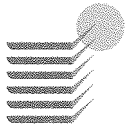


# Brigade Enterprises Limited

Corporate Identity Number (CIN) : L85110KA1995PLC019126  
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**BRIGADE**

Building Positive Experiences

Ref: BEL/NSE/BSE/08082022

8<sup>th</sup> August, 2022

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-2023 Earnings - 3<sup>rd</sup> August, 2022:

We are enclosing herewith the transcript of the Conference Call on the Company's Q1 financial results for the financial year 2022-23 held on Wednesday, 3<sup>rd</sup> August, 2022.

Kindly take the same on your records.

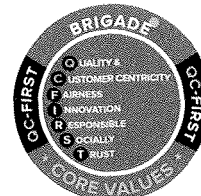
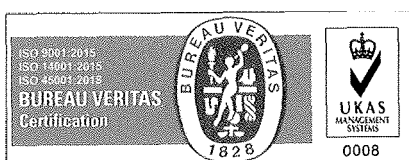
Thanking you,

Yours faithfully,

For Brigade Enterprises Limited

  
P. Om Prakash  
Company Secretary & Compliance Officer

Encl.: a/a





# “Brigade Enterprises Q1 FY-23 Earnings Conference Call”

**August 03, 2022**



**MANAGEMENT: MR. M. R. JAISHANKAR – CHAIRMAN & MANAGING DIRECTOR**  
**MR. ROSHAN MATHEW – EXECUTIVE DIRECTOR**  
**MS. PAVITRA SHANKAR – EXECUTIVE DIRECTOR**  
**MS. NIRUPA SHANKAR – EXECUTIVE DIRECTOR**  
**MR. AMAR MYSORE – EXECUTIVE DIRECTOR**  
**MR. ATUL GOYAL – CFO**  
**MR. VINEET VERMA – CEO, HOSPITALITY**  
**MR. KARTHI BASKAR – COO, INDUSTRIAL PARKS & LOGISTICS**  
**MR. OM PRAKASH – COMPANY SECRETARY**  
**MR. VISWA PRATHAP – CSO**  
**MR. PRADYUMNA KRISHNAKUMAR – SENIOR VICE PRESIDENT**

**Moderator:**

Ladies and gentlemen good day and welcome to the Q1 FY23 Earnings Conference Call of Brigade Enterprises Limited. We have with us today on the call the 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 of the company. Thank you and over to you sir.

**M. R. Jaishankar:**

Thank you. Good afternoon, ladies and gentlemen. Welcome to the Brigade Enterprises Q1 Financial Year ‘22-23 earnings call. I am joined by our Executive Director Mr. Roshin Matthew, Ms. Pavitra Shankar, Ms. Nirupa Shankar and Mr. Amar Mysore. Our senior management is also present, Mr. Atul Goyal – CFO, Mr. Vineet Verma – CEO, of Hospitality, Mr. Karthi Baskar – COO, Industrial Parks & Logistics, Mr. Om Prakash – Company Secretary, Mr. Viswa Prathap – CSO, and Mr. Pradyumna Krishnakumar – Senior VP, among plus few other people.

It gives me great pleasure to report that the positive momentum sustained into the first quarter of this financial year. Demand continued to be robust driven by strong sales in the residential sector, pick up in the leasing business and the bounce back in the hospitality and retail verticals. We expect the momentum to carry through to the rest of the financial year provided there are no major upheavals in the global political situation. Although there are talks of recession in America and Europe, we feel the Indian economy can remain resilient.

Some of our business highlights:

Starting with our residential business:

Our residential business registered net new bookings of 1.13 million square feet with the value of Rs. 743 crores in Quarter 1 of FY23. This corresponds to a growth of 50% by area and 58% by value over Quarter 1 of the previous financial year ‘22. We effected a further price increase in Q1 because of the higher cost pressures driven by global macro-economic factors. This has been accepted by our customers as testimony to the strength of our brand and continued positive buyer sentiment. Last weekend we hosted our annual flagship event for the 15<sup>th</sup> time popularly known as Brigade Showcase held physically at the Sheraton Grand at Brigade Gateway. It is for the first time since 2019 and after the COVID in 2020 and 2021 we had not held a physical Brigade Showcase. We had a promising number of footfalls with serious buyers as a result of which we closed a good amount of business over three days. We had a number of innovations this year at the Brigade Showcase including an all-digital screen experience, mock-ups of our interior brand Brigade Plus and special offers including foreign trip giveaways and iPhone for every booking. We also launched approximately 1.5 million square feet of new projects during showcase namely Pearl at Brigade Atmosphere, Brigade Horizon, Brigade Nanda Heights and Emerald at Brigade El Dorado. We launched our first plotted development Neem Grove at Brigade Orchards which has been very well received by customers. We also launched a new

tower called Iridium at our Brigade El Dorado 50 acres mixed used township in the aerospace park in north Bengaluru. Our exceptional performance in collection continues. Q1 collections was Rs. 861 crores.

Moving on to our office business:

Occupancies across offices is at the 2-year high and office absorptions saw a three-fold rise as compared to last year. We leased 0.41 million square feet which is 4,10,000 square feet this quarter, almost double compared to the Quarter 1 of FY22. With occupiers in an acute state our forecast for the next two quarters looks positive. Brigade Tech Gardens in Brookfields in Bangalore is attracted a lot of enquiries leading to closure and emerged as the highest contributor to our portfolio leasing 300,000 square feet in Quarter 1. Another marquee development Brigade International Financial Center at GIFT City known generally referred to as BIFC, Gandhinagar saw good traction and is expected to be fully leased within the next quarter. Ongoing demand is from players in automotive, IT, pharma BFSI, and flexi office sectors. Collections for the portfolio remains stable at 99%. You will be happy to know that when Prime Minister Modi inaugurated last week the SGS exchange, international bullion exchange and the JP Morgan, all these all people are located in our BIFC.

The retail business saw 28% growth in retailer consumption for Quarter 1 financial year '20 which is pre-COVID. We saw a good leasing traction across all categories, particularly in family entertainment centers referred to as FECs and food and beverage restaurants. We leased 1,12,000 square feet this past quarter, including 40,000 square feet for the family entertainment center for a marquee operator in Orion Mall at Brigade Gateway. Compared to the previous quarter electronics saw 11% growth in sales, food and beverage 49% growth in sales, multiplexes saw 117% growth and FECs, family entertainment centers saw 97% growth respectively.

Coming to our hospitality business:

It has shown remarkable turnaround in Quarter 1 registering the best quarter ever. Our hotel portfolio saw an average occupancy of 71% for the quarter compared to 49% last quarter. I must mention that in January, 2020 only we launched Grand Mercure Gandhinagar, so that is why the percentage is less 71%. If you eliminate Grand Mercure Gandhinagar and Four Points Sheraton in Kochi. The remaining six hotels saw an average occupancy of 80%. Average room rates were at Rs. 5,300 compared to pre-COVID Rs. 3,900. Overall revenues was 33% higher than pre-COVID levels and adjusted gross operating profit (AGOP), 75% higher than the Quarter 1 of FY20. Our revenues for the quarter touched Rs. 80 crores for the first time and the vertical was cash positive, even after taking into account depreciation and interest. This quarter we have added 75 acres to our land bank in the KIADB which is the Karnataka Industrial Areas Development Board of Bangalore near the Aero Park Phase-2 in which we'll be evaluating a mixed-use development of industrial parks and logistics, office and residential. We will share further details once the design approach is finalized.

We strongly believe in the growth prospects of north Bangalore given the continued investment in transport infrastructure and connectivity to the city and the presence of Bangalore International Airport. That brings me to the end of our business highlights. Thank you for listening. I now request Atul Goyal, our CFO to take you through the financial highlights. Take care and stay safe. Jai Hind.

**Atul Goyal:**

Thank you and good afternoon, everybody. On behalf of the company, we would like to welcome you to the earnings call of Q1 FY2023. CMD has already give an update on operational highlights. There has been overall improvement in all segments of the business during the quarter.

Coming to consolidated financial performance for Q1 FY23:

The consolidated revenue for Q1 FY23 stood at 920 crores versus 391 crores for same quarter last financial year, increase of 135%. The consolidated EBTDA including other income for Q1 FY23 stood at 250 crores as against 120 crores in Q1 FY22, an increase of 109%. EBITDA margin including other income stood at 27% in Q1 FY23. Consolidated PAT stood at 65 crores compared to loss of 86 crores for the same quarter last financial year. Consolidated PAT after MI was 88 crores compared to a loss of 40 crores for same quarter last financial year. The real estate segment clocked a turnover of 655 crores and EBITDA of 86 crores in Q1 FY23. The leasing segment clocked the turnover of 175 crores and at EBITDA of 136 crores in Q1. Hospitality segment clocked a turnover of 90 crores and an EBITDA of Rs. 29 crores in Q1 FY23. Achieved positive PBT during the quarter owing to higher occupancy ARR upon resumption of business travel.

Coming to debt and liquidity position of the company:

There was a reduction of INR 59 crores in real estate debt in Q1 FY23 because of good sales and collections. Company's gross debt as on 30<sup>th</sup> June, 2022 is 4095 crores. The cash and cash equivalent stood at 1,689 crores on 30<sup>th</sup> June, 2022. Consequently, company's net debt outstanding as on 30<sup>th</sup> June, 2022 stands at 2406 crores, out of which we have share in 1,635 crores. 80% of the gross debt pertains to commercial portion of which 73% is backed by rental income. Cost of debt stood at 7.75% despite the 90 bps repo rate hike by RBI. Debt equity stood at 0.66. Cashflow from operating activities stood at 369 crores, an increase of 137% from same quarter last financial year. We have projected net operating cash inflow of 2,212 crores from the ongoing project and stock sale. We have a strong liquidity position to support future expansion plans.

I will now hand it over back to the moderator for the questions. Thanks.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities.

**Adhidev Chattopadhyay:** Great to see the rental and hotel businesses finally seeing a recovery now from this quarter onwards. First question is on the rental business. Now this whatever leasing you have done within the Tech Garden and GIFT City. So, when will the rentals start flowing from this leasing? And in the 1 million square feet of pipeline, could you just break up across which properties the maximum pipeline would be over here and what is our target for the year now?

**Nirupa Shankar:** Basically, you asked me about the rental commencement. Typically, most of the tenants are asking for about six months of rent-free period on an average. This can vary in some cases by a month or two but on an average we are now asking for six months of rent-free period to do that fit-out. Most of the area that has been leased has come from Brigade Tech Gardens, followed by GIFT City and then we've done leasing in WTC Kochi and also some leasing in Brigade Opus. In the coming year as we have mentioned before, the target has been to lease out all our existing available spaces which is approximately 2 million odd square feet. Our target is to achieve that and we are still on track to do so. We have a healthy pipeline over the next two quarters and hopefully we'll have equally or better results in the coming quarter. Again, if you look at the Tech Gardens will be the main focus followed by WTC Chennai.

**Adhidev Chattopadhyay:** Secondly on our hospitality business now, obviously this last quarter has been a great quarter for the industry. So, in July and basically on the forward bookings you're seeing for the next 2-3 months how do you see the overall year shaping up? Are you seeing some softness in demand now because of global macro or are you seeing the momentum continuing with it?

**Nirupa Shankar:** No, basically we are seeing the momentum continue because most of the business that we're getting is from domestic travel. We're also getting a lot of business in the MICE segment which is residential conferences, a lot of the pharma companies, medical companies, IT companies are having a lot of conferences and there's also a lot of new joiners. There's been a lot of hiring that the IT services and financial services companies have had. They're having a lot of programs for the new joiners. We've seen a sustained revenue in terms of occupancies and ARR's are quite high. In fact, July, August and the coming quarter is projected to be quite robust as well.

**Adhidev Chattopadhyay:** Would it be right to say that the second half of this year, hotels perform even better than the first half? Is it a right assessment or it's still too early?

**Nirupa Shankar:** If there're long weekends then the business hotels actually take a dip in the occupancy but the leisure hotels do better. When you have a clear month, like this time for instance November is the clear month, Diwali-Dussehra comes in October. So, then the occupancies are projected better for business hotels but if there are long weekends, like I said the leisure business, the leisure hotels actually do better. Also, there are a lot of wedding dates keep the occupancies increased in the second half of the year, so that are very auspicious dates which create an additional demand for the residential under social side of the demand.

- Adhidev Chattopadhyay:** My final question is on our outstanding land payments. So, which the largest one should be Mount Road in Chennai under KIADB land which we have filed up. So if you could let us know for the rest of this year what will be the land payments or land outgo we are expecting?
- M. R. Jaishankar:** I think overall you can keep about 900 to 1000 crores which includes the land we have to register from TVS in the Mount Road Chennai, then Pfizer and KIADB land and a few other joint developments also we've entered into. Approximately you can keep it as 1,000 crores.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** You said the 1,000 crores will be the land payment which will be done in FY23. So that's the amount which is currently outstanding as payable. So, the entire payment which is due right now, so it will be done in FY23?
- M. R. Jaishankar:** Yes, it is FY23 except in the case of KIADB, they need to comply with few formalities. If the formalities are done before December it will get into this financial year. If the formalities are slightly delayed then it may move into the first quarter of next year.
- Parikshit Kandpal:** And how much is that will be the KIADB business?
- M. R. Jaishankar:** 150 crores.
- Parikshit Kandpal:** My second question is on the gross development value addition during the quarter. So, if you can touch upon because we feel lot of land getting added on the warehousing and then on the mixed use like commercial, **CWIP** land which is getting reflected in the payable. But what's happening on the joint development side which is not getting reflected here? So what kind of GDV from the JDA have you already logged in, if you can just break it up in million square feet across geographies like Bengaluru, Chennai?
- M. R. Jaishankar:** We have finalized about 6 million square feet of JDA in Chennai, of which 2 million square feet area is already JDA has been registered and signed. Another 4 million square feet is in an advanced stage of due diligence which should happen say sometime hopefully in the Quarter 2. Otherwise, it may get pushed to October. We have also finalized another 2 million square feet very recently in Bangalore. So, all these things will be incorporated. What is signed post 30<sup>th</sup> June will get incorporated subsequently or what is signed before is already taken into record.
- Parikshit Kandpal:** So, you said 2 million in Chennai is already happened, that is a part of your 1Q FY23 numbers.
- M. R. Jaishankar:** Originally, we had said about 9 to 10 million in Chennai in the last earnings call. Out of that everything is on track. Only the 4 million square feet is in advanced stages of legal due diligence, completion and post 30<sup>th</sup> June we have signed a 2 million square feet joint development thing after the June 30<sup>th</sup>, 2022.

- Parikshit Kandpal:** So 9 million which you highlighted, 2 million is already happened, 4 million is in advance stages, so that takes it to 6 million in Chennai and another 2 million has happened in Bangalore. So total is about 8 million, right?
- M. R. Jaishankar:** Yes, correct.
- Parikshit Kandpal:** So, rest of the year anything because Bangalore is the last part of our portfolio.
- M. R. Jaishankar:** Rest of the year we are hoping to complete about another 5 million square feet of area if not more. It all depends on the finalization of deals and then due diligence, whether it will get completed on time or whether it will take longer, it depends on that.
- Parikshit Kandpal:** Last question on this TVS property, have you finalized anything because last time you said contemplating what to do, so if you can just help us that do we expect to close this deal and when do you expect to bring this in market and what will be the likely configuration?
- M. R. Jaishankar:** It is going to be a mixed-use development with may be 55% to 60% residential and about 40% to 45% office and some amount of retail. It faces Mount Road which has got the Metro connection right outside the gate, Subway Metro connection. It also faces a very another important route called Whites Road. It has got the advantage of both the roads. It is an ideal location for mixed-use development.
- Parikshit Kandpal:** And what will be the total developable area?
- M. R. Jaishankar:** Total area will be upwards of 1 million square feet. On a sale basis, it should add anywhere between 2,500 to 3,000 crores of revenue on a full project completion basis.
- Parikshit Kandpal:** On the residential you are saying, residential land we will add about 2,500 to 3,000.
- M. R. Jaishankar:** Residential and office, the office is different, so whether we'll keep it as lease or whether we'll lease and sell, all those things are different. The residential alone should give us nearly 2,000 crores of revenue.
- Parikshit Kandpal:** We had our residential CEO leaving the organization couple of months back. So, any thoughts on that, if you can highlight....
- M. R. Jaishankar:** The replacement is under interviews but it has not affected our business one inch. It has no issue. We have the right team in place. Sometime all these propositions are good to have but even without that we can manage.
- Moderator:** The next question is from the line of Pritesh Sheth from Motilal Oswal.



**Pritesh Sheth:** Good to see strong recovery in hospitality. So, question related to that, firstly our suggestion maybe if we can start again disclosing that hotel wise revenue, occupancy and AOP numbers that would be very much helpful in terms of seeing how it is progressing. Another question is obviously looking at the recovery in the business, a few hotels we had stopped their plans in terms of constructing few hotels. So, any revival in those plans?

**M. R. Jaishankar:** The one in Mysore, where the structure was already up just before COVID or during COVID. So that we are restarting from the month of October. Whereas the one in Brigade Tech Gardens which was supposed to be Novotel Suite, we have repurposed it into residential apartments. The one near the airport which we were to start we are still kept it on hold. We may revive, we have all the approvals and the one in Chennai which was the Marriott residences, it is under construction. We still have time to decide whether to make it into Marriott residential which are serviced apartments or sell them as apartments. That decision we may take in the next quarter. That is why as I said the one hotel will be restarted, one is already repurposed, another we have kept it on hold. We may start in in 3 to 6 months. And the other one is we have to take a call whether to sell as serviced apartment or regular apartment.

**Pritesh Sheth:** And secondly on this KIADB and your logistics warehousing ventures. We have signed up for 44 acres with the land parcel, what will be the strategy there? It will be purely an opportunistic business right now at this stage or we have definite plans of reaching a scale maybe 2-3 years later and have some targets in mind on that. whether it will be built and sell model or are we looking at purely leasing or mix of it, anything we can highlight on that?

**M. R. Jaishankar:** It is very well located just 10 minutes from the international airport, so it has got the great potential. For us to fully get the possession of the land it may take as I mentioned 3 to 6 months. The master plan exercise is—just you can say—commenced and it will take us maybe another 3 to 4 months to close the master plan exercise. Then it will take at least 10 to 12 months to get all the approvals because it requires environmental approval itself will take 10 months. The commencement of the project will be sometime in the maybe Q3 or Q4 of FY24 and not earlier and the residential will be sold. Whereas office industrial parts and warehousing will be on lease basis. So that is why the fact that it is a mixed-use development with residential, it makes the project feasible and financially more attractive. With the cashflow coming from residential it can definitely support the industrial park and logistic business.

**Pritesh Sheth:** How are we looking to scale up this business from here on? Are there any similar land parcels already there in mind and that will continue to get there? So, like you provided a visibility on your residential business any visibility we have on the logistics, warehousing, industrial business overall?

**M. R. Jaishankar:** Yes. Amar Mysore will answer.

**Amar Mysore:** Hi this is Amar. So, what we're looking at we are looking at greenfield projects as well. At the moment we're looking at a few in the Hoskote corridor and also, we're looking at Chennai. So,

to begin with will start with lands which are operating where we already have operations whether it is Bangalore-Chennai-Hyderabad and later we will look at other cities. To answer your question, we'll look at other opportunities as well where we will acquire the land and aggregate it. So, it may take a little longer.

**Moderator:** The next question is from the line of Guneet Singh from CCIPL.

**Guneet Singh:** I would just like you to share your guidance for the coming years in terms of top line and bottom line. And also, I would like to know what would be the growth drivers for the year going forward? Do we have any other projects in the pipeline or what is the pipeline that we have and what is the maximum revenue in terms of your projections that we can reach if we're able to achieve what we are expecting in terms of a pipeline? So, I want to know about certain forward-looking projections that you have internally for the company?

**M. R. Jaishankar:** Generally, we have mentioned it several times. We refrain from giving a forward-looking guidance but we have also said that we are aiming at 20% to 25% growth in our revenue if not more though the aim will be to achieve more. It is subject to various factors whether launches or macroeconomic conditions and etc. Residential will certainly expected to contribute more. So also, the office, all sectors I would say. Retail may not very substantially improve because we don't have new malls coming up but office will certainly lease rentals will go up. So also, the hospitality which has already shown a turnaround that is likely to sustain subject to unforeseen circumstances like whether it is due to COVID or Monkeypox or any other war related things. If there's a travel restriction it may affect; otherwise, we don't think hospitality business will be affected in any way. So that way as I mentioned 20% to 25% growth if not more, we are aiming it.

**Guneet Singh:** Alright. So that is a conservative figure from your end?

**M. R. Jaishankar:** Yes.

**Moderator:** The next question is from the line of Amandeep Singh from Ambit Capital.

**Amandeep Singh:** Firstly, can you talk about increasing competitive intensity in the Bengaluru micro-markets given new developers are coming in? And also, you mentioned about hiring of new CEO for the residential business but can you also update us on a senior level hiring for your commercial segment? Do you think these headwinds cumulatively could impact the annual internal growth rate target of 20% which you have over the next 3 to 4 years?

**M. R. Jaishankar:** See commercial CEO is already or CEO or COO is already recruited. They are expected to report in couple of weeks and whereas the residential CEO I did mention it is work in progress. It should happen may be by end of the quarter, this quarter or early next quarter. As I said earlier the team is geared up without the CEO also and we also have Executive Director Pavitra Shankar who is closely involved in residential business.

- Amandeep Singh:** Any initial comments on if you are seeing the competitive intensity increasing given new developers are expanding within the Bangalore micro-market?
- M. R. Jaishankar:** Yes, they are welcome. Market is big enough for everybody. They're welcome to expand. Bengaluru developers are also going to Mumbai. So, every person many Bombay and Delhi developers have entered Bengaluru and packed their bags and left. Let us see what happens in this case.
- Amandeep Singh:** My second question is on the hospitality segment. So, with recovery now visible and you remain fairly confident on improving it further. Any plans on update on monetization or you will still wait few quarters before considering or evaluating the same?
- M. R. Jaishankar:** Like 2 years back things were going to happen. Now that the sector is revived people are chasing us. It is up to us to see; we have to decide on the right timing or to decide **right valuation** and to procrastinate for too long also it is not wise. We will take a call at the appropriate time based on the valuation we receive.
- Amandeep Singh:** One last thing, any update on the 1.5 million square feet of land acquisition in Hyderabad which was underway, you had highlighted in the previous call?
- M. R. Jaishankar:** See it is work in progress. Hyderabad the due diligence issues are much more. I don't want to make any commitment. I don't want to make any commitment, the due-diligence are much tougher in Hyderabad than compared to Chennai or Bengaluru.
- Moderator:** The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities.
- Parvez Akhtar Qazi:** First you said that we took a bit of price increase in Q1. So, what was the quantum of the price increase taken and how do we see overall pricing going ahead in the line of increase in mortgage rates and over the last 1-1.5 years, there's been a bit of price increase at an overall level. So how do we see that going ahead?
- Pavitra Shankar:** At the beginning of the financial year, we actually took a pretty big price jump of around 5% to 8% across the portfolio that was also coming of the back of an additional price increase which we had done at the end of Q3, beginning of Q4. Definitely it did have some kind of impact in April. The first couple of weeks we actually did not see too much momentum in our sales but fortunately I think once the customers also realized that this is something that we are particular about doing. They have **also understood** that's really reflected in our numbers even in the movement of ongoing and completed inventory. I think it's been well-accepted because what we've seen is a trend towards consolidation and towards developers who are trusted and will deliver on time and with quality. Therefore, we feel we are in a position to command a price increase and of course in the environment of increasing input cost increase. On the impact from increasing interest rates thus far we have really not seen anything but of course if the RBI continues to increase rates, we could see some kind of effect. I've also been maintaining that it

may not necessarily change how much is absorbed but could impact the type of inventory that is absorbed which is the opposite effect of what happened during COVID and the pandemic when interest rates decreased. We didn't see so much of an increase in buying but rather people **shifted** from like a 2 bedroom, 2 or 3 bedrooms because of the increased affordability. I think first we will start to see that impact that maybe they demand for very large sized units or larger units may actually get rationalize a little bit before the overall exuberance in the real estate or in the residential sector really changes dramatically. So, we are quite confident. All of our new launches have been very well accepted despite having pretty hefty price increases right in the beginning of the launch cycle as well. We're quite confident of the coming quarters.

**Parvez Akhtar Qazi:** And a couple of data related queries. What would have been the share from Hyderabad and Chennai to our pre-sales this quarter?

**Pavitra Shankar:** This quarter not much because we're at the end of the life cycle of our Brigade Citadel project. By area about 6% it did come down from more than double that over a year ago. We just have a few remaining units to sell in Brigade Citadel.

**Parvez Akhtar Qazi:** When can we expect another launch in both of these markets?

**Pavitra Shankar:** Yes, so Citadel we have I'm sorry in Hyderabad we actually have two more projects about 0.85 million square feet which we said will be launched within the next three to four quarters. All our launch projections are on a rolling four quarters basis so we are working on that. For Chennai as our Chairman had mentioned we have signed up new land. Those are the ones that are in various stages of due diligence, design and so on. Those are not yet come into our rolling four quarters projections but that is definitely on the card. Just to close that loop Chennai, this past quarter was around 14% of our area which has remained consistent over the last few quarters.

**Parvez Akhtar Qazi:** And just one last question to Atul sir. What was the rental income from BTG and WTC Chennai this quarter?

**Atul Goyal:** So, the rental income from BPPL that is BTG was around 27 crores and from Chennai it was 29 crores.

**Moderator:** The next question is from the line of Siddhant Dand from Goodwill.

**Siddhant Dand:** You mentioned about monetizing, now you're getting offers in the hospitality segment to monetize it. Are all our hotels available for sale or will it be like hotel wise or the ones that are performing well or not performing well. What's the outlook over there?

**Nirupa Shankar:** The idea is to actually do it as a portfolio and we remain bullish on the hospitality front. It's not that we are looking for a complete exit. If we do **divestment**, investor will be for a stake sale in the portfolio. We don't believe that it's the right strategy to allow investors to cherry pick their

hotels. It's I don't think it's in the best interest of the portfolio so it will be on the entire portfolio. That's what we're looking at.

**Siddhant Dand:** And could you give a ballpark range, just what kind of valuation are we expecting for the hotel?

**Nirupa Shankar:** We will share the good news once we will have an investor in place **Nothing to disclose on valuation now** because honestly, we are not in a position to say that.

**Siddhant Dand:** Are we looking in our leasing business of offices to do a similar thing or not right now?

**Nirupa Shankar:** See in the office portfolio we're not looking at it at a portfolio level, there we are looking as our project level because we are looking for financial partners to help us grow that business and ideally our financial partner who will come in at the greenfield state so we can procure large parcels of land together and expand. Here in this case, we are looking at it as first at a project level and then we can always expand that **to** multiple projects at a time.

**Moderator:** The next question is from the line of Mohit Agrawal from IIFL.

**Mohit Agrawal:** My question is on your warehousing foray. So just trying to understand that the idea behind getting into this, is it more opportunistic or do you think this will kind of support longer term growth in terms of volumes or you think that this will yield higher or similar IRR to residential business? What is the thought process behind getting into the warehousing business?

**Amar Mysore:** The reason why we explore this is because it gives a lot of potential for us to grow and also diversify our business and some of it will be opportunistic. There are a lot of RFPs in the market and we would like to see if we can bag one of these and basically you are seeing a lot of e-commerce penetration in the market and as a consequence of that warehousing also there's a lot of demand in Grade A is what we're looking at.

**Mohit Agrawal:** Would this have a similar IRRs as your residential business? Any color on that?

**Amar Mysore:** No, this will be a lot lesser but since we are looking at a mixed use it will kind of each one will complement each other.

**Mohit Agrawal:** My second question is Atul just gave the numbers for the rentals from WTC and BTG; 29 and 27 crores. How much is like based on the leasing that you've done so far which is 1.9 million square feet and 1.5 million square feet in WTC. How much rental is due and versus how much you are collecting and in what time, in about 6 months should we start to see that kind of rentals coming in and also connected to that is how much more LRD can we take based on the rentals that are going to come in, based on the leasing that we have done so far?

**Atul Goyal:** Rental as Nirupa said it takes 6 months for the fit-out period but overall if you see in Tech Gardens and Chennai, we should close around 130 crores of revenue by the year end. So, 130

will be in Tech Gardens and around 130 also in Chennai. That is what we are targeting based on the leasing which has been done, any incremental leasing will also help in improving this number. As far as LRD potential is concerned, we have around 1,000 to 1,200 crores of LRD which can be done during from these properties and from the other properties which are leased.

**Mohit Agrawal:** Just to clarify sir you're mentioning about 260 crores of total rental based on the current leasing that has been done versus about 55 to 60 crores that you're getting right now, correct?

**Atul Goyal:** This is based on the rents commencement which will have during the year. So that is a number we will have.

**Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.

**Parikshit Kandpal:** My question is on the debt now. So, we have to make payments of 1,000 crores for the rest of the nine-months and currently net debt Brigade share is about 1,600 crores so how do you see this ending up by the year end?

**Atul Goyal:** The repayment for next three quarters is around 284 crores. This number will be our debt if you see our slide also has been more or less gross debt has been more or less same and our 80%-81% out of that is commercial debt and out of that 73%-75% is a rental debt. Obviously, that does not come down. All that CAPEX debt will convert into LRD, into a more cost-effective debt but definitely there will be reduction in residential. We have done around 52 crores this year as well and if the collection and the sale continues definitely, we'll try to reduce more.

**Parikshit Kandpal:** I was saying how will we fund the 1,000 crores of land CAPEX? That was my question, can you do with your internal accrual?

**Atul Goyal:** Cash, cash equivalent today also we are sitting on 1,600 crores. So, there's enough money where we can land it. Even QIP money of around 350 crores are lying with us. So that is not an issue.

**Parikshit Kandpal:** So, our net debt will go up? Basically, you are saying you will utilize the cash net debt will go up? Gross debt may remain same but net debt will go up?

**Atul Goyal:** Yes, net debt will not go up, it should come down. Yes of course, if we have a new commercial where we are going to launch new project definitely some CAPEX debt will be taken otherwise residential right now we are not taking that. I just want to correct that the QIP money which we have is around 250 crores.

**Parikshit Kandpal:** My second question is on the active pipeline of a million square feet on the commercial side. Can you break it up like, is it like larger deals and 0.2-0.3 million or these are like multiple deals because what we hear from the market is there is a strong recovery in the office leasing segment so and you still have about a million square feet in the East. Just wanted to have some sense on that?

- Nirupa Shankar:** Like I said these are in the pipeline so hard to say what will actually get converted but the range of the request that we get is anywhere from what we see smaller spaces in North Bangalore ranging from around 20,000 to larger requirements in East Bangalore going up to say a 100-1,000 to even 2,00,000 and couple of requests for even 4,00,000. I would say we're seeing smaller spaces being looked at the North Bangalore and larger areas being looked at in East Bangalore but I can't get into that individual breakup of the pipeline.
- Parikshit Kandpal:** So, I was more specific about the BTG property. So, is this out of this a million square feet active pipeline how much will be like attributable to the BTG properties?
- Nirupa Shankar:** So, it is multiple clients and typically what they look for is at least a floor. Floor could be anywhere or multiple floors ranging again like I said from 40,000 to 1,20,000 that is a typical size of a lease that we do.
- Parikshit Kandpal:** Lastly on these launches about 7.6 million is Resi and 1.94 in **plotted** so break it up quarter wise like Q2-Q3-Q4 so how will it be primed out or phased out?
- Pavitra Shankar:** Just wanted to say of the number that you're seeing there we have actually already launched 1.5 million within the past month itself. All of them came on during our Brigade showcase which our Chairman had talked about. So that's already launched in terms of Q2. The remainder of them will come into Q3 and Q4. We would like to aim for about 2 to 3 million square feet in Q3 and the remainder in Q4. Of course, the exact timing will really depend on the pending permissions, RERA approval and so on but this is what the team is in entirely here towards making sure that it happens.
- Parikshit Kandpal:** There's nothing from Chennai in this because we said this 2 million come in from Chennai next year mostly?
- Pavitra Shankar:** Right. No there is a one project in Chennai. It is actually part of our World Trade Center project, it's a very smallest project. So really only like 45 rooms which is so that is something that is just included there but it won't add too much the overall area in terms of the launch.
- Moderator:** The next question is from the line of Pritesh Sheth from Motilal Oswal.
- Pritesh Sheth:** Just one bookkeeping question. If you can provide the breakup of collections and residential was 861 crores which you highlighted, what about the rest of the business?
- Atul Goyal:** So residential was 867 crores, commercial sale was 14 crores, commercial lease was 126 crores, retail was 49 crores, hospitality 105 crores and our maintenance services were 49 crores so that totals to 121 crores.
- Moderator:** The next question is from the line of Siddhant Dand from Goodwill.

- Siddhant Dand:** My question is on the 36 million square feet of land bank that we have, what is the value on our books and could you share the market value if possible?
- M. R. Jaishankar:** Market value is difficult to assess. We are not got into that exercise. But definitely superior than what is acquisition rates but the breakup is given, I think. Breakup will again we mentioned.
- Siddhant Dand:** The cost of land that you've given in the presentation and it has appreciated it's definitely not depreciated over the years?
- M. R. Jaishankar:** Yes.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Ms. Pavitra Shankar, Executive Director for closing comments.
- Pavitra Shankar:** Thank you everyone for your patience and listening in as always. We would like to close the earnings calls with a few other highlights from the group. As part of our CSR activities, we've commenced work for a 120-bed hospital at the 60-acre Brigade Meadows Township on Kanakapura road in Bangalore. This initiative will contribute significantly to the health care needs of South Bengaluru. The aim is to reach out to a wider section of society and make quality healthcare available to the common man at affordable cost. Further in line with our focus on community development, the Brigade Foundation announced its partnership with GoSports Foundation on the Equal Hue Cricket Excellence Program which was conceptualized to support and empower young women **who are** aspiring to make a professional career in cricket. The foundation will be an associate partner for the 3-year term program donating 50 lakhs per year. To commemorate the finale of its Bird Song Exhibition the Indian Music Experience Museum or IME founded and supported by Brigade presented a concert entitled Wings of Melody featuring an ensemble of noted classical musicians from across the city. This was a culmination of a 4-month series of public programs featuring award-winning photograph, interpretive panels, audio-visual kiosks and computer interactive. Bird Song was visited by over 20,000 people since April 2022. On the Tech front our accelerator program Brigade REAP has completed 6 years. 11 cohorts have graduated and the startups now have a combined valuation of \$150 million. 40% of these startups are in the sustainability space and will help the real estate industry build in a sustainable and responsible manner. They will also play a role in helping various developers achieve their ESG goals. Over the last few months, a proud moment for us was when Brigade El Dorado received the prestigious Pradhan Mantri Aawas Yojana Award under the affordable housing projects at the PMAY Empowering India Awards 2022. We consider this award as a recognition of the best practices we follow right from the conception stage of a **project we** undertake. We also won Economic Times Real Estate Awards-South. Brigade Orchards won Best Residential Projects Township. Brigade Xanadu won the Best Theme-Based Project, Brigade Atmosphere for Best Villa Project and finally our Chairman Mr. Jaishankar was recognized as Realty Personality of the Year. On that note we would like to conclude the Q1 FY23 earnings call. Stay safe and stay healthy. Thank you.





*Brigade Enterprises*  
*August 03, 2022*

**Moderator:** Thank you. On behalf of Brigade Enterprises Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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