 | FY22          | FY23 | FY22   | FY23  | FY23    |
| Sunteck Realty                    | 3.00%    | 3.00%  | 2.6      | 1.6  | 55            | 58   | 155    | 181   | 0.25    |
| DLF Ltd                           | 5.00%    | 5.00%  | 2.6      | 2.7  | 43            | 61   | 54.8   | 61    | 0.09    |
| Prestige Estates Projects Ltd     | 9.00%    | 11.00% | 2.5      | 2.3  | 12.5          | 12.1 | 44.6   | 30.7  | 0.94    |
| Arihant Superstructures Ltd       | 15.00%   | 15.00% | 4        | 3.5  | 11.5          | 13.7 | 14.2   | 17    | 1.58    |
| Brigade Enterprises               | 6.00%    | 8.00%  | 3.9      | 4.1  | 19.5          | 14.4 | NA     | 63.7  | 1.43    |
| Mahindra Lifespace Developers Ltd | 1.00%    | 2.00%  | 3.4      | 4.1  | NA            | 11.2 | NA     | 160.6 | 0.15    |

Source: Industry data, Arihant Capital Research

## Key financials

## Profit and Loss Account

| Y/e 31st March in mn       | FY19         | FY20         | FY21         | FY22         | FY23           | FY24E        | FY25E        |
|----------------------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|
| <b>Net revenues (Rs m)</b> | <b>5,928</b> | <b>6,109</b> | <b>1,662</b> | <b>3,936</b> | <b>6,066</b>   | <b>5,393</b> | <b>7,323</b> |
| Direct costs               | 4,277        | 4,830        | 1,173        | 3,031        | 5,138          | 4,099        | 5,465        |
| SG&A                       | 1,393        | 1,847        | 1,425        | 1,799        | 2,029          | 1,296        | 1,771        |
| <b>EBITDA</b>              | <b>258</b>   | <b>(568)</b> | <b>(935)</b> | <b>(895)</b> | <b>(1,101)</b> | <b>(3)</b>   | <b>87</b>    |
| EBITDA margins (%)         | 4.4          | (9.3)        | (56.2)       | (22.7)       | (18.2)         | (0.1)        | 1.2          |
| Depreciation               | 38           | 77           | 70           | 65           | 122            | 118          | 119          |
| Other income               | 610          | 350          | 216          | 147          | 530            | 230          | 869          |
| Interest Exp               | 125          | 76           | 110          | 65           | 109            | 100          | 100          |
| PBT                        | 706          | (372)        | (899)        | (878)        | (803)          | 9            | 736          |
| Net Income                 | 1,197        | (1,934)      | (717)        | 1,545        | 1,014          | 1,158        | 1,827        |
| Adjusted income            | 1,197        | (588)        | (717)        | 576          | 336            | 1,158        | 1,827        |

Source: Company, Aриhant Capital Research

## Balance Sheet

| Y/e 31st March in mn           | FY19          | FY20          | FY21          | FY22          | FY23          | FY24E         | FY25E         |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Share capital                  | 513           | 514           | 514           | 1,545         | 1,547         | 1,547         | 1,547         |
| Net worth                      | 19,295        | 17,013        | 16,311        | 17,885        | 18,057        | 19,084        | 20,268        |
| Total debt (including Pref)    | 2,282         | 2,319         | 2,443         | 2,805         | 2,651         | 2,683         | 2,466         |
| Minority interest              | 435           | 419           | 420           | 491           | 2             | 2             | (5)           |
| Deferred tax Liability/(Asset) | 134           | 77            | (25)          | (789)         | (592)         | (592)         | (592)         |
| <b>Capital employed</b>        | <b>22,146</b> | <b>19,829</b> | <b>19,149</b> | <b>20,392</b> | <b>20,118</b> | <b>21,177</b> | <b>22,138</b> |
| Net tangible assets            | 290           | 320           | 248           | 374           | 360           | 282           | 201           |
| Net Intangible assets          | 3             | 2             | 0             | 0             | 5             | 5             | 4             |
| Goodwill                       | 660           | 660           | 660           | 660           | -             | -             | -             |
| CWIP                           | 98            | 122           | 146           | 34            | 51            | 75            | 99            |
| Investments                    | 6,878         | 5,482         | 5,581         | 6,223         | 7,092         | 7,952         | 8,931         |
| Investments (Financial)        | 0             | 0             | 0             | 0             | 1,962         | 0             | 0             |
| Current Assets                 | 19,069        | 17,506        | 17,711        | 20,038        | 25,271        | 33,446        | 41,708        |
| Cash                           | 2,938         | 1,324         | 1,355         | 2,255         | 774           | 1,451         | 749           |
| Current Liabilities            | 7,789         | 5,588         | 6,553         | 9,193         | 15,397        | 22,033        | 29,554        |
| Working capital                | 11,279        | 11,918        | 11,158        | 10,845        | 9,874         | 11,412        | 12,153        |
| <b>Capital deployed</b>        | <b>22,147</b> | <b>19,829</b> | <b>19,149</b> | <b>20,392</b> | <b>20,118</b> | <b>21,177</b> | <b>22,138</b> |

Source: Company, Aриhant Capital Research

## Cash Flow Statement

| Y/e 31st March in mn                 | FY19    | FY20    | FY21    | FY22    | FY23e   | FY24E   | FY25E   |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| PBT+ Net Int Expense                 | 221     | (645)   | (1,005) | (960)   | (1,223) | (121)   | (33)    |
| Non-cash items                       | 38      | 77      | 70      | 65      | 122     | 118     | 119     |
| Operating profit before WC changes   | 258     | (568)   | (935)   | (895)   | (1,101) | (3)     | 87      |
| Incr./((decr.) in WC                 | (3,118) | 639     | (760)   | (313)   | (971)   | 1,538   | 741     |
| Others including taxes               | 28      | 49      | 44      | 93      | 35      | 78      | 99      |
| Operating cash-flow                  | 3,349   | (1,256) | (219)   | (675)   | (165)   | (1,619) | (753)   |
| Capex (tangible + Intangible)        | 45      | 129     | 21      | 79      | (530)   | 62      | 62      |
| Free cash-flow                       | 3,304   | (1,385) | (240)   | (754)   | 364     | (1,681) | (815)   |
| Dividend (including buyback & taxes) | 374     | 355     | -       | -       | 309     | 356     | 387     |
| Equity raised                        | 8       | 5       | 9       | 47      | 20      | -       | -       |
| Debt raised                          | (2,557) | (19)    | 21      | (402)   | 43      | 32      | (217)   |
| Fin Investments                      | (2,385) | (1,396) | 99      | 643     | 2,830   | (1,101) | 979     |
| Net Int expense + Misc.              | 1,130   | 1,254   | (339)   | (2,652) | (1,230) | (1,581) | (1,696) |
| Net cash-flow                        | 1,635   | (1,613) | 30      | 900     | (1,481) | 677     | (702)   |

Source: Company, Arianth Capital Research

## Ratio analysis

| Y/e 31st March in mn | FY19  | FY20  | FY21  | FY22   | FY23e | FY24E  | FY25E |
|----------------------|-------|-------|-------|--------|-------|--------|-------|
| P/E (x)              | 15.4  | -     | -     | 105.9  | 162.0 | 64.8   | 57.0  |
| EV/EBITDA (x)        | 68.9  | -     | -     | -      | -     | -      | -     |
| EV/sales (x)         | 3.0   | 1.8   | 18.3  | 15.7   | 9.0   | 16.8   | 12.5  |
| P/B (x)              | 1.0   | 0.6   | 1.8   | 3.4    | 3.0   | 4.7    | 4.4   |
| RoE (%)              | 6.0   | -3.2  | -4.3  | 3.4    | 1.9   | 7.4    | 8.0   |
| RoCE (%) - After tax | 3.5   | -1.4  | -4.0  | -4.1   | -3.4  | 2.0    | 2.3   |
| Sales/FA (x)         | 5.6   | 5.5   | 1.6   | 3.7    | 14.5  | 14.9   | 24.1  |
| DPS (Rs per share)   | 2.1   | 2.0   | -     | -      | 2.0   | 2.3    | 2.5   |
| Net debt/equity (x)  | -0.0  | 0.1   | 0.1   | 0.0    | -0.0  | 0.1    | 0.1   |
| Receivables (days)   | 85    | 68    | 124   | 85     | 78    | 141    | 104   |
| Inventory (days)     | 828   | 719   | 2,952 | 1,337  | 1,262 | 1,697  | 1,473 |
| Payables (days)      | 116   | 76    | 296   | 161    | 115   | 163    | 151   |
| CFO:PAT%             | 279.8 | 213.6 | 30.5  | -117.1 | -49.2 | -117.1 | -47.9 |

Source: Company, Arianth Capital Research



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| 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%           |

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