

Brigade Enterprises Limited

Corporate Identity Number (CIN) : L85110KA1995PLC019126
Registered Office : 29th & 30th Floor, World Trade Center
Brigade Gateway Campus, 26/1, Dr. Rajkumar Road
Malleswaram - Rajajinagar, Bengaluru - 560 055, India
T : +91 80 4137 9200
E : enquiry@brigadegroup.com W : www.brigadegroup.com



BRIGADE

Building Positive Experiences

Ref: BEL/NSE/BSE/21082020

21st August, 2020

Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051

Department of Corporate Services - Listing
BSE Limited
P. J. Towers
Dalal Street,
Mumbai - 400 001

Re.: Scrip Symbol: BRIGADE/Scrip Code: 532929

Dear Sir,

Sub.: Transcript of Conference Call on the Company's Q1 FY-21 Earnings -
13th August, 2020:

We are enclosing herewith the transcript of the Conference Call on the Company's Q1 financial results for the financial year 2020-21 held on Thursday, 13th August, 2020.

Kindly take the same on your records.

Thanking you,
Yours faithfully,

For Brigade Enterprises Limited


P. Om Prakash
Company Secretary & Compliance Officer

Encl.: a/a



“Brigade Enterprises Limited’s Q1 FY 21 Earnings
Conference Call”

August 13, 2020



**MANAGEMENT: MR. M. R. JAISHANKAR – CHAIRMAN & MANAGING
DIRECTOR
MS. PAVITHRA SHANKAR –EXECUTIVE DIRECTOR
MS. NIRUPA SHANKAR –EXECUTIVE DIRECTOR
MR. AMAR MYSORE –EXECUTIVE DIRECTOR
MR. ATUL GOYAL – CHIEF FINANCIAL OFFICER**

**AND
BUSINESS HEADS OF VARIOUS SBUS**



*Brigade Enterprises Limited
August 13, 2020*

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY'21 Earnings Conference Call of Brigade Enterprises Limited. We have with us on the call today, management of Brigade Enterprises Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. M.R. Jaishankar -- Chairman and Managing Director. Thank you. And over to you, sir.

M.R. Jaishankar: Thank you and good afternoon everybody. We hope all of you and your loved ones are continuing to keep well as can be during these challenging times.

On behalf of the company, Brigade, I would like to welcome you to the Earnings Call for the First Quarter Financial Year ending 2021. I am M.R. Jaishankar -- CMD of Brigade Enterprises Limited and joined by Executive Directors – Ms. Pavithra Shankar, Ms. Nirupa Shankar, Mr. Amar Mysore, as well as our CFO -- Mr. Atul Goyal; our SBU Heads; Mr. Rajendra Joshi -- CEO, Residential; Mr. Vineet Verma -- CEO, Hospitality; Mr. Subrato Sharma – COO, Office Leasing; our Company Secretary – Mr. P. Om Prakash and team.

As expected, not just for our company, but most in our country, the first quarter has been very difficult and a sharp change from the momentum we had been experiencing over the last eight quarters. The severity of lockdown and the continuing spread of the COVID-19 virus which I prefer to call Wuhan virus, has deeply impacted all our lines of business, resulting in a substantial drop in revenues and profitability. However, it is very heartening to note that we reported a positive operating cash flow despite these challenges.

During the course of Q1, our Residential business showed good signs of recovery as pre-sales in April went from a low of 15% of last year's monthly average to a fairly decent percentage of 65% in June, ending the quarter at an average of 40% of our usual performance of a million square feet plus. In other words, we have done about 0.4 million square feet in pre-sales.

Sales enquiries and site visits picked up substantially in June '20 with a pickup of 155% and 137% respectively over May '20.

We controlled marketing spends and were able to see high levels of conversion from those who enquired.

Income uncertainty and fear of job loss have affected collections in Q1. But collections also improved substantially in June, helping us to achieve a value in Q1 financial year 2021, almost equal to that of Q1 FY'20.



*Brigade Enterprises Limited
August 13, 2020*

We would also like to share a few observations on residential segment that are becoming a trend during the new financial year. This is just for information. Customers preferred completed and near completion inventory over under construction units. This has also been reflected in sales of other branded developers in Bangalore and other key markets.

Contribution of overseas customers increased significantly. For Brigade the contribution from NRI customers also more than doubled.

Preference for a larger unit was also evident. Average size of the unit increased by about 15% in this quarter as compared to earlier quarters.

Our previously initiated and ongoing effort into digitizing the customer journey paid off during this Q1. We enabled our sales team with virtual apartment tour, online booking process, digital payments for booking and milestone payments and webinars for potential customers all over the country as well as our key NRI market.

This weekend, which is being our Independence Day weekend 15th and 16th August, we are launching the “Brigade Online Home Fest”, and entirely digitally marketed and virtually hosted sales event in an expo format. This is the first of its kind in India by any real estate developer. Customers can browse through virtual stalls of our residential properties in Bangalore, Mysore and Chennai, experience interactive walk-throughs, attend video calls with our sales representatives, and also book their dream homes online. We expect this format to find good traction going forward.

For our existing customers, we have held webinars to update them on construction timelines and answer any questions and payment, hand over formalities and registrations which may have been impacted by the uncertainty of lockdown.

In our office segment, the focus on Q1 was collections of lease rentals and our team achieved a very healthy 98% overall. While tenants reviewed their rental cost, luckily we did not have to renegotiate or provide any rental waiver for all the lease deeds that we have with us, except in some stray cases, we have to give some additional time for them to pay the rentals.

On the leasing front, there was very little activity and site visits during the lockdown as well as postponement of decision since most occupiers were focusing on business continuity and pursuing the work from home model. We have an active leasing pipeline of currently about 0.6 million square feet in Bangalore and about 200,000 sq.ft. in Chennai. We see opportunities of consolidation and tenant relocation away from typically high priced zones which make us optimistic about our leasing prospect at Brigade Tech Gardens in Bangalore. In Chennai, we have good traction from our existing tenants itself.



*Brigade Enterprises Limited
August 13, 2020*

The retail business had a very tough Q1 due to the severe lockdown imposed in Bangalore where all our malls are located. The focus has been the retention and renegotiation of leases and collection of outstanding payment from our tenants. We have approached the situation fairly in a very reasonable manner and offered a 50% rental waiver during lockdown. Since reopening malls across the city, ours included, have been grappling with low footfalls of 20% to 25% of the normal figure despite stringent measures taken to protect shoppers. We expect this segment will take some more time to normalize and with some long-term structural shift towards online retailing that has been accelerated by the Wuhan virus. However, we are still confident that in the long run, there will always be a requirement for well-designed retail spaces in underserved locations, providing a combined experience of food, entertainment and shopping.

On the hospitality front, our hotels started feeling the impact of the virus from the beginning of March 2020 itself with a spate of cancellations coming in. The nationwide lockdown and continuing restrictions in travel have caused havoc and occupancies to crash to single digits. All our hotels have since reopened from June 8th of this year with business depending entirely and/or mostly on hosting repatriation guests required to self-quarantine and in also some business from F&B sale. The outlook for next quarter, Q2, continues to be subdued until such time business travel restart opening up and we also see large MICE activities that may be allowed by the government.

We continue to make diligent efforts to minimize costs particularly on manpower and utility, and are also going for all available opportunities to garner business. Our objective is to at least ensure GOP neutral performance in Q2 for our hotels and we are confident of that at least for two of our hotels in Chennai and Kochi, they will be amongst the first one to reach breakeven in business.

The lockdown also brought work on our construction sites to a halt for large part of Q1. The workers strength which had come down to as low as 30% after lifting of the May 4 lockdown, it has now gained to over 50% post Unlock 1.0. More workers are willing to return subject to travel arrangements and we are helping them out in this regard. We hope to have the required workforce by end of next quarter, Q3. There is no shortage of construction material or disruption in the supply chain thankfully.

In the past quarter, we launched two projects 620,000 sq.ft. of residential, an additional block in Brigade EL Dorado or affordable housing project near the Aero Park, Bangalore Airport and 1.3 million square feet of commercial space called Brigade Twin Towers on the land we acquired from SAB Miller 18 months back or so. Both are in Bangalore.

Over the next few quarters, we plan to launch another 2 million square feet of residential in Hyderabad, bit of Bangalore and Chennai and another 0.5 million square feet of commercial space in Bangalore.

Now, Mr. Atul Goyal, our CFO will present the Financial Results in detail. After that we can have Q&A. Thank you.

Atul Goyal:

Thank you, sir. Good afternoon, everybody on behalf of the company, we would like to welcome you to the Earnings Call for Q1 FY'2021.

As we know that business has significantly impacted because of the COVID-19 lockdown, so our performance needs to be seen keeping in mind the impact. Total collections for the quarter across the segment was Rs.376 crores with a positive operating cash flow of Rs.82 crores. The decrease in revenue is mainly due to impact of COVID on economy, lockdowns, uncertainty and weaker consumer sentiment. Hospitality segment was the most impacted segment. Our efforts are on as CMD said to make it operationally breakeven. We have undertaken various cost rationalization during the lockdown period; overheads were brought down by 54% with major reduction in fixed and semi-variable costs in hospitality and office maintenance and residential segment. We are expecting more business to pick up with a revival in economy. Recent steps taken by the RBI, like rate cuts and allowing restructuring of loans, are steps in the positive direction and should help business.

On the "Operational" side we have launched two projects aggregating to 2 million square feet during Q1 FY'21, out of which residential is 0.6 million square feet of affordable housing segment and a commercial project of 1.3 million square feet. Further launches to the extent of 2.6 million are planned for office residential space aggregated 2.1 million, retail space totaling to 0.5 mn.sq.ft.

Coming to the "Sales Performance of Q1 FY'21," we have achieved sales of 0.4 mn.sq.ft., which is 63% less than 1.1 million square feet sold in the same quarter in the last financial year. The value of the area sold during the year stood at Rs.250 crores, a decrease of 58% compared to sales value of Rs.593 crores for the same quarter last financial year. The average price realization was 5,956 per sq.ft. for the area sold during the quarter, an increase of 14% for the same quarter last financial year.

In Commercial segment, we have started receiving leasing enquiries post lockdown, which is a good sign of recovery and revival.

In Hospitality segment, average occupancy rate was 11% as all hotels except Four Points Kochi and Holiday Inn Chennai remain shut for most of the lockdown and all hotels commenced operations on 8th June 2020.

Coming to "Consolidated Financial Performance of Q1 FY'2021," the consolidated revenue for Q1 FY'21 stood at Rs.214 crores versus Rs.717 crores in the same quarter ending last financial year. The Real Estate segment clocked a turnover of Rs.121 crores and EBITDA of 8% in Q1 FY'21. However, revenue recognition was lower in real estate due to lower registrations as

registrar office were closed during the lockdown. The hospitality segment closed a turnover of Rs.10 crores and an operating loss of Rs.12 crores. The Leasing segment clocked a turnover of Rs.82 crores and EBITDA of 74% in Q1 FY'21. The consolidated EBITDA, including other income for Q1 FY'21 stood at Rs.58 crores versus Rs.191 crores in Q1 FY'20. We have been able to maintain our EBITDA margin between 20% to 27%. The EBITDA for Q1 stood at 27%. The interest and finance charges for the Q1 FY'21 stood at Rs.89 crores, consolidated loss for Q1 FY'21 was Rs.87 crores compared to profit of Rs.73 crores for Q1 FY'20.

Coming to debt position and its breakup, Rs.692 crores is the debt in the real estate segment; Rs.543 crores in hospitality segment, in which Rs.421 crores is GOP, securitize loan and Rs.122 crores in CAPEX loans and Rs.2,850 crores in the leasing segment in which Rs.1,521 crores is securitized lease rental loans and Rs.1,338 crores in CAPEX loans. We again reiterate that we have not taken moratorium in all the loans, only moratorium really has been taken in hospitality as well as the retail loans which are there. The cash and cash equivalents stand at Rs.461 crores as on June 30, 2020. Company's net debt outstanding as on June 30, 2020 were Rs.3,624 crores, out of which BL share is Rs.2,874 crores. The company's effective cost of debt remain steady at 30th June at 9.56%, the same was 9.71% at the end of Q1 FY'20. We have a credit rating of 'A' with a stable outlook which has been assigned by both CRISIL and ICRA. Our debt-equity stood at 1.2x as on June 2020. The company I will say has a strong balance sheet, is in a good position and has adequate liquidity to meet operation and other business commitments including debt.

I will hand over back to the moderator for questions. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: All my questions will be on the rental business. Sir, first, our rental revenue has declined around 19% quarter-on-quarter to Rs.28 crores. If you could give us a breakup on how much of that is because of waivers given on mall rental, that is one?

M.R. Jaishankar: On the reduction in rentals, it is entirely due to the waivers given by the malls. Nothing is connected with office space.

Adhidev Chattopadhyay: And that also includes the reduction in the CAM right, which would have anyway fallen because the malls were shut, is that correct?

M.R. Jaishankar: Maybe you can say a small portion of the CAM is there but it is substantially the reduction in rentals.

Adhidev Chattopadhyay: I did not get that number. Is it 98% you said collection in offices rental for the quarter?



*Brigade Enterprises Limited
August 13, 2020*

- M.R. Jaishankar:** Yes, correct, 98%. It is like this. If you see only June 30, it could be 95% but when we have said 98% we have also taken the 3% of the collections which has come in July.
- Adhidev Chattopadhyay:** Second is on the same part of the question, what is the saving from the moratorium we have taken for malls and hotels, the interest cost?
- M.R. Jaishankar:** From malls it will be around Rs.25 crores and from hotels it will be around Rs.12 crores or so.
- Adhidev Chattopadhyay:** And this is accrued in P&L, but will be payable by the end of March '21, is the understanding correct?
- Atul Goyal:** You are right, it is accrued in P&L and it has been added into the loan balances in our debt portfolio.
- Adhidev Chattopadhyay:** You are saying the net debt position reflects that?
- Atul Goyal:** Definitely it reflects that. We have around Rs.34 crores or so of interest which have been added there, that is 25.
- Adhidev Chattopadhyay:** So our debt would be relatively flat if we look at it?
- Atul Goyal:** It would have been relatively flat except for loans which we have taken for Tech Gardens and WTC Chennai where adequate loans are there and construction is going on.
- Adhidev Chattopadhyay:** Second question is on the office leasing. So you mentioned your 0.6 pipeline in Bangalore, 0.2 million square feet in Chennai. So does that exclude the hard option you mentioned in the presentation or does that include the hard option?
- M.R. Jaishankar:** It excludes the hard option. It is a new pipeline.
- Adhidev Chattopadhyay:** If you could give us an update on both Chennai and Tech Gardens like with all the new tenants, so when do we see the rental start to come in and even for hard option, have they actually exercised the option yet or when will we get clarity on that?
- M.R. Jaishankar:** We expect the Chennai rentals to start mostly by 1st of January or middle of January or so. We have three major clients there which you may know – Amazon, Caterpillar and McKinsey. I think depending on this, it will start sometime during January. And in Tech Gardens, the new rental commencement is limited as compared to Chennai. That should also happen maybe in Q3.
- Adhidev Chattopadhyay:** Following on Chennai, so this includes the hard option area also, the one you are saying from January or it is...?

- M.R. Jaishankar:** No, it does not include hard option.
- Adhidev Chattopadhyay:** But these would be the same tenants right who would have opted for this hard option, right, the big three you mentioned, among them...?
- M.R. Jaishankar:** No.
- Adhidev Chattopadhyay:** Clarity will come you are saying in three, four months from the hard option or it is less than...?
- M.R. Jaishankar:** It is expected like that. In the current scenario it may be one has to take six months time. And we also need to be slightly flexible during this period at least till some normalcy returns. Otherwise, like naturally we will be keen to lease them as early as possible. At some stage, if there is other serious interest, we may request the client to exercise hard option or make it FRR.
- Moderator:** Thank you. The next question is from the line of Yash Gupta from Angel Broking. Please go ahead.
- Yash Gupta:** My first question on the cash flow to Atul sir. Can you give breakup of total collection of Rs.375 crores, how much have we received from Rs.82 crores and what collection we get for 0.4 million residential sales?
- Atul Goyal:** Residential was around Rs.282 crores, leasing was around Rs.82 crores and hospitality was Rs.12 crores. So this is the breakup of Rs.376 crores of collection which is there.
- Yash Gupta:** My question is how much we have received from the new residential that we have clocked 0.4 million?
- Atul Goyal:** New residential is only 0.4 million and it will not be much but for earlier on, whatever we have done the sales in last quarter you can say around Rs.20 crores.
- Yash Gupta:** Second question on the demand side. In the last quarter and the current quarter you have said in the opening remarks also that NRI customers demand side has doubled almost. So have you seen any change in the type of demand that customers in pre-COVID and the post-COVID?
- M.R. Jaishankar:** Our CEO of Residential, Mr. Joshi, will respond to this.
- Rajendra Joshi:** Good afternoon. So couple key changes that we have seen in demand for residential units is that the demand for the larger unit has certainly gone up as Jaishankar mentioned, the average unit size has gone up by about 15%. Second is the demand from the NRI customers has definitely gone up and this is more towards the completed and nearing completion inventory. So, those are the three key things. One, larger unit sizes, NRI customers and demand for the completed or near completion projects. Those are three key trends which are different. Prior to COVID, it used

to be largely new launches, new projects that used to see a lot of traction. Overall for us in Q1, the sale for the completed project went to close to about 30% of our total sales, which used to be in the 15% to 20%.

Yash Gupta: Is there any other change for the commercial pre-COVID and post-COVID?

M.R. Jaishankar: Mr. Subrato Sharma will answer.

Subrato Sharma: So in Commercial, we are seeing a kind of requirement from tenants who want to migrate or who want to consolidate while reducing. So they are wanting to move from the pricier market to the low cost markets. So that is what we are seeing. But site visits are still very limited, but there have been enquiries for managed office, but mid-size segments have become more active now.

Moderator: Thank you. The next question is from the line of Dev Varma from Antique Stock. Please go ahead.

Dev Varma: My question is on your EBITDA margin on the rental assets. So I have been seeing EBITDA margin has increased for the rental assets significantly; it was 60%, 65% for the past few quarters, now it has jumped to 74% in this quarter. Just wondering what would be the reason for such sudden and significant jump and which is good and whether such margins sustainable or not?

Atul Goyal: See, the 74% increase is mainly because maintenance income has been very-very low because there was a lockdown. So all EBITDA contribution is coming from the leasing segment. So that is why that EBITDA margin has increased, but yes, in future as revenue increases, we may achieve this EBITDA margin but not quarter-on-quarter till we reach the full revenue potential in leasing segment.

Dev Varma: I was a little bit confused with Bangalore and Chennai office projects. So just wanted to know about the Tech Gardens and the Chennai projects. How much in each of these assets leased till date like how much started generating rental out of those leases? So, I just wanted to know the leasing status, how much have been leased including hard option in both of these and out of these how much have started generating rental and remaining lease area would generate rental from when?

Subrato Sharma: So, as far as WTC Chennai market is concerned, we have 2 million, out of that almost 1.67 million has been leased out. So, the availability is 0.34 million. And as far as Brigade Tech Gardens in Bangalore is concerned, in the first phase, to make it easy for you, total is 1.24 million in B-Cluster, out of that 0.49 million, that includes hard option, that is 0.19 million is available for new leases. And in the C-Cluster, we have 1.76 million, out of which 1.55 million is available for leasing.

- Moderator:** Thank you. The next question is from the line of Mohit Agarwal from IIFL. Please go ahead.
- Mohit Agarwal:** My first question is on the residential side. Now you clarified that this quarter you did not take any moratorium on the residential bit and despite that we saw there was no increase in debt. So clearly it was net cash flow neutral. If I hear correctly in the initial comment, collections in June are now back to normal levels. Firstly, is that correct? And second part to that question is how do you see the residential business from a cash flow perspective for the rest of the year -- do you envisage any increase in the debt for the remaining year?
- M.R. Jaishankar:** In June we have achieved around 80% of the residential business collections which were there. Yes, we have not taken much of the moratorium in residential business and we have sweeps in all the loans, so we have been repaying all the loan also very, very promptly, that is why you can see some reduction in loan in residential segment.
- Mohit Agarwal:** How do you see residential segment like, do you anticipate any increase in the collections for the residential segment for the rest of the year considering collections are back to like near normal?
- Atul Goyal:** If you see the debt numbers, it is mainly in the leasing, the debt increase is happening and resi, there will be some debt increase but it will be very minor, because collections will be there and hospitality we do not intend to increase any debt right now, so mainly the debt increase will be in leasing segment for our CAPEX project which is going on right now.
- Mohit Agarwal:** My next question is linked to that on the overall debt number. So, assuming resi would not see an increase in debt and also hospitality not significant, I see your total CAPEX requirement that you have shared for leasing and hospitality, total requirement is about Rs.1,000 crores for all the projects. Now, assuming that you will incur that in next two years, is it fair to say that your CAPEX for FY'21 could be around Rs.500 crores?
- Atul Goyal:** Yes, you are right, it may be to the tune of Rs.500 crores, but there are new launches which are happening and we may be taking loans there and if you see once we launch the project in resi, initial construction is through loans, so there may be increase somewhat in that loan. Once the sale is online, then that loan gets start reducing down. So, there may be some increase in residential but mainly because of the new launches.
- Mohit Agarwal:** On the numbers that I see on the WTC Chennai, I remember last time you said that the project is nearly 95% lease out. Was there any cancellation that you saw during the quarter because when I see the number right now it is a little lower than that?
- Subrato Sharma:** What you mentioned is correct. So, there has been back out by three tenants, mostly they were affected because of the COVID scenario. But having said that, here we have like 0.3 million that



*Brigade Enterprises Limited
August 13, 2020*

is to be leased. And since the tenants which are marquee tenants, we have like an internal requirement of approximately 0.2 million. So we are pretty safe here.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My first question is you said that June pre-sales was almost 65% in the residential segment. In July, August, how has been the trend basically first on the residential side?

Rajendra Joshi : Overall, the market seems to be continuing the same trend as in June. However, the uncertainty due to COVID and income uncertainties and job losses continue in the market. So, we are being cautious at this point in time. We expect the same trend to continue. If there is a substantial improvement in economy and other indicators, probably we will see uptick.

Parikshit Kandpal : Coming to the different businesses of hospitality leasing, so, now one side we see that the retail business and hospitality segment which has been hit hard, once the moratorium gets lifted by this month end, there could be some support required from the parent company. And on the other side, we have two projects BTG and the Chennai project, BTG is in advanced stages of leasing, Chennai is almost leased out, but rental will start flowing in from Jan, but our CAPEX the servicing will start. So, if you can highlight how will you match the cash flows on the both sides in the interim for the next six, seven months till the situation normalizes?

Atul Goyal: See, in hospitality, yes, we have kept the war chest that is required, will definitely pay all the interest which is required to be paid for hospitality and we will be servicing all our loans. And of course, you are right we have to give that support to hospitality. Right now, they are doing some operation loss of around Rs.3 crores per month. Since now the lockdown is open and your occupancy is increasing, it may reduce to a great extent. So, operationally we may not require to fund much in hospitality, but yes, for interest definitely, we will have to support them. But yes, we are also waiting for the restructuring. If the restructuring comes in, I think hospitality and retail will be the segments where the RBI or the committee will also look into it. If there is restructuring, we will definitely like to go for the restructuring in hospitality and the retail business. Total retail and hospitality that I have it is Rs.500-odd crores.

Parikshit Kandpal: What will be the retail debt?

Atul Goyal: Retail debt is around Rs.600 crores.

Parikshit Kandpal: So, total put together 1,100 crores?

Atul Goyal: Yes, Rs.1,100 to 1,200 crores.



*Brigade Enterprises Limited
August 13, 2020*

- Parikshit Kandpal:** So Rs.100-odd crores of interest needs to be serviced this year and also there could be some repayments coming. So what will be the repayment on this Rs.1,100 crores of debt?
- Atul Goyal:** Repayment during the year is around Rs.295 crores which is there. Since we have not taken moratorium in other loans also, we have already repaid around Rs. 44-45 crores. But having said that, I would only like to say repayment cannot be told today because I do not know how after moratorium banks are going to adjust their payment plans because they are also working on it and how the restructuring works. So it is a fluid situation. But what I am telling you the number is as per the loan schedules which were there pre-COVID.
- Parikshit Kandpal:** So the funding requirement for these two businesses have been how much for this year without restructuring, say, what kind of budgeting you have done?
- Atul Goyal:** So, for both the SBUs, we may require around Rs.80 to Rs.90 crores support which we are already prepared to do that.
- Parikshit Kandpal:** And nothing is required for the office business, right, because I think these two assets getting commissioned and in between if the servicing start, so, there could be some pressure on you to also service till the time starts flowing?
- Atul Goyal:** There is no issue on everything of interest there and leasing is happening. We have already taken LRD on the first phase of Tech Gardens and we are also pushing equity into our WTC Chennai venture.
- Moderator:** Thank you. The next question is from the line of Utkarsh Punkhia from Axis Capital. Please go ahead.
- Utkarsh Punkhia:** Sir, would it be fair to assume that our total debt repayment will be around 1,000 crores this year?
- Atul Goyal:** No, I said, it was Rs.295 crores for the debt repayment, but after moratorium there will be a change in the schedule, so it will be much less. Out of that Rs.295 crores, we have already paid Rs.45 crores.
- Utkarsh Punkhia:** We are generally refinancing this amount every quarter for the past three quarters. So how are we looking to do this for the rest of the year -- are we going to still keep refinancing it, are we looking at equity raising?
- Atul Goyal:** We have not been refinancing our debt. I could not get your question.
- Utkarsh Punkhia:** So would we be looking at any equity financing this year?



*Brigade Enterprises Limited
August 13, 2020*

- Atul Goyal:** We have just taken enabling resolution but there is no plan right now. We are still looking at it. And if there is any decision, we will definitely come back to the market.
- Moderator:** Thank you. The next question is a follow up question from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adhidev Chattopadhyay:** Again a follow up question on our rental income for quarter. What I understand is we have Rs.110 crores of annual rental income from the mall as of Q4. So I am guessing around Rs.27 crores would be the quarterly run rate. So far this quarter we have lost around Rs.13-14 crores from the mall rental or more than that, how is accounting work --is it on accrual basis or on the terms agreed with the tenant?
- Atul Goyal:** You can see in our notes also which auditors have put. We have been very, very conservative in accounting the revenue in retail...yes, we have given concession and what you see the drop down in revenue is only because of that. What the process we have done is wherever retailers have confirmed that this is the rental they are going to pay; we have only taken that revenue into our Q1 numbers.
- Adhidev Chattopadhyay:** And the spending whatever you would have now reached in July and August, those will get reflected in second quarter, is that understanding correct just wanted to understand?
- Atul Goyal:** That is correct.
- Adhidev Chattopadhyay:** So let us assume 20% of my mall areas for multiplexes, food courts and gaming, entertainment zone. I am saying the rental waiver of 50% is for the entire area or only 80% of stores which can reopen, just wanted to get some sense? In multiplexes also, have you reached an agreement?
- Subrato Sharma:** Whatever rental concession we have given is for the retailers who will come back and open the store. Those retailers who are yet to be approved for operations by local government, that is multiplex, entertainment and some bit of restaurants and bars, they do not include in this. So their rentals are not being taken into consideration.
- Adhidev Chattopadhyay:** Discussions will be done at a later date, right, once they reopen?
- Subrato Sharma:** Yes, since there is uncertainty, neither the retailer nor we are in a position to conclude.
- Adhidev Chattopadhyay:** On the residential businesses are coming out, do you have any revised target or guidance for the year or the range you would like to give in terms of what sort of sales you would like to achieve?
- Rajendra Joshi :** We normally do not give any guidance on the forward sales. The only thing I would say is that sale definitely was impacted as you have seen in Q1 and as I mentioned earlier, we do expect the uncertainty to continue and therefore we would be cautious at this point in time. As and when

the economy picks up, we expect the demand will come back a lot more aggressively than what was expected.

Moderator: Thank you. The next question is a follow up from the line of Yash Gupta from Angel Broking. Please go ahead.

Yash Gupta: My first question is what is the percentage of collection we received for the residential?

Atul Goyal: Maximum collection is there from the resi business only. Out of Rs.376 crores, Rs.282 crores have come from the residential.

Yash Gupta: What I am trying to get is that like suppose we have called for 350-odd crores for the residential, out of that customer has paid Rs.280-odd crores. So is that correct understanding?

Atul Goyal: Collections goes, it is a rolling thing. So we have done more than 4 million and even 1 million last to last quarter. So, all those collections are coming in. As and when construction are happening and we are demanding, we have already told you that Rs.20 crores were out of that for the new sales which has happened, rest is all collection which has been done for the demand raise. Yes, it may be low because there was a lockdown, people were not able to take loan, but definitely sentiments will improve in the coming quarter.

Yash Gupta: Do you think the NRI demand is going to be a continuing process?

Rajendra Joshi: We do think that NRI demand will continue because the two locations which contribute significantly to the Indian real estate market are the GCC and the US. Given the overall uncertainty in GCC, which was there even pre-COVID, COVID only contributed to it, we do expect that the demand from the NRI customers will continue because I think a lot of them are looking for a place to stay when they come back. I think that is what is driving the demand right now.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Just two questions. So one was essentially on somewhere in your remarks you said there is rising preference for larger units now. When you say there is rising demand, it is in absolute terms, let us say, I mean, pre-COVID you were selling 100 a month, now it has become 110, so let us say I mean we were selling 200, 100 were your larger units, the overall sales have gone down to let us say 100 and you are doing 60 of larger units now, so is it proportion or you have seen absolute number go up there?

Rajendra Joshi: What we mentioned is that in absolute numbers, the unit size that we were selling prior to the lockdown and this one, there is increase in about 15% in terms of the unit sizes which we also

said is that during the lockdown, there seems to be demand for larger unit sizes across all our projects.

Prem Khurana: Why I ask this question is because essentially there could be a situation wherein there was a buyer who was looking for a two BHK and let us say he started his career, very, very recently and they want to kind of buy their own property because these people would be more susceptible, not exactly sure of how things would pan out in terms of their career, there could be a situation wherein they would either defer the plan for the time being or not planning to go ahead with the decision now and people who have been in the service for three, four, five years they have savings, given the fact that the market conditions are such that they are in a position to come and negotiate these guys are there in the market buy larger units because they have savings as well and they are in a position where they are less insecure in terms of losing their jobs?

Rajendra Joshi: You are absolutely right, in terms of segment of the buyers who are in the market now, they are people with assured income streams and we are also seeing that the age profile in this quarter has slightly increased because those are the people who have income assurance much more than the younger ones who are just entering the income stream. So your assessment is right.

Prem Khurana: Also, we have recently done this launch Jasper, EL Dorado. What made us go ahead with this launch at this point in time wherein the situation still seems to be fluid and should be taken as a kind of we would go ahead with all the launches irrespective of the market condition, the idea is to launch as and when the approvals are in place or how has the response been for this Jasper, the new that we launched in EL Dorado?

Rajendra Joshi: Well, in this particular project, this particular tower has slightly larger units. This is largely an affordable housing project. We had felt that there is a demand for slightly larger units in this location which is why we went ahead with the launch of this specific tower. To your question on how has the launch gone, it has gone on our expectation post the COVID, pre-COVID it would have been a lot better, but post COVID looking at the current scenario, I think the launch has gone on expected lines.

Prem Khurana: How about the new launches -- these will be launched as and when you get the approval or you would try and understand the market better and then only come to the market?

Rajendra Joshi: This we have already launched, but for the upcoming launches, we will take it based on market situation.

Moderator: Thank you. The next question is from the line of Rajesh Ranganathan from Doric Capital. Please go ahead.

Rajesh Ranganathan: Since there is so much flux with respect to the rental business in the sense that when will actually clients begin paying rental and so forth, could you please update what is the current thinking in

terms of what is the rental run rate fourth quarter from office and retail of last year and then say the fourth quarter of this year, that is the Jan March quarter, what do you expect it would be based on what you have currently already leased? And then, obviously, future leasing, the rental only will start from I guess next year, would it be possible to share that information? I am asking the absolute number. So let us say the run rate of rentals was x in fourth quarter last year, what did you expect it to be fourth quarter this year, after whatever you have leased already, they start occupying and I assume they will start paying us from January, but I do not know what your internal programs are?

- Atul Goyal:** Rajesh, we will give you that number offline and then we will take forward.
- Rajesh Ranganathan:** But currently your expectation is that whatever you lease, they will start paying from January in WTC and Tech Gardens?
- Atul Goyal:** Some more leasing which has been done and I think start will happen also around October, November.
- Rajesh Ranganathan:** So you think for Tech Gardens started paying from October already?
- Atul Goyal:** Yes, for the new leases, old leases are already paying, we are getting around Rs.9-10 crores lease rental income.
- Rajesh Ranganathan:** I think we have roughly about a million and a half square feet at least total ballpark. What is the pipeline currently looking like?
- Subrato Sharma:** Overall inventory that we have, will be approximately 2.5 million, spread across all the projects and the pipeline as Pavitra said that currently we have like positive pipeline of 0.6 million total. But having said that, there are a number of enquiries from our existing tenants also which we feel will mature over a period because now documents in offices are hardly any, that is the reason. Otherwise, it would increase significantly once people start operating from offices.
- Rajesh Ranganathan:** For the retail, when will you start charging 100% rental?
- Management:** I think it will be a very evolved process. I think it will all take about March this year.
- Rajesh Ranganathan:** So the rental will increase sequentially based on the revenue share that you will be getting from them apart from the fixed rental?
- M.R. Jaishankar:** Yes, certainly.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

- Parikshit Kandpal:** To my earlier question, just continuing on that. So you said there were some LRDs which were used in the BTG project, right?
- M.R. Jaishankar:** Yes.
- Parikshit Kandpal:** So how much will be the further headroom for raising LRDs to understand how much funding can come in from there because I think CAPEX will get converted to LRD, so, what could be the incremental beyond the CAPEX which we can raise from both the projects put together?
- Atul Goyal:** So, both the projects put together we have LRD potential of around Rs.2,200 crores. So, CAPEX now left in this both the projects around 393 crores, some, yes, repayment will happen, around Rs.575 crores in WTC Chennai and around Rs.500 crores also in Tech Gardens.
- Parikshit Kandpal:** On the existing rental, how much can you do which has already been tied up?
- Atul Goyal:** Yes, so existing rental we have already taken 400 crores right now LRD, rest will depend upon the leasing. WTC Chennai is already leased. So once that possession starts happening, then maybe we can raise LRD somewhere in Q4.
- Parikshit Kandpal:** What can be that amount because you told that January onwards revenue will start coming in? So WTC as of now you have not raised any LRD?
- Atul Goyal:** No, because the rentals have not started, so we cannot raise it but yes, we are in the process of getting a loan sanctioned.
- Parikshit Kandpal:** How much LRD potential can this have with existing leasing?
- Atul Goyal:** It should be around Rs.1,000 to Rs. 1,100 crores. I would also like to clarify that out of 400 crores, we have only utilized around Rs.250 crores or so, rest is still there.
- Parikshit Kandpal:** So large part of your shortfall in the hospitality, retail business can be raised from the fund flow from the LRD right?
- Atul Goyal:** Yes, it can be met from LRD and we also have internal accruals, both options are there. We look at the appropriate time as to how we have to fund hospitality.
- Parikshit Kandpal:** Given the 2.5 million inventory across projects which is yet to be leased and you all are doing, does it include twin towers also or it is separate because I could match the number like 1.55 in the BTG and 0.2 million less than Chennai, so that is around 1.8, the balance is...?
- Subrato Sharma:** No, it does not include Twin Towers.

- Parikshit Kandpal:** So balance is the existing projects, right, so which are already operational?
- Subrato Sharma:** WTC Kochi.
- Parikshit Kandpal:** What is the sense of building this Twin Towers because in this time when people are looking at postponing CAPEX and you started already building out the Twin Towers, so if you can just highlight creating this 1.5-odd million in Bengaluru market?
- M.R. Jaishankar:** Twin Towers the earliest will be ready by you can say end of 2022 or so. And we have to be future ready in our business. And if you do not build in '20 now, we will not have anything to live in 2022. It is not that the market is dead. The market is hurt currently, but I think with all the medication, vaccine, balm that we will get, the market will recover in the next nine months.
- Parikshit Kandpal:** One point you did touch earlier that high pricing markets, start consolidation towards low priced market. What will be the market positioning in terms of pricing for our projects -- will be like mark-to-market or how much down our rentals will be manipulated to the high market if you can give sense on that?
- Subrato Sharma:** In this case, particularly we have a huge opportunity in terms of **rent to tenants**. It is in Whitefield and Whitefield is kind of significantly lower price than outer ring road, the major micro market of Bangalore, okay. And Outer Ring Road also does not have huge vacancy and plus the rentals over there have now reached anywhere between 85 to 95 whereas Whitefield is at around 55 to 60. So we would see a lot of companies which are actually strained during this COVID scenario, they are actually looking forward to and who are out of lock in, in those markets, they are wanting to actually migrate to Whitefield because that will not actually also result in significant displacement of their existing workplace because both micro markets are very near. And we are actually seeing those kinds of enquiries coming by, now that the lockdown is vacated, site visits have increased, but we see that these numbers will increase significantly for such requirements.
- Parikshit Kandpal:** So, what could be the size of quantum of like these in average individual enquiry, how big these could be?
- Subrato Sharma:** As on date, we are saying mostly the small size and midsize companies because they are majorly hurt in this scenario and those who are out of lock in, they will be open to actually migrate to a low priced market because one is they will be getting a new premises and maybe like many of those such transactions will be kind of fitted out premises. So those things will come into play.
- Parikshit Kandpal:** Last thing on the NRI sales which we have done this quarter, what will be the proportion?
- Subrato Sharma:** In this quarter, the NRI contribution was 25% for residential.



*Brigade Enterprises Limited
August 13, 2020*

- Parikshit Kandpal:** What has been our average usually?
- Subrato Sharma:** Last year was little over 12%, but usually it was about 15%.
- Moderator:** Thank you. The next question is from the line of Dev Varma from Antique Stock. Please go ahead.
- Dev Varma:** Just wanted to understand in your residential collection in the last two, three months including July, how is the collection in the sense those who have bought, what percentage of them are paying, I mean, is there any default significant that we should know, if there is default, in which category like 40, 50 lakhs, 60, 70 lakhs or more than a crore?
- Rajendra Joshi:** Is there a stress on the customer side? Yes, definitely there is a stress. The salary cuts and the job losses have increased the stress on collections essentially the customers ability to pay. Currently we are not seeing huge amount of defaults. Yes, there are delays because one of the significant things which has happened in Bangalore is because it is the tech capital, a lot of people who are from outside the state have moved back to their location. So that is actually putting a lot of pressure in loan processing, leasing payments, etc., So currently, we do not see any huge stress in terms of calculations. Are there cancellations? Definitely, yes, but we do not see a huge stress.
- Dev Varma:** But there are delays?
- Rajendra Joshi:** There are definitely delays. A lot of them as I mentioned are logistical delays, which we hope we should be able to overcome.
- Dev Varma:** So there is no cause for concern in terms of cancellation per se as of now?
- Rajendra Joshi:** We do not see it in the immediate future.
- Dev Varma:** You have launched two residential projects, that is what I heard. When you launch the project, typically, in a ballpark number, pre-COVID what percentage of projects get sold in the first three months vis-à-vis now in this launched project in Q1, is there any impact on because of COVID on sales of new launch project?
- Rajendra Joshi:** Typically, particularly in the last 12 to 18 months before lockdown, we used to see in the first three to four months, about 15%, 16% getting sold. That definitely has reduced in the one project that we have launched in this quarter because of the COVID impact. So we believe that it will improve, but definitely compared to the pre-COVID scenario, it will probably take a little longer for us to reach that 15%, 20% mark.



*Brigade Enterprises Limited
August 13, 2020*

Dev Varma: Obviously, markets are in a very fluid environment. Obviously based on just one project, we cannot draw the conclusion, but nevertheless it will deter you in launching new projects in the current scenario, right?

Rajendra Joshi: As we said earlier, we will look at market conditions and the markets that we are launching the new project. So yes, we will assess the estimated demand and then we will go ahead with launches, currently we are planning but we will definitely watch the market.

Dev Varma: In the Brigade Tech Gardens, the rental that you are getting I heard you are saying Rs.8 or 9 crores per quarter. That rental is out of how much lease area?

Atul Goyal: That is 0.75 million.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Pavitra Shankar, Executive Director for closing comments. Thank you and over to you.

Pavitra Shankar: Thank you very much. Despite a tough Q1, our organization has had many bright moments that we celebrated. We are happy to say that Brigade was ranked #43 in India's top 100 Best Companies to Work for in 2020 by the Great Place to Work Institute and the Economic Times in one of the largest workplace studies conducted in India. The recognition this year was made even more special as it marks the 10th year in a row that we have received this award. Our subsidiary, Brigade Hospitality Services Limited ranked #3 among India's Great Mid-size Workplaces in 2020 also by the Great Place to Work Institute and the Economic Times.

We initiated a number of relief measures for COVID-19 in Q1 which we have continued in Q2. Among these, we count donations of ambulances, ventilators and prefab ICU modules to various hospitals, dry rations and meals to the needy, construction workers support and engagement through meals and allowances and supported the Chief Minister's Relief Fund.

Another proud moment was the Inauguration of the St. John's Health Center in June at Brigade Meadows, a 60-acre integrated enclave on Kanakpura Road, Bangalore. This not-for-profit initiative is a joint effort of the Brigade Foundation and the highly reputed St. John's Medical College & Hospital. The Health Center commenced services on June 25th and caters to all the primary healthcare needs of families not just in Brigade Meadows but in the entire neighborhood and will eventually become a full-fledged hospital.

Let us not ignore the importance of arts and culture when needed the most during our darkest time. The Indian Music Experience Museum supported and founded by Brigade, has had a challenging time due to the pandemic, but has adapted to the changing times with a new partnership with Google Arts and Culture.



*Brigade Enterprises Limited
August 13, 2020*

To commemorate Independence Day, over 100 artifacts from the IME, India's first interactive music museum can now be viewed and experienced by people all around the world in a specially curated digital exhibit, titled "Legends of Indian Music and their Memorabilia."

The lockdown and all its challenges have made all of us at Brigade introspect and reevaluate many things. But we remain committed to our core values: "QC FIRST which stand for Quality and Customer, Fairness, Innovation, Responsible, Socially and Trust. They continue to be our guiding principles whether times are good or challenging. We know that better days will come and we plan to be ready for them stronger and more resilient. Thank you all for taking the time to hear from us today. Stay healthy and stay safe.

Moderator:

Thank you very much. Ladies and gentlemen, on behalf of Brigade Enterprises Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
