

## Brigade Enterprises Limited

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Listing Department  
National Stock Exchange of India Limited  
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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 Q4 FY-21 Earnings - 19<sup>th</sup> May, 2021:**

We are enclosing herewith the transcript of the Conference Call on the Company's Q4 financial results for the financial year 2020-21 held on Wednesday, 19<sup>th</sup> May, 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 is recognised as being among  
the best work places in the Real Estate Industry.





“Brigade Enterprises Limited's Q4 FY'21 Earnings  
Conference Call”

**May 19, 2021**



**MANAGEMENT: MR. M.R. JAISHANKAR – CHAIRMAN & MANAGING  
DIRECTOR  
MS. NIRUPA SHANKAR – EXECUTIVE DIRECTOR  
MR. AMAR MYSORE -- EXECUTIVE DIRECTOR  
MR. ATUL GOYAL – CHIEF FINANCIAL OFFICER  
MR. RAJENDRA JOSHI – CHIEF EXECUTIVE OFFICER,  
RESIDENTIAL  
MR. VINEET VERMA – CHIEF EXECUTIVE OFFICER,  
HOSPITALITY  
MR. SUBRATA SHARMA – CHIEF OPERATING OFFICER,  
COMMERCIAL  
MR. OM PRAKASH P – COMPANY SECRETARY  
MR. PRADYUMNA KRISHNAKUMAR – VICE PRESIDENT,  
INVESTOR RELATIONS**



*Brigade Enterprises Limited  
May 19, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY'21 Earnings Conference Call of Brigade Enterprises Limited. We have with us on the call today Mr. M.R. Jaishankar – Chairman and Managing Director; Ms. Nirupa Shankar and Mr. Amar Mysore, Executive Directors and Mr. Atul Goyal, CFO and 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. Thank you and over to you, Mr. Jaishankar.

**M.R. Jaishankar:** Thank you, everyone for joining and good afternoon. We hope all of you and your loved ones are keeping well in this tough times.

On behalf of the company, I would like to welcome you on the earnings call for the Fourth Quarter of Financial Year 2021. I am joined remotely by our Executive Directors – Ms. Nirupa Shankar, Mr. Amar Mysore. Our senior management team is also present on the call; Mr. Atul Goyal -CFO, Mr. Rajendra Joshi – CEO (Residential), Mr. Vineet Verma – CEO (Hospitality), Mr. Subrata Sharma – COO (Commercial), Mr. Om Pprakash P – Company Secretary and Mr. Pradyumna Krishnakumar – Vice President (Investor Relations).

Due to the current lockdown in Bangalore, people are connected to this call remotely from different locations. So, if there is any kind of issue during the answer, kindly bear with us.

We in Bangalore are currently under lockdown as the healthcare system is working hard to cope with the second wave of the Wuhan Virus. Citizens of this country continue to struggle to find beds and oxygen and we must do our part to break the chain by remaining at home despite the cost to business.

FY'21 was a disruptive year that required us to be agile and change the way we do business. Despite a muted Q1, we are happy to report our company recorded its highest ever yearly sale of 4.6 mn.sq.ft. in residential segment, resulting in a sale of Rs.2,767 crores, 16% increase over the previous year. This was mainly contributed by the residential business that registered another record-breaking performance in Q4. We clocked over 1.66 mn.sq.ft. of new booking in a quarter for the first time having a value of Rs.1,018 crores. We have also had our best quarter on the collections front at Rs.840 crores in Q4, a growth of 58% from the previous quarter, driven by high sales and good construction progress.

The key reason for our continued success is a result of our core business proposition that is having the right project in the right location at the right prices, our quality and service that



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customers associate with brand Brigade in addition to our innovative marketing campaign and the high quality of our sales team.

Our projects in Hyderabad and Chennai continue to deliver consistently high result along with our projects in Bangalore. The key trends observed in Q3 have continued in Q4, that is customers continue their preference for completed inventory and larger units, there is high demand for home price between Rs.50 lakhs to Rs.1 crores and larger players have shown high growth further consolidating the market.

The outlook for Q1 FY'22, that in the coming financial year is again muted due to the resurgence of COVID-19 second wave; however, we believe that the rebound for the market during financial year '22 will mirror what we witnessed in FY'21 as long as we are not affected by the so-called third wave of the virus.

In our Office segment, the continued focus on collections of lease rentals has resulted in 99% collections.

On the leasing front, while we are experiencing increased momentum in enquiries, (RFP) releases which is Request for Proposal releases and site inspection, the market has gone into hibernation mode since onset of COVID -19 second wave. However, robust hiring in IT and ITES sectors increased quite a good amount of latent demand for real estate spaces. This sentiment is well exhibited among all of our ongoing discussion with prospective clients. And also among our major new tenants who are poised to start their operations in Chennai and Bangalore. As on date, our high probability pipeline is around 1 mn.sq.ft. in Brigade Tech Gardens, Bangalore and World Trade Center, Chennai and (BIFC) Brigade International Financial Center in GIF City, Gujarat.

The pipeline constitute large, medium and small tenant enquiries. Enquiries and transaction momentum at the GIF City has increased significantly with addition for multi-asset classes under (IFSC) International Financial Service Center. We have concluded lease renewals of approximately to 200,000 sq.ft. this quarter and concluded lease agreements for Brigade Southfield at 345,000 sq.ft. building in Whitefield, Bangalore and Brigade Senate, a 177,000 sq.ft. building previously strata sold to investors. These have been taken up by Fortune 500 companies.

Coming to the retail vertical, we saw better than expected recovery trend with sales for many stores reaching 90% of pre-COVID level by March 2021, primarily in our flagship mall, Orion Gateway. Rent recovery was at 96% for the quarter compared to Q4 of FY'20. Categories that did well were consumer, electronics, cosmetics, sports and atleisure, fast fashion departmental stores.



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In our flagship mall, Orion and Brigade Gateway, the good news is that 17 new leases were concluded accounting for 7% of the gross leaseable area with an average increase of 10% in the rental. There were another 20 tenants who renewed their leases with an average of 31% escalation in rentals accounting for 5% of the gross leaseable area compared to the previous lease deed signed. Despite the current lockdown, our focus continues to be on proactive tenant engagement and rental recovery so that once stores are allowed to reopen, tenants are focused on operations and prepared for a bounce back.

Finally, in our hospitality business, we continue to see positive improvement in Q4. Our portfolio of 8 Hotel, achieved an average occupancy of 43% in Q4 compared to 27% in Q3. However, average room rent continue to be under pressure having reached close to 60% of pre-COVID level. Gross operating profit for the portfolio increased from 16% in the previous quarter to 22% for Q4 FY'21. The hotels continued strict monitoring of operating cost and other overheads to ensure that we protect our bottom line as far as possible without compromising on the quality of our services. But with the recently added lockdown restrictions imposed in the cities we operate in, we expect the hospitality industry as a whole to be under pressure until there is relaxation on travel and movement of people. We continue to monitor the situation on a day-to-day basis.

Based on the performance of Q4, we were extremely bullish for FY'22 and set ourselves aggressive target. But the lockdown and impact of the second wave has created a dampener for the Q1 of financial year '22. We remain hopeful that with the government's plan to get the entire adult population vaccinated in the coming year, the business environment will become more conducive for travel and transaction and we can focus on sales and strategy.

Thank you for your patience. Now, Mr. Atul Goyal, our CFO, will present the financial results in detail. Thank you once again.

**Atul Goyal:**

Thank you, sir and good afternoon, everybody. I think everybody and your loved ones are safe.

On behalf of the company, I would like to welcome you on the Earnings Call for Q4 FY'2021. In Q4 2021 the economy was almost open and showed signs of all-round recoveries, it led to an increase in pace of recovery in all segments. In real estate especially new launches and sales across our key markets witnessed a significant jump. Similar to last quarter, sales picked up due to all-time low home loan rates, stagnant residential prices, work-from-home. The consolidation in the sector has also played a big role. The easing of lockdown restrictions further aided in bringing buyers back to the market as sites visits were easier to plan.

On company side, this quarter again has been better than last quarter in terms of business performance. Let me give you some key highlights though some CMD has already shared. We have recorded all-time high sales of 1.66 mn.sq.ft. during this quarter vis-à-vis 1.53 mn.sq.ft. during last quarter. For FY'21, the sales volume stood at 4.6 mn.sq.ft. with the total value of

2,767 crores recording a growth of 16% over previous financial year and is also highest ever sales by the company.

As demonstrated in our investor presentation, our real estate has been growing at a CAGR of 43% over last three years. As of 31<sup>st</sup> March '21, Brigade had approx. 18 mn.sq.ft. of ongoing projects and 1.43 mn.sq.ft. of upcoming projects and we are confident to maintain this run rate in future as well.

We have also seen significant jump in residential collections, and this was the best quarter in terms of collections totaling to Rs 840 crores in Q4 FY21. Total collections were also highest in Q4 2021 at Rs.1,118 crores, 64% higher than last quarter, incidentally, this is the highest collection which company has done in its history.

On the leasing side, we have been achieving 99% rental collection with gradual increase in the occupancy in the operational portfolio.

On the retail side, we have witnessed higher tenant occupancy and in the mall and consumption was about 90% of pre-COVID levels.

We also saw a decent uptick in hospitality performance from September 2020. We have broken even in terms of operation in 8 Hotels with average portfolio occupancy increasing to 43% in Q4 FY'21 from 27% in Q3 FY'21. GOP margin stood at 22% for the quarter. Company is confident of mitigating the impact of the second lockdown by strict monitoring of cost and plugging in deficiency if any.r.in Hospitality Segment.

On a consolidation level, there was increase in operational cash flow from operating activity by 61% from last quarter and 83% from last year. We continue to have adequate liquidity and undrawn credit lines from the bank. Our average cost of debt has been lowest; it has been coming down consistently over the past few quarters and was 8.40% as on March '21 versus 9.57% as on March '20, 117 bps reduction that would result in an annualized saving of over Rs.50 crores.

Coming to consolidated financial performance for FY'21, the consolidated revenue for FY'21 stood at Rs.2,010 crores versus Rs.2,682 crores for FY'20, whereas the same for Q4 FY'21 stood at Rs.821 crores versus Rs.654 crores in the previous quarter of (up 26%). The consolidated EBITDA for FY'21 stood at Rs.532 crores. EBITDA margin stood at 26% which we have been maintained consistently for so many years. The EBITDA for Q4 FY'21 was Rs.218 crores versus Rs.157 crores in previous quarter (up 39%).

The Real Estate segment clocked a turnover of Rs.1,525 crores at an EBITDA of 17% in FY21. The hospitality segment clocked a turnover of Rs.114 crores at an EBITDA of 5% in FY21. The Leasing segment clocked a turnover of Rs.371 crores at an EBITDA of 70% in FY'21. The

interest and finance charges for FY'21 stood at Rs.346 crores. Consolidated PAT after MI for FY'21 stand at Rs. 46 crores.

Coming to the debt position, there was a reduction of Rs.195crores in real estate debt which was driven by higher sales and collections for FY21. The cash and cash equivalents stand at Rs.726 crores as on March 31<sup>st</sup> 2021 which is one of the highest company has had. Consequently, Company's net debt outstanding as on March 31<sup>st</sup>, 2021 is Rs.3,574 crores, out of which **Brigade's** share is Rs.2,654 crores. 75% of the total debt pertains to commercial portion, of which 65% is backed by the rental income.

We have credit rating of "A with Stable Outlook" which has been assigned by both CRISIL and ICRA.

Now, I will hand it back to the 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.
- A Chattopadhyay:** First question is on the residential business. Could you just quantify for this quarter the percentage breakup of say between Bangalore, Hyderabad and Chennai if that is available?
- Rajendra Joshi:** Good afternoon, everyone. For the Q4, we had nearly 60% of our sales coming from Bangalore and the balance 40% coming between Chennai and Hyderabad.
- A Chattopadhyay:** Chennai would be the WTC residences, right, that is the only project or Xanadu is also included.
- Rajendra Joshi:** We have two projects; Xanadu in West Mogappair and WTC Residences. So both these put together contributed, the volume and value really came from Xanadu, Xanadu saw very good uptick in Q3 and Q4.
- A Chattopadhyay:** Since you have done such a good performance even under COVID in FY'21, so any range of guidance for the residential business which you are targeting for next year?
- Rajendra Joshi:** As you know, we normally do not give guidance numbers, but first quarter will definitely be muted as Mr. Jaishankar pointed out because of lockdown in all three cities that we majorly operate in. We do expect that from Q2 onwards business will pick up.
- A Chattopadhyay:** Second question is on our mall business. Mr. Jaishankar alluded that we have signed up new leases and also you have done rental renewals. So with the lockdown again happening and malls being shut, now could you give us a color on what is the sort of rental waivers or anything that we may have to give or is it too early to take a call there?

**Nirupa Shankar:** Hi, Adhidev, Nirupa here. We followed a fair pattern last lockdown based on the different kind of categories, obviously for cinema, that was different, food and beverage it was different, anchors was different, vanilla stores was different, but basically from most of the stores especially the apparel stores, we were able to get some sort of maybe like between 25% to 50% of the minimum guaranteed rental. Once the lockdown is over, we had a slab structure for that as well, so for instance, suppose the retailers did about 75% to 100% of the pre-COVID level sales, then we would charge them say 100% of the MG. If it was between maybe 50% to 75%, it would be 75% of the MG. We had different slab for various categories and we had come up with an agreement where all of us where tenant and we signed off in that agreement last lockdown period and post lockdown period. So what we are doing is we have proactively reached out to all the tenants in this lockdown and said, that we plan to follow a similar structure as last time so that we do not have to reinvent the wheel and waste time and effort on renegotiation. So our communication has gone out to most of them already and we hope to sort of decide on the commercials during the lockdown period. So, that once we open, everybody already knows what their dues are and we can just focus on business.

**A Chattopadhyay:** For FY'21, for the mall business, how much you would have collected had the lockdown not been there?

**Nirupa Shankar:** Actually for FY'20, it was approximately Rs.120-odd crores and we did about 50% of that in FY'21. Had the lockdown not been there, then it would have been much more obviously because we look on annual growth.

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

**Pritesh Sheth:** Firstly, you had a good new launches in this quarter. So how much that contributed to our overall sales?

**Rajendra Joshi:** The new launches for last quarter contributed about 30% of the total sales by value.

**Pritesh Sheth:** Looking at your pipeline for FY'22, obviously there is uncertainty around, but it looks a tad lower. So where can the pipeline go in terms of launches expected for FY'22?

**Rajendra Joshi:** Currently, what we have indicated is where we have a visibility on approval. There are some more projects which are in the pipeline which we intend to launch as and when we get approvals and also based on market sentiments for the year FY'22 we have fairly good stock in the pipeline.

**Pritesh Sheth:** So can we expect launch pipeline to continue to be around 5, 6 mn.sq.ft. that you reported over the last three years?





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- Rajendra Joshi:** What we clearly see is that there is an inherent demand which is there this time. The second feedback from the ground is that the customers are a lot more confident this time compared to last time because last time it was the first time that we had this kind of pandemic and the customers were very unsure of their income stream, etc., the uncertainty is much lower but one has to wait and see how the pandemic would play out simply because this time it is a lot more lethal and a lot more contagious compared to last time.
- Pritesh Sheth:** On Xanadu-IV, you had one minimal launch this quarter but I do not see in the FY'22 pipeline which you have indicated. So any change of plan there? Xanadu is ideally doing good.
- Rajendra Joshi:** With this one last cluster phase we are yet to launch. We are in the process of soft launch. So that will get into action once the lockdown is over.
- Moderator:** Thank you. The next question is from the line of Yash Gupta from Angel Broking. Please go ahead.
- Yash Gupta:** Can you throw some light on how the construction activities are going on in our various projects and as well as how customer enquiries, whether it is online or offline?
- M.R. Jaishankar:** As far as construction activity is concerned, they were all progressing quite robustly. We have nearly 11,000 workmen in various sites. Only during the lockdown I think there has been a gradual decline. But in spite of that, we have about 70% of the workmen working in our different sites. And I think once the lockdown is lifted, within a few weeks, the numbers will come back to the previous level and it may even go up. As far as the business scenario is concerned, I think Joshi can add about our efforts on digital marketing and others.
- Rajendra Joshi:** As far as enquiries are concerned, they have been online, in fact, digital has been the main source of our enquiries for the last three years but because of the lockdown in the last two to three weeks, lot of transactions whatever that was happening has been online transaction because we are not operating our sales offices in most of the cities.
- Yash Gupta:** Second question is on commercial office side. Can you share some detail on how the demand is there in the market and along with that if any details you can share on the latest deal we have done on the commercial office side?
- Subrata Sharma:** As far as commercial segment is concerned, we feel that there is a significant amount of latent demand because of the robust hiring that is going on in IT, ITES sector plus the sector is also growing. Though not as vigorously as it was doing earlier, but there is a significant room. We also experience the same. When we started this quarter, we actually concluded five transactions and we were actually hoping to do more but because of the lockdown again everything became muted. So, overall, we feel that based upon our current pipeline of 1 mn.sq.ft. and the kind of enquiries that we are getting, even today we got an RFP. So there is a kind of significant latent

demand. We are just waiting for the things to normalize. So unless and until the reoccupancy start happening, we do not feel that real estate discussions will happen in the company. Though as much as strategy orientations, almost all the companies who actually wanted to sign up in in the phases, internal discussions are on.

**Yash Gupta:**

I think in the first quarter you have done a deal with Teva Pharma. So how that particular deal is different from the pre-COVID deals that we used to do, is there MTM pretty much larger on this type of deal what we are doing currently?

**Subrata Sharma:**

What is happening you know, if you ask me based upon our experience, whenever the deal size is huge, then companies would actually take more time to understand how the market phases pans up so that they can plan their manpower resources, movement or deployment of their CAPEX, etc., But so far that we are seeing, the gaining momentum is majorly from the mid-size and so far like 1 lakh sq.ft. to 2 lakh sq.ft. of transactions wherein companies want to actually gain the cost advantage. And we have seen quite a significant momentum in our GIF City because of the various asset classes getting included under IFS, so we saw more transactions getting closed there and we have done sizeable deal in GIF City. Then we also saw some quite good number of enquiries in terms of mid-size companies asking for spaces and discussions are on. So the momentum is majorly as on date from the midsize and so far 1 to 2 lakh bracket but at the same time we are in discussion for very large size transactions but that we feel will take time.

**Moderator:**

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

**Parikshit Khandpal:**

In the last two quarters we have done 1 mn.sq.ft. and 1.5 mn.sq.ft. now. So if I annualize it, maybe the ballpark somewhere about 4 mn.sq.ft. to 6 mn.sq.ft. annual. If I see your overall pipeline, so we have about 7 mn.sq.ft. of unsold launch project and about 30 million odd feet of land bank. So from the business development perspective, we have about five to six years of land bank. My first question is out of the 27 million, how much can we brought into the market or is it ready to be launched in the market? Second would be again on business development. Can you just highlight your business developmental efforts both on land acquisition be an opportunity in context of kind of volumes which you are doing right now.

**M.R. Jaishankar:**

While as earlier mentioned, we may not want to give the guidance, but it is a desire of every company to do better year-after-year that is our objective also. As I said, as far as Q1 is concerned, since it is muted, we will not be in a position to estimate for the rest of the year till the things improve. But we hope things will settle down in the coming months itself. And having said that, other than 1.43 million with approvals that are ready to be launched, we have nearly 2 mn.sq.ft. more that we should be able to get approvals fairly soon or within the next two quarters and be able to launch that. And of the five, six years stock that we have, these are all very-very

doable and they are also in different stages of design development and also depends on various permissions, considering some of them are large projects, so it may take a little bit longer in order to get the environmental clearances and related thing. But I think we are at it and naturally acquiring more properties is an ongoing process, that exercise is always on.

**Parikshit Khandpal:** Last time, you invested close to Rs.185 crores in land, so do you think this will be succeeding on an annual basis for next few years?

**M.R. Jaishankar:** Probably yes, but it all depends whether we end up signing joint development agreements or we end up signing properties to purchase, but I think that kind of estimate is not wrong, we have to keep that in mind.

**Parikshit Khandpal:** My second question is on the commercial leasing business. Now, we had seen a decent start for the fourth quarter and five transactions were concluded. Just wanted to know what is the total quantum of this transaction and which project? And second thing would be on BTG. So there what kind of RFP we are seeing for BTG project and when do we see us rental start kicking up there, from which quarter, maybe in the financial year where we start getting some positive development in that?

**Subrata Sharma:** As far as the transactions are concerned, so as I said, these are mostly small and medium-size companies that we concluded. So overall it would be somewhere around 0.1 million. But having said that, we have high probability pipeline. Actually, we are focusing on another about 0.25 million of transactions in this quarter. That was the outlook like before this lockdown. Having said that, majority of the pipeline that we have, out of 0.1 million pipeline, almost 75% of it actually pertains to Brigade Tech Gardens. And as I was mentioning just a while ago that the priority that we receive that is also focused on same micro markets. Going forward, we feel that there will be quite a good amount of enquiries of Brigade Tech Gardens majorly because of the strategic location and also in outer ring road we have that micro market having very less vacancy. There was a lot of expansion, consolidation that will actually sought after by the companies and they will find BDG as a very good valid proposition. So that is why we are quite confident of the marketability of the property going forward.

**Parikshit Khandpal:** When do we see one of the bigger ones of this materializing... third quarter of this financial year or October?

**Subrata Sharma:** So far as the bigger deals are concerned, companies will take more time to actually think on the strategic expansion route how they actually plan their CAPEX, etc., so that certainly will take time and we feel that once things actually normalizes, around three months from that phase, I think these companies will actually start acting on those. To give you an example, we have a few transactions. Those are kind of 1 lakh sq.ft. in the range. They have been discussing with us for the past one year. Because most of the IT companies have actually accelerated hiring, so they

want their manpower to come back. So these discussions are happening and we feel that as soon as things normalize, these companies will start taking decisions.

**Subrata Sharma:** As you rightly said, two quarters from now, I think that would be a fair estimate.

**Parikshit Khandpal:** Lastly on the pre-sales sir, this quarter you said will be muted. So muted like it could be 50% to 100% in that range or less than 50% of the fourth quarter number?

**Rajendra Joshi:** Very difficult to estimate a percentage at this point in time because we still do not have clarity as to when the lockdown will get lifted, etc., if the lockdown gets lifted, we should see a better June.

**Moderator:** Thank you. The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

**Amandeep Singh:** Sir, you did mention about construction been impacted given labor issues and lockdown restrictions especially in Bangalore. But will it be possible to quantify how much delay would you expect in terms of ongoing construction across your portfolio?

**M.R. Jaishankar:** At this point of time if you ask me the lockdown could be lifted by the end of the month or earlier, it may mean like four to six weeks or maybe sometimes even eight weeks because labor has to come back. I think only when lockdown is lifted, we will be in a position to assess it. Last time it was very strict national lockdown and with a lot of migrant laborers went back encountering a lot of difficulties. So for that to revive it took almost four to five months time in terms of activity revival but this time I do not think it is going to happen like that primarily because it is not a total lockdown unlike last time. Construction activity is still allowed, but maybe the extent of activity is as I said it is down by 30%, 35%. We will be able to estimate once work resumes.

**Amandeep Singh:** Secondly, with respect to your commercial portfolio. Will it be fair to assume that increased area of Brigade Tech Gardens and recently added WTC Chennai would start yielding rentals 1Q FY'22 onwards and consequently what should be the exit annualized rentals at current occupancy for the entire leasing portfolio, any sense on that?

**M.R. Jaishankar:** As far as Brigade Tech Gardens, the first phase of 1 mn.sq.ft. is yielding rent already and second phase some rent will start in Q2 and same with WTC, Chennai, beginning Q2 it will start, graded approach is there.

**Amandeep Singh:** As a follow up to this, could you help us understand how much of your existing commercial portfolio would be up for renewal in FY'22 and if you are expecting any exit?

- Subrata Sharma:** As far as our capabilities of retaining tenants, last year also we could retain the entire 100% of the tenants. And this year also we have approximately 5 lakh sq.ft. coming up for renewal. Out of that 4.9 lakh is for sure, means we have already gone ahead with the discussions on renewals and we are doing the formalities. 10,000 sq.ft. is under discussion, but that also will get renewed for sure. We have capability in terms of closing almost 100%.
- Amandeep Singh:** Will it be possible to give any sense on this 4.9 lakh renewals, what would be the escalation or re-leasing spread approximately?
- Management:** Escalation normally is like 15% every year for most of the tenants. So if we take a five year or ten years, ultimately it would be somewhere around 10% to 15% on an average.
- Moderator:** Thank you. The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.
- Biplab Debbarma:** Sir, just wanted to understand on your excellent collections. What is the reason for jump in collection and what would be the breakup of that collection like how much from residential, how much from others?
- Atul Goyal:** The collections is also because of the consistent sales which have been happening for last four, five quarters and of course construction has been at good pace. So, we have been able to raise demand and based on that the collections have been coming. breakup for Q4, as I said Rs.840 crores is from residential, commercial sale is Rs.61 crores, commercial lease is Rs.60 crores, retail is Rs.32 crores, hospitality is Rs.96 crores and maintenance site PMS is around Rs.29 crores. So that adds up to Rs.1,118 crores.
- Biplab Debbarma:** Second question is on your office rental. From the previous questions, I understand that not all the leased property started generating rent. So if we assume that there is no incremental leasing in the office space, whatever the leased area, if they become fully operational, what will be the total quarterly rent from this area in the office space?
- Atul Goyal:** Right now, rental has not started but next year since it will be a partial rental from WTC and it depends upon retail as to how the retail rentals come, where we should touch around **approx. rs 736 crs of annual rental** if both the properties get leased and retail get leased, which will come maybe in '22, '23.
- Biplab Debbarma:** No, no, my question is as it is, any one quarter whatever without incremental leasing, whatever we have leased out and all of them started generating rental, so what would be the total rental from those office space?
- Atul Goyal:** It should be in the range of Rs.80-85 crores.

- Biplab Debbarma:** In negotiations for renewals we have done, do you see any escalation in rentals or is it like at the prevailing rate?
- Subrata Sharma:** See, again, it depends upon the property and the micro market. In a property like World Trade Center in Bangalore, where the vacancy is very less, it is a highly preferred property, okay. In this case like we are at a better strong proposition. So we will get the escalation, that is for sure. In certain other properties, there might be the negotiations that would be going up, but we still expect that on a weighted average we should get 10% that is for sure.
- Biplab Debbarma:** So, you are expecting escalation even during this ...?
- Subrata Sharma:** Why I am actually telling this because in all our properties whatever the new leases that we have actually signed in spite of dearth of a pipeline in the market, we have not gone below our rentals, weighted average rentals we achieved, in fact, we have gone above. So that's why the thinking is that we wouldn't actually go lower on the interest particularly for the renewals also.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar Gazi from Edelweiss Securities. Please go ahead.
- Parvez A Gazi:** A couple of questions from my side. First, have we seen any kind of improvement as far as realizations are concerned on the residential side? Second is what would have been the rental contribution from BTG this quarter? And lastly, when do we expect rent from the WTC Chennai to commence?
- Rajendra Joshi:** In terms of price realization per square feet for FY'21, we saw almost 11% jump, the increase was nearly about Rs.400-500 per square feet because of the new launches that we did in Hyderabad and Chennai. So overall there has been a significant price increase that has happened in FY'21 over FY'20.
- Subrata Sharma:** With regards to the BTG rentals, it was Rs.18 crores per quarter and as far as WTC Chennai rent commencement is concerned it will start from Q2.
- Moderator:** Thank you. The next question is from the line of Swagata Ghosh from Franklin Templeton. Please go ahead.
- Swagata Ghosh:** Sir, a follow up on the realization question like-to-like were there any price hikes taken during December or March quarter?
- Rajendra Joshi:** So, we did see some price hikes in our ongoing projects in Bangalore and in Chennai, but what also contributed to the higher price was Hyderabad where we did launch a project and there also we took price hikes in the last six months that we have launched the project.

- Swagata Ghosh:** So this price hike was an exception versus history or was it like in line with what you have done, I just want to understand the strength of the market in the last six months and how do you expect the price hikes to pan out in the next say two years after the second wave is over?
- Rajendra Joshi:** So the price hikes compared to the previous financial year were better in FY'21 second half once the situation was kind of getting back to normal. As chairman has pointed out, there is a consolidation in the market and therefore for larger developers like us in good locations we are able to command a better price.
- Swagata Ghosh:** Second question is on Karnataka stamp duty part. I guess that comes into effect from April. So how much of our inventory would be eligible for this cut?
- Rajendra Joshi:** So this was really for the affordable housing for up to Rs.45 lakhs. So therefore, from our portfolio only about 6-7% of the total would be within this price bracket and most of that inventory what we have is also not getting ready for registration. So it will be very minimal impact on our set of projects.
- Swagata Ghosh:** From a strategy perspective, if we are very confident of residential upcycle, does it not make sense to be really aggressive on business development right now before the cycle actually kicks in?
- M.R. Jaishankar:** As I mentioned earlier, business development is certainly an ongoing process at any given point of time. Currently itself, we are in the process of negotiating or having discussion for not less than 7 mn.sq.ft. and in different locations. And some have come to an understanding, so the due diligence and etc., will be in progress. So, we are mindful of the fact, we will bear it.
- Moderator:** Thank you. The next question is from the line of Ritika Agarwal from Valuequest. Please go ahead.
- Ritika Agarwal:** First question is like what percentage of our commercial portfolio we are witnessing pressure on rentals or escalations?
- Subrata Sharma:** We are not experiencing any pressure. What I actually wanted to convey for the renewal call was we are renewing everything almost like 100% and as of now because of the strategic locations and the quality of the property we have not experienced rental pressure. We have been able to actually go upon the weighted average of the past transactions.
- Ritika Agarwal:** We are in line with having escalations of around 5% every year on our existing commercial portfolio will be seeing pressure on rentals or escalation?
- Subrata Sharma:** As of now, no. Since our properties and the kind of occupancy that we have, we have not reduced the rental transaction.

- Ritika Agarwal:** The renewals which you said is being happening at the current weighted average rate for the portfolio?
- Subrata Sharma:** Renewals are happening as per the respective terms of the contract. So, say a tenant-X is having certain percentage of escalation and certain rentals they are actually currently on, so the same terms will actually continue for the renewals, normally the terms wouldn't be changed.
- Ritika Agarwal:** Secondly, on the hospitality portfolio. We were looking to divest part of it or completely. Any talks on that?
- Nirupa Shankar:** Not at the moment because as we mentioned in the last call whatever discussions we were having in FY'20 because of the lockdown and COVID that investor kind of decided not to go ahead with it. This year we have received some request to discuss. But then it doesn't make sense with the kind of valuations that we are currently receiving. So we have the ability to kind of withstand the second wave because we are somehow managing paying back all our interest, loans and things like that. So we will look at it when there is an investor who is ready to give a decent valuation and probably when the timing is more apt for this kind of a deal, otherwise we would not be keen to kind of divest at a distress valuation.
- Ritika Agarwal:** Lastly, what is the target for the debt reduction in the medium-term?
- Atul Goyal:** We have already been reducing our debt continuously in residential. So I don't hope that major debt increase will happen in resi or hospitality. In hospitality, whatever increase is there on account of ECLGS loans... of course, there will be increase in debt in commercial section where all the construction d when the leasing happens in Tech Gardens and WTCs, that will get converted into LRD in future. So the major chunk of that increase will be in LRD that is the conversion from construction loan to LRD.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Sir, a few questions. One was is it possible to share how the market share changed in case of Bangalore? As I see, it looks like that we have seen during the year is essentially in Chennai as well as Hyderabad YoY growth and I am assuming Bangalore otherwise would have been little slow. So if you could share your thoughts on the way the market share has changed for us during the year in Bangalore and what number do you see is possible for anyone to be able to go to in terms of market share in any of these markets especially Bangalore?
- Rajendra Joshi:** As you correctly pointed out, a lot of our growth for FY'21 was driven by Chennai and Hyderabad. In Bangalore, in FY'20, we had substantial part contributed from Bangalore because we had two new launches in El Dorado, North Bangalore and Utopia in East Bangalore. So therefore, the contribution of Bangalore did come down. But from a market perspective, I



do think that Bangalore is quite vibrant. Bangalore has also moved up the chain and therefore the demand for larger units, more premium units from branded developers like us is continuing to increase. We do see increased demand for larger size units for the 3BHK, three-bedroom units, etc., So, I do not see too much of muting of demand in Bangalore. It's just that in what stage of the project lifecycle we are there and we have new launches, etc., So, I think that would determine the traction from Bangalore. But otherwise, we will see traction from Bangalore to be continued.

**Prem Khurana:** Possible to share any number in terms of percentage, what is our market share today and what are we targeting?

**Rajendra Joshi:** Market share, it is difficult to estimate at this point in time because there is no one accurate agency unlike in commercial space where we have accurate prediction. But we do think that in Bangalore we are #2 player in the residential space.

**Prem Khurana:** So, when I look at the balance sheet, seem that we are trying to conserve cash which is you have explained in the higher cash balance in the buffer that we have created but at the same time when I look at our launch pipeline I get to see over the last two quarters or rather three quarters we have seen launch pipeline in terms of CAPEX properties go up from 0.8 mn.sq.ft. to 1.8 mn.sq.ft. So how do I marry these two because on one side we are trying to conserve cash in hospitality and as well as trying to generate more cash where on commercial side we are willing to make up more CAPEX properties which is where you would have to spend money now?

**Atul Goyal:** We are not taking more CAPEX projects. . So we have capitalized tWTC and Tech Gardens this quarter and that is why in balance sheet you are looking higher investment property number. So it's mainly because of the capitalization of Tech Gardens and WTC where not much CAPEX is remaining to spend. Of course, now there is one big project which is twin towers and we have sufficient financing lines to support that project going forward.

**Moderator:** Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

**A Chattopadhyay:** Now our share of debt levels that we brought it down by around Rs.300 crores in a single quarter, so for next couple of years where do we see the debt levels overall head for the company considering that our residential cash flows are pretty strong and peak of our CAPEX cycle is behind us with WTC in Chennai being completed?

**Atul Goyal:** So as I said, Adhidev, it will be mainly in LRD where the debt level will remain and it will get increased because we will be converting that construction loans into LRD. So I don't see a major change. Maybe next year because of the WTC we may have around Rs.300 crores of LRD again coming in. And of course, Tech Gardens LRD will happen only if we are able to lease it in the right time.

- A Chattopadhyay:** I understood but I am saying as an aggregate for a company for next couple of years. So considering our cash flows for resi, do we see our share in net debt going up further in aggregate?
- Atul Goyal:** Our exposure of BEL right now is Rs.2,654 crores, if every LRD gets converted it should be maximum by Rs.3,000 - 3,100 crores.
- Moderator:** Thank you. The next question is from the line of Pritesh Sheth from Edelweiss Wealth. Please go ahead.
- Pritesh Sheth:** Just one clarification. We are not offering any discounts on the CAM income that we collect for our commercial tenants, right?
- M.R. Jaishankar:** There are two things; one is in the case of office tenants, there is no reduction in CAM because in every way the properties are maintained and because they are also operational, 100% of the people may not be there but all the systems, etc., are operational and the limited staff will always be there and the electricity consumption of all these people are quite high as before the lockdown or the work from home concept, they still consume 70-80% of the electricity. As regards the retail thing, we have offered 25% reduction in Jan during the lockdown period by reducing various expenses and benefit of that will be passed on to the clients.
- Pritesh Sheth:** Lastly, on your Southfield property, 0.35 mn.sq.ft. So that will be completed in Q1 and then commencement will be from Q3 onwards?
- M.R. Jaishankar:** Rent commencement is from 1<sup>st</sup> July. Property is completed. Our tenants are doing their interiors.
- Moderator:** Thank you. The next question is from the line of Venkat Samala from Tata Asset Management. Please go ahead.
- Venkat Samala:** Sir, you did highlight without giving any number that currently you are under discussions in various stage of about 7 mn.sq.ft. pipeline. So given the fact that you have a very limited development potential left in Hyderabad and Chennai, will it be fair that incrementally in terms of pipeline addition your focus would be in these two markets?
- M.R. Jaishankar:** In Chennai, we have finalized a million square feet of residential development potential. It is in a due diligence. And another million square feet in commercial after World Trade Center. That is also in a design stage and approvals should take time. As far as Hyderabad is concerned, we are in active discussion with a few parties. And I would say all this second wave of virus has slowed down the discussion progress. Other large place is in Bangalore. In any case, 70% or more of our business in Bangalore.
- Venkat Samala:** Sir, you did launch about 6 mn.sq.ft. in FY'21. Should it be fair in assuming that lockdown parts opening up from next month onwards, we should expect a similar number and given the

optimism that you have at this point in time that consumer sentiment will reflect into better sales hereon?

**M.R. Jaishankar:** I would say we are certainly working towards that. The exact number is difficult to say because of the approval of some of the projects. So generally things have slowed down even in approvals and the work in the government and civic authorities.

**Moderator:** Thank you. The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

**Biplab Debbarma:** Sir, I just wanted to understand your EBITDA margin. Although we have seen a price rise in residential, when do you expect this EBITDA margin to improve, do you see significant jump in the next two, three years for the margin to go to say 23%, 25%, what would be the margin that you would be looking for in the next one, two years?

**M.R. Jaishankar:** I would say that as you rightly pointed out in the next one to two years it should happen. Because of the repeated impact of COVID first wave and second wave, there were some challenges. Otherwise, it should improve. Also, the cost escalations and all those aspects are also being faced, whether due to steel price increase or any other metal price increases. So in financial year '22 we do expect a substantial jump in prices, whether one likes it or not.

**Biplab Debbarma:** So you expect around 22%, just ballpark I just wanted to understand when you say improvement in EBITDA?

**M.R. Jaishankar:** Yes, it can happen.

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

**Parikshit Khandpal:** Just a follow up on the land 7 mn.sq.ft. So, in the current market what could be the t square feet of FSI cost ballpark?

**M.R. Jaishankar:** It all depends on location of the project, it can vary from Rs.1,000 a sq.ft. to FSI cost can go to Rs.2,000, that is the core, depending on the location of the project, in some cases it can go to Rs.3,000 FSI also, it all depends on that.

**Parikshit Khandpal:** Say on 7 mn.sq.ft. even if you take the base cost of Rs.1,000, it's about Rs.700 crores. So how will the...?

**M.R. Jaishankar:** This is if you buy, but the same 7 mn.sq.ft. if it is on joint development, it may require only Rs.70 to 100 crores.

- Parikshit Khandpal:** Any breakup of this, how much would be 7 mn.sq.ft. could be outright and because....?
- M.R. Jaishankar:** Too premature but as and when there is development we will tell you certainly.
- Parikshit Khandpal:** Because you hardly have any debt on residential businesses, Rs.200 crores number which you earlier told, that could be on the higher side in terms of annual land acquisition cost?
- M.R. Jaishankar:** No, I think that is a fair estimate, combination of some purchase, some joint development, etc., But as you rightly said, we have headroom. So depending on the situation we will take right call whether a property to be purchased or it should be on joint development.
- Parikshit Khandpal:** Any view on this 1 million of acquisition planning for commercial in Chennai, will it be outright purchase or will it be....?
- M.R. Jaishankar:** That's on joint development basis and it is on the Pallavaram-Thoraipakkam road what is called PT road, it is already signed and we are in the design, development and applying for approval.
- Parikshit Khandpal:** That was in the Prestige and other developers which you had earlier signed, same thing or different?
- M.R. Jaishankar:** It is on the same road, but not what we have jointly done, that is on OMR road for a mall.
- Parikshit Khandpal:** What will be the CAPEX, this will be a joint development, right, no money outgo as such?
- M.R. Jaishankar:** This is a joint development.
- Parikshit Khandpal:** Not for strata sale , this is clearly a leasing project?
- M.R. Jaishankar:** Yes, for lease only.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Ms. Nirupa Shankar for closing comments.
- Nirupa Shankar:** Thank you, everybody for your participation. I hope we have been able to answer the questions to your satisfaction. This pandemic has brought about an unexpected change to the way we do business. It has set off the trigger for prop tech adoption and investment in real estate as well. Brigade Real Estate Accelerator Program, (REAP) saw 11 start-ups, raised a sum total of \$4.5 million in the early stages of investment in the post-COVID era. Two more Brigade REAP start-up in the data analytics and (VR) Virtual Realty space were acquired by Square Yards in the same period. We have also witnessed a global inch up in Indian prop tech with startAD an accelerator in New York, selecting Brigade REAP to manage its prop tech program in UAE. While many of the technologies we have come across are cutting edge and will certainly pave



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the way for doing business more efficiently in the future, we must take a moment to deal with the crisis currently at hand especially one that hit home so hard.

Brigade through its CSR foundation, plans to spend close to Rs.10 crores this year towards health and COVID-related initiative. Along with starting the construction of a 100-bed hospital, we will be donating healthcare equipment such as patient monitoring systems, ventilators, ultrasound machines, bypass machines and oxygen concentrators to a number of charitable hospitals in Bangalore such as the Baptist Hospital, Chinmaya Mission Hospital, Shri Sankara Cancer Foundation and St. John's Medical Hospital. We are also supporting various COVID care treatment centers like SPY in Mysore which serve the tribal areas of Mysore and neighboring districts. Lastly, we have provided COVID-related emergency expenses to frontline workers such as food, medicines and PPE kits.

We hope that by the time we speak again next quarter, we would have overcome the worst of this virus. Till then, wish you all to stay safe and stay healthy. Jai Hind.

**M.R. Jaishankar:** Thank you.

**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.