

Brigade Enterprises Limited

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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 Q3 FY-21 Earnings - 5th February, 2021:

We are enclosing herewith the transcript of the Conference Call on the Company's Q3 financial results for the financial year 2020-21 held on Friday, 5th February, 2021.

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 Q3 FY-21 Earnings Conference Call”

February 5, 2021



**MANAGEMENT: MR. M. R. JAISHANKAR – CHAIRMAN & MANAGING
DIRECTOR
MS. PAVITRA SHANKAR – EXECUTIVE DIRECTOR
MS. NIRUPA SHANKAR – EXECUTIVE DIRECTOR
MR. AMAR MYSORE – EXECUTIVE DIRECTOR
MR. ATUL GOYAL – CFO
MR. RAJENDRA JOSHI – CEO-RESIDENTIAL BUSINESS
MR. VINEET VERMA – CEO-HOSPITALITY
MR. SUBRATA SHARMA – COO-OFFICE BUSINESS
MR. SHASHIE KUMAR – COO-RETAIL
MR. OM PRAKASH – COMPANY SECRETARY
MR. PRADYUMNA KRISHNAKUMAR – VP-INVESTOR
RELATIONS**



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY21 Earnings conference call of Brigade Enterprises Limited. We have with us on the call today Mr. M. R. Jaishankar – Chairman & Managing Director; Ms. Pavitra Shankar, Ms. Nirupa Shankar & Mr. Amar Mysore, Executive Director; Mr. Atul Goyal – Chief Financial Officer & other senior management team.

As a reminder, all participants' 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 & Managing Director. Thank you and over to you, sir.

M. R. Jaishankar: Thank you very much. Good afternoon everybody. We hope all of you and your loved ones are keeping well during this pandemic period and the good news is the vaccine is here. It is only a matter of a few months and may be a year before most of us will be vaccinated. So that way we can have something to cheer about.

On behalf of the company Brigade Enterprises Limited, I would like to welcome you to the earnings call for the third quarter of financial year 2021. I am joined by our Executive Directors – Ms. Pavitra Shankar, Ms. Nirupa Shankar, and Mr. Amar Mysore. Our Senior Management team is also present. Mr. Atul Goyal – our CFO; Mr. Rajendra Joshi – our CEO (Residential), Mr. Vineet Verma – our Chief Executive Officer-Hospitality, Mr. Subrata Sharma – Chief Operating Officer of our Office SBU, Mr. Shashie Kumar – Chief Operating Officer of our Retail SBU; Mr. Om Prakash, Company Secretary; Mr. Pradyumna Krishnakumar – Vice President (Investor Relations) and few other people in the team.

As most parts of the world continue to grapple with the long-lasting effects of the pandemic it is with immense relief that we report the revival of our residential business along with continued consistency in the commercial business. Retail and hospitality still face challenges but we are seeing a steady improvement. During the course of quarter 3, our real estate business had its best quarter ever. We completed the quarter with 1.53 million square feet of new bookings having a value of Rs. 923 crores including about 55,000 square feet of office sale.

The strong performance in quarter 3 has ensured that we are now on par with previous year numbers on a YTD basis despite the headwinds faced in quarter 1 due to lockdown. The comeback in the residential sector has been sharp and we expect this to continue in the next quarter that is the quarter 4 current quarter and hopefully into the next financial year as well. This is driven by the current favorable environment per consumers to buy a house.

We believe there are multiple reasons for our success. Having the right project in the right locations at the right prices' customers continuing to trust Brigade for quality and service. Our



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focus was highly effective marketing campaigns and the high quality of our sales team apart from some consolidation of business to trusted brands. Interest rates at all-time lows have also led to many fence sitters are finally making the decision to buy a home. November witnessed the launch of our new project in Hyderabad, Moti Nagar called Brigade Citadel which has been received very well in the market and registered record bookings at the time of launch.

Our projects in Chennai continue to deliver consistently high results along with our projects in Bangalore. We expect larger established players to continue to grow at high levels with further consolidation in the market. Customers continue their preference for completed or near completion inventory and larger units. Higher demand for homes above Rs. 45 lakhs as compared to affordable housing has continued. On the collection front we have had our best quarter so far with Rs. 518 crores collected from the residential business.

This is primarily driven by continued strong sales performance and good construction progress at all project sites apart from of course the good performance of our CRM team. In our office segment our continued focus on collections of lease rentals has resulted in 99% collection. On the leasing front, while we are seeing increased momentum in enquiries request for proposals and site inspection decisions continued to prolong as occupancy levels of employees are still at 10% to 15% across all office parks.

However, there is an increased desire by employers to get their employees back to offices. As of date our pipeline is over 1 million square feet in Brigade Tech Gardens, Bangalore; World Trade Center, Chennai; and the Brigade International Financial Center, Gift City. The pipeline constitutes large and medium sized enquiries at Brigade Tech Gardens to medium sized enquiries at World Trade Center, Chennai. We expect the enquiry site at Chennai to increase when companies seek consolidation and expansion opportunities.

Transaction enquiries at BIFC, Gift City has increasing to set up their global in-house centers generally referred to as GIC. We are also seeing enquiries from fund companies. Managed office enquiries have also increased as there is a growing need for hub-and-spoke neighborhood landing and business continuity planning offices. Overall our strategically located and well-designed properties Brigade Tech Gardens and WTC, Chennai are attracting prospects because of the superior value proposition.

Brigade Tech Gardens with the locational advantage bear a high cost and very low vacancy in micro market of ORR, Bangalore is a great value proposition for relocation and consolidation. World Trade Center, Chennai is also very well located in the most desired micro market. We are making efforts to transact the remaining inventories within this financial year 2022. The retail segment is on track to recovery. In the beginning of the quarter mall occupancy was over 80% with the multiplex in family entertainment formats back to being operational even though seating capacity was capped at 50% as per government regulations.



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Overall retailer's sales consumption recovered over 65%. In specific categories like consumer electronics, beauty and cosmetics, sports and leisure wear, key fashion anchor and departmental stores. The recovery is around 80% or more. The recovery in F&B, Food and Beverages have been encouraging as well and it is around 60% of pre-Covid levels.

With the end of season sale and multiplex and family entertainment formats being allowed now to trade with full seating capacity and regaining of large consumer confidence due to the vaccines and normalization of all public transport we are looking at a further upward trend with respect to footfall and retailer sales consumer consumption which will further help with a higher rental revenue recovery in quarter 4 period of this.

Finally in our hospitality business we have been seeing a month-on-month improvement in performance of all our hotels starting from October 2020 especially in the F&B business. More guests have started dining out evidence by a noticeable increase in footfalls in our outlets. Further relaxation of restrictions in number of guests for banquets has also led to increased number of enquiries. While room occupancies continue to be under stress due to continued restrictions on international business travel we are beginning to see some traction from domestic clients.

Average room rates continue to be a challenge due to all hotels fighting for the same business but occupancies are inching up month-on-month. While we expect to reach pre-Covid levels in due course depending on how successful the vaccination program is works in worldwide we have been able to achieve positive GOPs in most of our hotels primarily due to continued monitory and rationalization of costs. Removal of restrictions from the 1st of February on meetings and banquets and on swimming pools should boost our F&B rooms and ancillary business.

Overall we have entered the New Year 2021 with much more confidence. We would like to consider the lockdown period during first quarter as a bad dream without forgetting to take all precautions that is required to be taken during this pandemic period. With the central budget giving a blueprint of intent to take Indian economy in to \$5 trillion economy and our PM's policies to make housing for all a reality the future has to be brighter than the past particularly the previous year 2020.

Therefore we in Brigade Enterprises would like to seize the opportunities that come our way after proper evaluation. Thank you for your patience. Now Mr. Atul Goyal our CFO will present the financial results in detail. Thank you.

Atul Goyal:

Thank you, sir. Good afternoon everybody. On behalf of the company we would like to welcome you on the earnings call for Q3 FY2021. To give you a brief macro and company update as you have been hearing from market experts that economic is on its way to a V-shaped recovery in most of the sectors. Early high frequency indicators are showing a spike in the consumer

sentiments. Sales of the largest real estate developers have seen a major uptrend which indicates change in the market share and a clear preference of customers to buy from large and reputed developers.

On the other side the government and RBI have taken a key initiative to revive the economy few of which augur well for the real estate industry. A low interest rate design, abundant liquidity in the financial market and specific schemes like EC and GS schemes have immensely helped the sector like hospitality and residential. On the company side this quarter has been much better than last quarter in terms of business performance.

To give you some highlights of our performance in the last quarter, we recorded all time high real estate sale of 1.5 million during this quarter vis-à-vis 1 million during last quarter. The thing is that almost two-third has come from ongoing and completed project and one-third from the new launches. We have also seen significant jump in residential collections and this was one of the best quarters in terms of collections to opening up to Rs. 518 crores in Q3 FY21.

On the leasing side, we continue to achieve 99% rental collections which gradually increased in re-occupancy in the operating portfolio. On the retail side we have witnessed higher tenant occupancy in the malls. Consumption was up to 70% of pre-Covid levels. We have also started seeing some uptick in the hospitality performance. Our GOP was positive for the first time in FY with a GOP margin of 16% vis-à-vis minus 45% last quarter.

Holiday Inn Express and suites Bangalore OMR started operations in this quarter with 129 keys and have achieved 26% of occupancies for the same period. On consolidate level there was increase in cash flow from operating activities by 36% from the last quarter. We continue to have adequate liquidity and undrawn credit lines from the banks. Our average cost of debt has been coming down consistently over the past few quarters and was at 9%.

As on December 2020 versus 9.62% as on December 2019, a 62% bps reduction that will result in an annual saving of more than Rs. 25 crores. Going by the trend we expect that this to further reduce by 10 to 15 bps going forward. Coming to consolidated financial performance for Q3, the consolidated revenue for Q3 FY21 stood at Rs. 654 crores versus Rs. 322 crores in the previous quarter, up by 103%.

The real estate segment clocked a turnover of Rs. 539 crores and an EBITDA of 18% in Q3 FY21. The hospitality segment clocked a turnover of Rs. 30 crores and an EBITDA of 9% in Q3 FY21 as compared to a turnover of Rs. 18 crores and an EBITDA of minus 114% in Q2 FY21. However as mentioned earlier going forward we accept this profit to be much higher. The leasing segment clocked a turnover of Rs. 85 crores and an EBITDA of 69% in Q3 FY21.

The consolidated EBITDA including other income for Q3 FY21 stood at Rs. 158 crores. EBITDA margin stood at 24%. The interest and finance charges for Q3 FY21 stood at Rs. 86

crores. Consolidated profit before tax for Q3 FY21 is Rs. 13 crores compared to profit before tax of Rs. 36 crores for Q3 FY20. Coming to the debt position, there was a reduction of Rs. 141 crores in real estate debt which was driven by the higher sales and collections. For nine months FY21 the cash and cash equivalent stand at Rs. 485 crores as on December 31st, 2020. Consequently the company's net debt outstanding as on December 31st, 2020 is Rs. 3,814 crores out of which BL share is Rs. 2,948 crores.

Almost 73% of the debt pertains to commercial segment of which 40% is backed by lease rentals income. We have a credit rating of A with stable outlook and we have continued to maintain that even in the pandemic which has been assigned both by CRISIL and ICRA. I will now handover back to moderator for questions. Thanks.

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: Sir, my first question is on our leasing now both for Tech Gardens and for World Trade Center, Chennai? For Tech Gardens when do you see the first enquiry has been converted into actual leases in the pipeline and for Chennai when do we see the first rentals start to flow in from the tenants?

Subrata Sharma: This is Subrata. So as far as Brigade Tech Gardens and Chennai concerned off late we are seeing like increased momentum in terms of like enquiries and you will be glad to know that we have in principle closed one transaction each in both these properties as of today.

Adhidev Chattopadhyay: So sir, any overall leasing means up to the 1 million square feet should be how much like any figure you would like to share like incrementally?

Subrata Sharma: As on date the total pipeline for the company is around 1 million square feet. Out of this significant portion of it is in Brigade Tech Gardens as well as in Chennai. So of these pipelines now we have started seeing the conversions happening because now the site inspections are happening. Though the re-occupancy status is still low. It is around 10% to 15% and we feel this momentum will further increase when the re-occupancy comes to around say 30% to 40% within the office premises.

Adhidev Chattopadhyay: Sir, I did not get this re-occupancy bit. What is this exactly you are referring to?

Subrata Sharma: So easier terms it means that the employees have not started coming back to their offices. But in the offices their actual real estate focus will increase. So that is what I mean. When the offices

start getting occupied then they will actually start focusing on the expansion, consolidation, reducing cost of real estate all those areas.

M. R. Jaishankar: Just to interject I think if I am right you wanted to know what is already leased also or that you are quite clear what is leased?

Adhidev Chattopadhyay: Already leased is clear.

M. R. Jaishankar: This is new business.

Adhidev Chattopadhyay: Sir, Chennai when do the rentals start flowing in, WTC, Chennai? That was the other question.

Subrata Sharma: First rental will be like in the end of March and followed by the next quarter onwards all the rentals start commencing. So that means Q1 FY22.

Adhidev Chattopadhyay: Okay so we are on track so there is no change to the earlier projection which is shared last quarter?

M. R. Jaishankar: So handover as you know that it has already happened. All the handovers have already happened.

Adhidev Chattopadhyay: Sir, on our Twin Towers so what are the plans over there? Are we like going ahead with the CAPEX now or are we looking tie up some funds on that project?

M. R. Jaishankar: See the financial closure for Brigade Twin Towers is over long back and the project is in progress and it is progressing on lines as per our plans.

Adhidev Chattopadhyay: Okay so your structural work is already in place, is that how we should do?

M. R. Jaishankar: Yes, it is in progress. It will take two years' time to complete and the market conditions at the end of two years are likely to be very, very different and quite positive.

Adhidev Chattopadhyay: Sir and lastly just on our mall so the occupancy at last quarter you had mentioned there was some churning of tenants in Orion Mall. So when do we see the mall occupancy coming back to over the 90% to 95% levels?

M. R. Jaishankar: See the occupancies are in I would say the churn is happening. Some of the major things where some we terminated something and few other changes are taking place. That should all happen or happening already in this quarter and the new interiors and rent commencement should happen in Q2 of next financial year.

Adhidev Chattopadhyay: So if we read back you will be back to the pre-Covid occupancy levels, is that the right way of reading it in six months' time?

- M. R. Jaishankar:** Certainly.
- Moderator:** Thank you. The next question is from the line of Yash Gupta from Angel Broking. Please go ahead.
- Yash Gupta:** Sir, my first question is on the cost front. What is the average cost of material have been increased in last six months? Can you throw some light on?
- M. R. Jaishankar:** See last two months only the steel prices had gone up almost to the extent of 50% but I think in the last fortnight or last week it has dropped by about 25% and with the government having huge plans for infrastructure it is likely that the cement prices may see an upward trend but it is a bit premature. Right now the plans are just planning. It all depends when the plans requirement fructifies.
- But in all along steel has been highly volatile product and for last couple of years the steel prices were quite stable and moderate and I think with economy reviving and bit of international situation on pricing of iron ore billets the prices shot up. I think now it is back to normal. I would not say normal, it has come down by 35%.
- Yash Gupta:** So sir, just a hypothetical question like suppose for next three months or six months if the raw material cost has gone up by 10% so is there any cost escalation on the pre-sales context that we have?
- M. R. Jaishankar:** See on pre-sales what is already done in the real estate sector cost will not go up but on what is not sold there will be a cost increase. That based on market conditions and ability to absorb for the prices by the customer our decisions would be taken. In fact already in the month of January we have increased the prices by 2% to 3% and which may again go up I feel in the month of March or April.
- Yash Gupta:** Sir, second question on the lease rentals. Can you throw some light on the interest from the customers? Previous participant also asked the same thing as how the customers are reacting now? Are they are looking for the new leases or just churning is happening in the Bangalore market?
- Subrata Sharma :** See the market is actually in transition. Now what we are saying currently is there is an increased interest among the customers to actually relocate to a low-cost market particularly in the outer ring road like the most preferred micro market in Bangalore the rentals have increased significantly.
- So as a part of their reduction plan they are wanting to actually relocate to the areas wherein they can get a cost advantage at the same time the preference among the midsized companies have actually we are experiencing and we are observing them to actually migrate to the properties



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which are perceived as premium. So there is a mix of sentiment but we are seeing lot many expansions, consolidation, and movement towards low cost market.

Yash Gupta: And any update on the hard option as what I remember is the last March was the due date for the Brigade Tech Gardens 0.3 million square feet hard option. Do you have any update on that?

Subrata Sharma : So as far as the hard option with our existing client is concerned they have still keen to actually take the hard option. They will certainly exercise but as I expressed in my last response that the employees have yet not returned to their offices. So as soon as an increase in the percentage occupancy to 30% to 40% they will certainly exercise. So they have requested for further extension in the timeline for about a quarter which we are yet to decide on but they are very keen to consume the hard option.

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

Parikshit Kandpal: Sir, my question was on the commercial properties again. So in this quarter what was the leasing, net leasing for this quarter?

Subrata Sharma : So first clarify that you are actually enquiring about the leasing the overall?

Parikshit Kandpal: Total leasing what was the third quarter leasing?

Subrata Sharma : So ours is approximately around 1.25 lakhs square feet but however as I have said earlier the transactions means even the site inspections etcetera were not happening though the pipeline is very strong off late we are seeing the inspections started to happen and the closures have also started to happen. What we did not report in the last quarter like there is another 1 lakh square feet increase that we have actually recently in principle transacted. That is actually coming for closure like the documentation is being done.

Parikshit Kandpal: In last call we had discussed that in the BTG there were about two deals that includes the quite sizeable like a 0.5 million square feet each. You were saying that it supposed to get closed by March of 2021. So any progress on that any timelines I mean are you seeing things get extended or something or is it on track?

Subrata Sharma : So the pipeline is still strong. The discussions are still happening but as I said the occupancy trend is still very low. It is hardly 7% or close to the part. So first discussions are on and discussions have restarted and we are hoping to close approximately like 2 lakhs to 2.5 lakhs in the coming quarter.



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- Parikshit Kandpal:** And by when do you think BTG will get leased out like in how many quarters, like two quarters, three quarters so by this yearend so any trends on like this 1 million the phase 2 will get leased out?
- Subrata Sharma :** Basically what we are actually positioning ourselves is like by FY22 we want to actually exhaust the entire inventory. That is how we have positioning ourselves and that is how the pipeline is also trending up. Currently it is like more than 0.5 million plus pipeline in BTG. Chennai we are not concerned at all because it is hardly anything and that hard options and plus the vacant space will be taken up and Brigade Tech Gardens as I said we feel that by FY22 we will exhaust the stock.
- Parikshit Kandpal:** Earlier in the call you have highlighted that some of the tenants are looking at lower cost options for the interest and there could be a shift for the start but again do you not think that cost of fit outs and CAPEX on that will be an hindrance while making such a decision from the tenants?
- M. R. Jaishankar:** No, see the thing is firstly Brigade Tech Gardens is not in a high cost location so that way there is no possibility of people shifting away from that unless as Subrata was telling.
- Parikshit Kandpal:** So coming to BTG I am saying some other locations coming to BTG some new tenant comes in he leaves an existing office so I am talking about that so just to incur our fit-out cost in BTG....
- M. R. Jaishankar:** That will be see there are all categories of clients will be there. There are some with or probably a lease expiry date, some with fit outs etcetera so I think these are all different segments in the market. So by and large I think we are in advantageous position from a cost perspective and also quality of the building per se.
- Parikshit Kandpal:** Second question was on Twin Tower. Now Twin Tower you have started construction so you said that it is financially closed. So do you still maintain that this will be totally leased out or are you also thinking that party maybe you can do some start up sales and raise some equity and then lever it and then do the construction? So what is your thought process on that Twin Tower?
- M. R. Jaishankar:** See on an immediate basis we are not considering any strata sale. It is premature to construct. Right now the foundations are complete and the super structure is just in progress. And I think at an opportune time we will look at it and I think this is still too premature to explore strata sales because then the concept of a campus of 1.3 million square feet currently approved and with the TDR we can go up to 2.32 million square feet to 2.5 million square feet. That concept will get defeated. So with the result at least in this financial year and next 12 months we would not consider any strata sale.
- Parikshit Kandpal:** Now question on the revenue side, now we have done record sales all time high sales and probably one of the best figures even if I look at the peers in the Bangalore market so what is

driving that and do you think this kind of run rate is a one off or do you think this momentum can be sustained in this quarter of 1.5 million square feet or if you just....

M. R. Jaishankar: Our CEO, Joshi, Residential will handle it.

Rajendra Joshi: So while we did this in exceptionally good quarter in Q3 we expect that overall trends will continue. Whether we will hit the same kind of volumes you see because the quarter 3 large part, at least a third of it came from our new launch in Hyderabad. So we do expect the trend to continue. Whether we will hit the same number is a question mark at this point of time. We do hope to do well in Q4 as well.

Parikshit Kandpal: And lastly sir, on the land acquisitions I mean in this quarter did we close any land negotiations and there could be any major outflows towards that in next two, three quarters? So any sense on the BD side of that because the kind of numbers which we are seeing so just wanted to get some sense on how you are looking at BG right now and any major outlays you are expecting where already committed over the next one month?

M. R. Jaishankar: See in Q3 we did acquired totally about 30 acres of the proposed 47 acres to 50 acres in what we are currently calling it as Brigade Utopia 2. We have acquired about 30 acres of total land and in addition to that we have also finalized another parcel of some 35 acres which is under due diligence. So that should also give us about 5 million square feet to 6 million square feet once the due diligence is complete and the formalities are completed.

Parikshit Kandpal: That will hit us in the fourth quarter in the cash flows?

M. R. Jaishankar: The cash flows yes, some amount will come in the fourth quarter, yes.

Parikshit Kandpal: So size will about Rs. 130 crores, Rs. 140 crores there or?

M. R. Jaishankar: See the current partially they are all joint development projects. So that way it will be all both together will be below Rs. 50 crores.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Edelweiss Wealth. Please go ahead.

Pritesh Sheth: So on the residential side I was just trying to understand. So over the last couple of years and this quarter as well we have seen your quarterly sales run rate improved versus history and we have done like 4 million square feet, 5 million square feet of launches even in past but we did not get such massive response. So overall what has changed over the last couple of years for the company which is driving such high sales growth both from a strategic point of view?



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Rajendra Joshi : So I think what has happened very clearly in the last two years is that we have built a pipeline of products, the right products in right locations with the right pricing. And that clearly has helped the sales growth in the last two years but I would say that what really has helped on a larger scale is the brand that has been built over the last three decades with the consistent focus on quality, the product and the customer. If you ask me that really is the reason. What has tilted is the products and prices in the right locations but overall, it is the brand that has helped build up sales in the last two years.

Pritesh Sheth: And how did you differentiate on that front versus the competition because we are competing with some larger players in the industry like Sobhas and Prestige and Godrej. So was there any differentiated strategy or so any colors on that?

Rajendra Joshi : No, I would say is the total overall customer perception and we are not saying that they have not done well or anything. We feel they have also done well and though some of the results are not yet announced. Another point to add what Joshi said is there is a clear move towards consolidation to may be about top 10 developers, top 12 developers like that who have the track record of delivery and those who are in the right product segment.

See bulk of our projects are also in the mid segment which is between you can say Rs. 50 lakhs to Rs. 125 lakhs range. So it is also that apart from consolidation. And during this period those who have a track record of delivery in all these good and bad times.

Pritesh Sheth: And just one follow up on that. So from here on how should we look at your launch run rate and your sales run rate over the next two, three years what do you actually internally intent to scale it up to? That would be my last question.

M. R. Jaishankar: See we have ongoing projects and projects on drawing board and I would say the additional phases of existing projects all those together will be about nearly 40 million square feet in the next five years. I feel it can certainly take care of our requirement for the next five years and naturally year-on-year we will also be adding more new projects to take care of future growth.

So like in FY20 before the pandemic we did close to 4 million square feet and in the three quarters we have done about 3 million square feet and based on what has happened in the month of January which is very encouraging certainly very encouraging and if all goes well we should repeat the performance of Q3. We expect the performance of Q3 should repeat as if it all goes well but based on January indication it should do well so naturally we enter 2021 in the next financial year with much more confidence.

Pritesh Sheth: Any internal targets for scaling up further over the next two, three years or we will just go quarter-by-quarter and look how the demand turns out?

M. R. Jaishankar: Yes, see currently it is QSQT.

Moderator: Thank you. The next question is from the line of Amit Agarwal from Nirmal Bang Securities. Please go ahead.

Amit Agarwal: I had one basic question on the margins this time, EBITDA margins is in decline from 28 to about 24 so the reason for that? And the second question I wanted on an overall basis from what I hearing from the market that though the office rental market has improved compared to the worst months of probably April, May, June but they are probably not back to their previous pandemic level.

So what is your views on that and given the fact that you cannot even travel outside or the outsiders cannot come in, foreigners cannot come in so probably with the rental might be a bit delayed for the MFCs. So any view on how the office market could be moving and do you expect it to come back to the original pre-pandemic level in the near future?

M. R. Jaishankar: See the margins are similar. There will always be a plus, minus 2% etcetera. Always there will be plus, minus 2% which is based on product mix and the current marketing strategies to gain that business in this tough times which has really helped us and I think going forward we have always maintained the EBITDA will be somewhere in the range of 26% to 30% or so in that range. It is very difficult to exactly say it will be 26% or 27%. It will be in that range.

And as far as the office business is concerned definitely 2020 the business scenario was pretty bad. The biggest positive is we have retained the clients that we have and as Subrata mentioned about 125,000 square feet of new leasing we have done and you are right till international travel commences which we hope may happen between April to June or so or at least by June. Things will be beginning to look up but the overall office leasing market itself it will take at least 2023 or 2022 definitely for it to reach 2019 levels.

Amit Agarwal: Given that do you expect I mean when you are negotiating for your own leasing is there a probability that the rates could be softer than what you had thought earlier?

M. R. Jaishankar: See so far by and large the rates are stable. Whatever we have planned to increase the lease rents that **may not happen** but the rents are I would say stable. See there is a variation of 2%, 3% I do not think we have to give too much credence to that.

Amit Agarwal: For the new leasing also I am talking about I mean new leasing which you are looking at I mean that is also in line with what you had thought earlier?

Subrata Sharma: So this is Subrata. So as far as if you just see these two major markets Chennai and Bangalore and majorly where we are present both these micro markets have actually held on to the rentals and the recent two leases that we have concluded in fact the rentals are higher than the weighted average of the rentals that we have achieved thus far. So though the increase trajectory may not

be as it was earlier but as far as the rentals have concerned it is like holding still and we are able to get like Rs. 2 more than what we are closed earlier.

But one thing is like we are experiencing whatever the prospects that we are discussing with they are coming with an expectation of reduced rentals but they are signing off at the rentals which are at par with the micro market and we are even better than the weighted average of the micro market rentals.

Amit Agarwal: And the last question from my side. I just note that you have reduced your debt this time so are you looking at debt reduction further and probably bring it down to a lower level? Your thoughts on that?

Subrata Sharma: Yes, we are looking at that of course debt management is always in the sight of the management and we would like to manage this. This real state reduction the reduction in debt is happened in real state where you have seen that cash flow has been very, very good and we thought that in an appropriate time whatever the loans we can repay we are repaying and we will going forward also we will have that effort to reduce as far as possible in the debt. Of course our 70% of debt is in CAPEX and LRD where it will continue as such.

Moderator: Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi: So two questions from my side. One with the increase in occupancy that we have seen in both the retail and the hospitality business what is the kind of cash burn that we are facing now in these businesses? And a related question is that I think we have mentioned that we have taken the ECLGS facility so what is the quantum of the facility that we have taken? And the second is what was the contribution from BTG towards the rentals in this quarter?

Atul Goyal: See if you see all hospitality and retail always been in positive. Hospitality was operation negative. Now they are operational positive. So there are no operational cash burns happening now. So there is no issue right now on that account. Of course ECLGS has happened and it is helping us to service the loans and in the hospitality sector we have taken around Rs. 100 crores of ECLGS against various hotels.

Parvez Akhtar Qazi: And sir, the BTG rentals?

Atul Goyal: We are getting the BTG rentals. You want the amount?

Parvez Akhtar Qazi: Yes, I want the amount for this quarter?

Atul Goyal: It is around Rs. 6.5 crores per month.



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Moderator: Thank you. The next question is from the line of Ritika Agarwal from Valuequest. Please go ahead.

Ritika Agarwal: My first question is what kind of areas coming for renewal or expiry in your commercial segment in the next one year?

Subrata Sharma: So the renewals approximately like whatever the existing portfolio that we have. It would be hardly 10% to 15% of the existing portfolio but these are not saying this for the BTG and the WTC clients because those are the new tenants that we have closed.

Ritika Agarwal: Second question is so we were previously talking about monetization of our hospitality segment so is there any update on that or how are we looking this right now?

M. R. Jaishankar: Yes, as I have mentioned in earlier analyst call we sometimes in the month of February 2020 we had more or less finalized taking private equity partner but by that time unfortunately the pandemic hit. So during this period we did not pursue the discussions which is naturally the right thing to do and now I think some discussions are coming back and probably I cannot indicate a clear date as to when it may happen.

As far as we are concerned there is no dire urgency. We will try to get the proper value for us whenever we want to dilute the equity. So it cannot be we are now and it cannot be a distress situation or anything or it will not be a distress situation.

Moderator: Thank you. The next question is from the line of Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: Sir, my question is on the residential cash flows and debt. So it is quite commendable you have reduced the residential debt by about Rs. 140 crores in this quarter. Wanted a sense that if your collections continue to be healthy in Rs. 500 crores plus range do you think that you can continue to generate free cash flows given the construction activity and the debt can consistently keep coming down or is it a one-off thing that happened this quarter?

Atul Goyal: The endeavor is that only and the cash flows is there. The cash flow what today we are having the quantum if it is continues definitely we will be continuing to reduce our debt. We have taken some sweep in facilities from the banks where a part of collection is going directly into the repayments so we have been taking this opportunity to reduce our debt as far as follows. Having said that you already know that we have a lowest real estate debt in the total compared to the competitors in real estate business.

Mohit Agrawal: Yes, absolutely sir. And so I want to know that is there a medium-term target of being debt free on the residential front?

Atul Goyal: So it is very difficult, Mohit, because there are new projects are also coming and we are taking construction loan but if sales are good definitely the usage of loans are very, very low. So we are targeting that. I cannot give an estimated number but definitely you will see quarter-on-quarter reduction in real estate debt. That is what we are trying to do.

Mohit Agrawal: Okay and sir, my second question is now that we have fairly an idea of what kind of numbers we will do in FY21 pre-sales. What kind of a growth are we looking for in FY22 based on the launch pipeline that is visible? So any guidance that you can give?

Rajendra Joshi: So this Rajendra Joshi. While you would see that FY21 is going on well currently. We do have a strong pipeline of projects coming in FY2022 and we see the overall trend continuing. How much would be the volume as Chairman mentioned couple of questions back one will have to see how the whole situation will pan out but we expect that the brand consolidations will continue and given our products locations and pricing we should see a good trend in the coming quarters.

Mohit Agrawal: And sir, just a last small question from my side. On the retail front, in start of FY22 do you see most retailers are all retailers going back to the hire of MG and rev share and does it include multiplexes as well or you know the waivers will continue in FY22 as well? That was the last one.

Shashie Kumar: I am Shashie Kumar. So as far as our retail portfolio goes and for our Destination Mall that is Orion Gateway goes we are in pretty comfortable situation. Even now as of quarter 3 we are 81% occupant and I think the traders are trading and then out of the balance 19% about 4% to 5% is already leased and it is in a various stages of the talk where we will see that by April or I think at the beginning of next fiscal year we will see them adding another 4%, 5% through this 81%. And out of the balance 14% odd which is vacant we already have about 9% to 12% in various advance stages of concluding the deal.

So to an extent even at this point of time we are at a pretty comfortable situation in terms of occupancy and the vacancy conclusion goes. Regarding to the rental part this fiscal year which we have already entered in to some kind of a rental arrangement till about quarter 3 we have recovered by about 45% on a like-to-like comparison of quarter 3 of last fiscal year and in the quarter 4 of this fiscal year we would see that as against 55% I think we will be more or less 52%, 53%. That is as far as recovery goes.

But next year for sure right from the month of April we are going towards the normal rental as far as whatever we have projected. Similar as of 2019-20 fiscal year. That is beginning of the next fiscal year.

Moderator: Thank you. The next question is from the line of Alpesh from Motilal Oswal. Please go ahead.

Alpesh: My first question is on the land acquisition that you were talking that we have done like 30 acres of land parcel and 35 acres as in due diligence. So what would be the total development area potential in these two land parcels?

M. R. Jaishankar: It should be about 12 million square feet together.

Alpesh: And both these land parcels are in Bangalore?

M. R. Jaishankar: Yes, both are in Bangalore. Both are substantially residential but with some component of supporting commercial and neighborhood requirements.

Alpesh: And my second question is on the hospitality side. So as we understand that most of our hospitality business is mostly commercial driven so work related travel driven so do you think that work related travel will come back to the normal levels anything soon or even in the medium term given the fact that there is a large adoption of the technology in the commercial or the professional business meetings that are happening these days? So any color on that would be very helpful.

Vineet Verma: This is Vineet Verma here. You have asked a very good question. What has happened is that fortunately for us you know the January numbers that we have seen the occupancy are inching up. In fact three of our hotels have now closed at 50% occupancy. And the business mix fortunately mostly domestic but a lot of it is coming from the pharmaceutical thus our manufacturing sector and the startups interestingly there is a new segment that has picked up.

So we are fairly hopeful that the occupancy will gradually keep inching up and hoping to be at least touching 70% to 75% of pre-Covid by the end of this year if not early next year.

Alpesh: And just one from the retail side. So as you are mentioning that as we hit the month of April and we might go back to the pre-Covid level kind of rental structures. So will it be possible even for multiplexes to come back to the old rental structures or there would be some kind of waiver which would be given to them given the fact that they have recently started operations?

Vineet Verma: No, all our waivers are only effective till March of this fiscal year. And we have made it very clear in our understanding that effecting from April it will be back to the normal run rate as what it was earlier as per the lease agreements.

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

Prem Khurana: Most of my questions have already been answered. Just one from my end and it was with respect to residential real estate bookings that we have had during the quarter. Amazing number we have in this kind of environment wherein the market is still seemed to be recovering. Just want to

understand I mean if you could share the construct of this Rs. 880 odd crores of residential bookings that we have during the quarter in terms of how much of this would have been sold under subventions of favorable payment plans?

And why I asked this is essentially because of the fact that when we enter into Covid I mean in the month of April most developers I mean it requires a kind of do little extra to be able to kind of get some of these customers come on board and buy properties either it was in the form of let us say discounts or subvention schemes which is how you could have these customers come to when there was more of a push.

So just want to understand if it is still the same situation wherein the developer is required to kind of go little extra mile to be able to kind of get these on board or the recovery has come back in a big way which is where we are able to sell better?

Rajendra Joshi:

So this is Rajendra Joshi. To answer your question for us as the portfolio subvention would be less than 2% if at all there. In fact as a company we are not much into subvention at all. Most of our sales is construction linked payments which is why you also see that our cash flows have been so healthy despite all these difficult times. As the Covid started we did some payment relaxation methods when we started with the pandemic but over the last two quarters we have more or less withdrawn most of them.

M. R. Jaishankar:

For all practical purpose's subvention is zero.

Prem Khurana:

No, I understand for us I mean it will be negligible but how about the market I mean it is still a push market or the demand has come I mean is it still I mean people are requires to put in extra efforts to be able to get customers on board or the demand has come back in a big way?

M. R. Jaishankar:

No, I would say the demand has come back. Push is to the extent of additional efforts with the sales teams and better strategies. It is not in any other way and even in the normal circumstances we will have a certain I would say special efforts like exhibitions etcetera and the same strategy is continued and I think that is how. There is no other separate push of 595 or things like that.

We do not have such schemes and by and large we do not believe in such schemes. That will all result in high cancellations later and I am also happy to say whatever data we are giving or sharing is all net of cancellations. I am not saying there are no cancellations. There are cancellations but the data furnished Rs. 1.53 billion is net of cancellations. And us up to date as on 31st December all our figures are perfect.

Moderator:

Thank you. The next question is a follow up question from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.



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Adhidev Chattopadhyay: The question is on this our mall project with Prestige in Chennai. So when does the project start and is there any estimated CAPEX more for that project?

M. R. Jaishankar: See the best people to say that is Prestige themselves. Probably in their investor call on 12th of 13th of this month. So currently from what we know it is under final design approval stage and considering any projects of that nature will take about one-year time for approval. If all I think it will start only in year 2022 and not earlier is my expectation. Give or take plus, minus two to three months.

Adhidev Chattopadhyay: And just on Citadel which we launched. Could you tell what is the overall area launched during the quarter and what percentage were sold in that project? Just wanted to understand how we sold on launch over there.

Rajendra Joshi: Yes, so we have sold in the last quarter about 0.45 million. We had launched close to about 0.6 million in that quarter of which 0.45 million has been sold.

Adhidev Chattopadhyay: So 75% were sold on launch of that inventory?

Rajendra Joshi: Yes.

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

Parikshit Kandpal: My question is on the residential business. So 1.5 million which you sold so if I see your website there are offers going on, no stamp duty and registration and flexible payment plans which you earlier discussed. So out of these sales how much will be the contribution from these two schemes?

Rajendra Joshi: This is Rajendra Joshi again. I would say that the two schemes that you mentioned just now were launched in January. This was not there in the last quarter. While we did have some flexible payment plans earlier in the previous quarters but as we mentioned in the last question the uptake for such schemes has been quite low. In fact most of our sales have been under the construction linked only. I would say about 95% to 98% of our sales is on the construction linked plans.

Parikshit Kandpal: You bump up the prices like how do you adjust NPV for these flexible plans?

Rajendra Joshi: So what we do normally is that in some of our projects we do already have some discount structure. So all these schemes that you mentioned are worked out within the available discount structure. We normally do not offer further discounts. In some places yes, we do bump up prices if there is any such scheme going on but that is rare.

Parikshit Kandpal: Okay my last question is on the residential business again. So we are largely limited to developing projects in the Southern India. So now we are hitting already 1.5 million and the expectations is running high so annualized that number it comes closer to 6 million square feet on a very optimistic side.

But looking at growth and other launches which the developers or competitors will plan for the next year and some new entrants in that market who are doing very aggressive BD so the market share is enough for grasp for everyone. So beyond South do you have any plans to diversify into other markets and take a maybe market share and continue engaging that kind of a growth number on a year-on-year basis?

M. R. Jaishankar: Currently we have no plans to go beyond Vindhyas other than to the extent of Gift City which we have made. It is not a great step but we are there in Gift City but we will focus on Bangalore, Chennai, and Hyderabad as our focus markets. And I think these three metropolitan cities offer enough opportunities in my opinion. There are large developers for decades they have believed only in NCR market.

There are large developers who have built only in Mumbai market. So that way I think the three cities of Bangalore, Chennai, Hyderabad offers enough opportunities and I think by and large we may stick to it.

Moderator: Thank you. Ladies and gentlemen, we will take the last question from the line of Pritesh Sheth from Edelweiss Wealth. Please go ahead.

Pritesh Sheth: Sir, I just wanted to know one bookkeeping question. Your breakup of the collections between residential, commercial and hotel if you can provide?

M. R. Jaishankar: Can you just make the question clear?

Pritesh Sheth: Yes, break up of collections between residential, commercial and hotels for this quarter?

Atul Goyal: Yes, so we have for this quarter Rs. 518 crores in residential, Rs. 14 crores in commercial sale, leasing is Rs. 117 crores, hospitality Rs. 22 crores and of course Rs. 22 crores are the security deposit.

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

Pavitra Shankar: Thank you everyone for joining us on this call. 2020 was the year of change in learning and we certainly did both. The pandemic threw a spanner in the works for our businesses but some have recovered faster than expected. Overall we are hopeful that the worst is behind us. In closing, we would like to focus on some positives from our business perspective. A more immediate



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driver to change the current course is a much-needed shot in the arm both literally and figurately speaking the Covid Virus vaccine.

A lot is riding on the successful distribution and reach of the vaccine especially our businesses that are directly constrained by the virus because of its in-person services that is hospitality and retail. A step in the right direction is the recently announced union budget that has earmarked a whopping Rs. 35,000 crores procurement plan. We wish all those involved in its distributions the very best.

While on the topic of the budget we appreciate the government's continuity of policy and measures that indirectly benefit us. Although we are hopeful that recommendations from the real estate sector will be addressed as soon as possible especially with regard to lowering GST on cement and reinstatement of input tax credit. Continued improvement has been intrinsic in our brand philosophy and the challenges of 2020 has prepared us not only to face uncertainty but to also revisit processes for business continuity.

The important aspects that helped us was the constant top down communication, teamwork and equipping of teams efficiently and seamlessly work from home. In fact we were the first real estate developer to organize multiple successful online expos last year is a testament to quickly adapting to the new normal. Furthermore we are deepening our focus on a long-lasting design philosophy of sustainability in our products by supporting a number of initiatives to enhance the community and the natural environment around the project sites.

Some noteworthy examples are Brigade Cornerstone Utopia, the large scale mixed used development that offers a future ready lifestyle including a range of green measures. And Brigade Tech Gardens panning that has been certified as the USGBC LEED Platinum SEZ Development. We are constantly working towards developing safer, greener spaces for the future and will continue to consciously practice and prioritize sustainability in all that we build.

Brigade REAP, our Tech Accelerator received over 122 applicants as part of its 9th cohort of start-ups. In the past the startups have seen an increase of over 150% year-on-year growth in revenue. 42% of them have raised funding within 12 months of graduating with the real estate industry being actively involved in not just giving business but also investing in many of these startups.

As you have heard, we have established ourselves strongly in Hyderabad and Chennai which will continue to be geographies of focus. From changing the skyline of Bangalore we aimed to make the difference in these cities as well. On that note, we would like to thank all of you for being part of our Q3 FY21 updates and on behalf of everyone at Brigade we wish you the very best. Stay safe and stay healthy. Thank you.



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