

Brigade Enterprises Limited

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BRIGADE

Building Positive Experiences

Ref: BEL/NSE/BSE/18112021

18th November, 2021

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 Q2 FY - 2022 Earnings - 12th November, 2021:

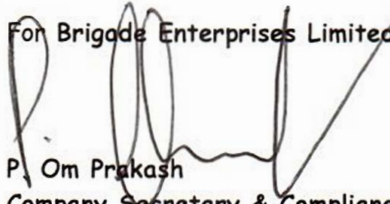
We are enclosing herewith the transcript of the Conference Call on the Company's Q2 financial results for the financial year 2021-22 held on Friday, 12th November, 2021.

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 Q2 FY2022 Earnings Conference Call”

November 12, 2021



MANAGEMENT: **MR. M.R. JAISHANKAR – CHAIRMAN & MANAGING DIRECTOR – BRIGADE ENTERPRISES LIMITED**
MS. PAVITRA SHANKAR - EXECUTIVE DIRECTOR - BRIGADE ENTERPRISES LIMITED
MS. NIRUPA SHANKAR – EXECUTIVE DIRECTOR – BRIGADE ENTERPRISES LIMITED
MR. AMAR MYSORE – EXECUTIVE DIRECTOR – BRIGADE ENTERPRISES LIMITED
MR. ATUL GOYAL – CHIEF FINANCIAL OFFICER – BRIGADE ENTERPRISES LIMITED
MR. RAJENDRA JOSHI – CHIEF EXECUTIVE OFFICER RESIDENTIAL – BRIGADE ENTERPRISES LIMITED
MR. VINEET VERMA – CHIEF EXECUTIVE OFFICER HOSPITALITY – BRIGADE ENTERPRISES LIMITED
MR. SUBRATA SHARMA – CHIEF OPERATING OFFICER OFFICE – BRIGADE ENTERPRISES LIMITED
MR. OM PRAKASH – COMPANY SECRETARY – BRIGADE ENTERPRISES LIMITED
MR. PRADYUMNA KRISHNAKUMAR – SENIOR VICE PRESIDENT – BRIGADE ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Q2 FY2022 Earnings Conference Call of Brigade Enterprises Limited. We have with us on the call the management of Brigade Enterprises Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. M.R. Jaishankar – Chairman and Managing Director of the company. Thank you and over to you, Sir!

M.R. Jaishankar: Thank you. Good afternoon and compliments of the season ladies and gentlemen. We hope all of you and your loved ones are doing well. On behalf of the company Brigade Enterprises Limited and Brigade Group I would like to welcome you to the earnings call for Q2 FY2022. 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 -CFO, Mr. Rajendra Joshi – CEO (Residential), Mr. Vineet Verma – CEO (Hospitality), Mr. Subrata Sharma – COO Office, Mr. Om Prakash – Company Secretary and Mr. Pradyumna Krishnakumar – Senior VP.

Last month October 2021 marked the 35th anniversary of the Brigade Group having launched Brigade Towers on Brigade Road Bangalore in October 1986 in a partnership company. Brigade Towers is the Bangalore's tallest private building at that point of time. Since then we have come a long way from a single project to a multiproduct, multicity developer with more than 250 buildings and 71 million square feet of construction. As we celebrate our 35th anniversary we would like to thank all our customers, investors and well wishers for the trust they have placed in our group over the year. We stand committed to our mission, vision and values that have brought us to where we are today. For your information the Brigade Enterprises Limited itself got listed on December 31, 2007 and it was as a private limited company it came into 1997-1998.

Coming back to our results update the second quarter of financial year 2022 we saw a sharp recovery coming out of the pandemic. The bounce back in economic activity post the devastating second wave of COVID has driven the momentum across all our businesses. The residential business continues to drive our strong performance registering significant growth on a quarter-on-quarter and year-on-year basis. We ended the quarter with net new bookings of 1.30 million square feet with a value of Rs.831 Crores which is a growth of 72% by area and 73% by volume based on quarter-on-quarter. Hyderabad and Chennai continued to be important market for us contributing 28% by area and 37% by value. In Bangalore our key project Brigade Cornerstone Utopia and Brigade El Dorado are the primary contributors. We have also seen a sharp increase in demand for our premium project completed i.e. Brigade Exotica and Signature Villas at Brigade Orchards. The trend of customer preference for larger units post COVID continues. Larger established players have further consolidated and strengthened their position in a market as customers increasingly choose grade A developers. We would also like you to note the conservative approach followed in terms of reporting our operational numbers that is our presales

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numbers are always shown net of cancellations of bookings done in current as well as prior year period. We also do not consider bookings towards presale numbers unless a minimum of 5% or 10% of the agreement value has been collected along with all the required documentation. Our average realization is based on RERA agreement value of the customer and do not include any other expenses or transaction cost. On the revenue recognition front we only report units where the customer has completed the entire registration process and not just taken possession of that unit. We have mentioned this just as a matter of clarity. On the collections front we have registered our second best quarter so far at Rs.744 Crores from the residential business driven by continued strong sales performance and good construction progress at all projects. The leasing segment of the commercial business of Brigade remain stable with around 99% collection, the outlook is positive with a need for additional office space as companies have started enhancing employee strength in the respective offices and embarking on major hiring drives. We are already seeing genuine interest, intent and urgency among the small and mid size companies to acquire new spaces. Enquiry for large office spaces is gaining interest as well. We have a strong pipeline I would not say positive of 1 million square feet and we expect 0.4 to 0.5 million square feet closure in the ongoing quarter. I am happy to inform you that the retail segment is almost back to its pre-COVID levels after being severely impacted during the two COVID waves and lockdowns. Occupancy across all three malls is over 85% with the multiplex format back to being operational with 100% occupancy level permitted. Overall retailer sales consumption recover to over 90% of pre-COVID levels primarily across categories like consumer electronics, athleisure, key fashion anchor stores, , travel gear and F&B. We welcome two new hypermarkets at Orion Gateway and all market at Orion Uptown. We also added two new anchors - Home Center and MAC fashions at Orion Gateway and the taproom from Geist Breweries. Furthermore we have around 1.15 lakh square feet of stores under fit-out across our three malls which will be operational in Q3 of FY2022.

Finally we are encouraged to see a noticeable improvement in our hospitality business during Q2 as compared to Q1. With some amount of domestic corporate travel also commencing we have seen an uptick in hotel occupancies across our hotels. Around 15% to 17% of our room occupancies today are from corporate travelers and this augurs well for the industry as travel restrictions and RT-PCR requirements continue to be relaxed. At the same time average room rates continue to remain at around 60% of the pre-COVID level which is pulling down the gross operating profit of the hotels, but all our hotels have turned GOP positive I would say all eight hotels. Our F&B business especially after the removal of 10pm curfew in Karnataka has also picked up with increased number of inquiries for banquets and MICE events for early next year. International business however remained subdued and will continue to be so until international travel restrictions are rolled back. We expect our hospitality business to show a consistent improvement from here on. With this I conclude my remarks for the last quarter. Thank you for listening. Now Mr. Atul Goyal, our CFO will present the financial results in detail. Thank you.

Atul Goyal:

Thank you Sir and good afternoon everybody. On behalf of the company we would like to welcome you on the earning call for Q2 FY2022.

To give you a brief business update: As we all know this quarter has been better than the last quarter in terms of business performance, to give you some highlights of our performance in the last quarter we recorded a real estate sales of 1.3 million square feet during this quarter vis-à-vis 0.7 million square feet during last quarter. Collection in residential improved by 40% from Q1 FY2021 totaling up to 744 Crores in Q2 FY2022. On the leasing side we achieved a growth of 22% in revenues in Q2 FY2022 versus Q1 FY2022 due to additional rental income coming from new leasing in Brigade Tech Gardens and WTC Chennai.. We have started seeing significant uptick in the hospitality performance with increased ARR and occupancy levels. We have achieved overall positive GOP of 9 Crores during Q2 FY2022. On consolidated level we achieved overall collections of 937 Crores an increase of 30% as compared to Q1 FY2022, there was an increase in cash flow from operating activity by 37% to Rs.213 Crores as compared to Q1 FY2022. We continue to have adequate liquidity and credit lines from the banks. Our average cost of debt has been coming down consistently over the last few quarters and is at all time low of 7.92% as on September 2021. Our real estate debt has further reduced by 122 Crores during the quarter due to improved sales and collections.

Coming to the consolidated financial performance for Q2 FY2022 the consolidated revenue for Q2 FY2022 stood at 776 Crores versus 391 Crores in Q1 FY2022 which is a 98% increase. The real estate segment clocked a turnover of 598 Crores and an EBITDA of 19% in Q2 FY2022. The hospitality segment clocked a turnover of 41 Crores an EBITDA of 18% in Q2 FY2022. We expect consistent improvement in hospitality performance given that there are no further COVID waves. The leasing segment clocked a turnover of 136 Crores an EBITDA of 71% in Q2 FY2022. The consolidated EBITDA for Q2 FY2022 stood at 215 Crores versus 120 Crores in Q1 FY2022, EBITDA margin stood at 28%. The interest and finance charges of Q2 FY2022 stood at 113 Crores, PAT after MI stood at 12 Crores for Q2 FY2022. In respect of consolidated performance in H1 FY2022 the consolidated revenue for H1 FY2022 stood at 1168 Crores versus 536 Crores in the same half year ending in the last financial year. The real estate clocked a turnover of 858 Crores an EBITDA of 17% in H1 FY2022 versus a turnover of 342 Crores as an EBITDA of 16% in H1 FY2021. The hospitality segment clocked a turnover of 61 Crores at an EBITDA of 7% in H1 FY2022 versus turnover of 28 Crores and a negative EBITDA of 65% in H1 FY2021. The leasing segment clocked a turnover of 248 Crores an EBITDA of 73% in H1 FY2022 versus a turnover of 165 Crores and an EBITDA of 73% in H1 FY2021. The consolidated EBITDA including other income for H1 FY2022 stood at 336 Crores versus 156 Crores in H1 FY2021. EBITDA margin including other income stood at 29%. The interest and finance charges for half year stood at 226 Crores, PAT after MI was negative 28 Crores in H1 FY2022. Coming to the debt position and its breakup Rs.345 Crores in real estate segment there is, 610 Crores in hospitality segment in which 502 Crores is GOP securitized loan and 108 Crores is capex loan and 3172 Crores is the leasing segment debt in which 2356 Crores is securitized lease rental loans and 816 Crores is capex loan. The cash and cash equivalent stood at 1167 Crores as on September 30, 2021. Consequently the company's net debt outstanding as on September 30, 2021 was 2961 Crores out of which BEL's share was 2029 Crores.

As mentioned earlier the company's effective cost of debt stand reduced as on September 30, 2021 to 7.92% per annum versus 9.23% at the end of Q2 FY2021. We have a credit rating of A+ with stable outlook which has been assigned by both CRISIL and ICRA which will increase lender and investors confidence. I also want to share some leverage ratios that we track on a trailing basis. Interest coverage ratio stood at 1.5x in H1 FY2022 due to improved EBITDA and our net equity ratio stood at 0.83 as on September 2021. The company has a strong balance sheet and sufficient liquidity to meet operation and expansion plan. Thank you. I will now hand over back to the moderator for the questions.

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 C: Good afternoon everyone, thank you for the opportunity. The first question is on the leasing business you have mentioned out of the million square feet of leasing pipeline you are expecting closures of around 0.4 to 0.5 within this quarter itself so on that could you tell us the closure when would the rental income start from these properties in which assets and going forward now what is the revised target to fully lease out both Tech Gardens and WTC Chennai that was the first question?

Subrata Sharma: Yes, this is Subrata. So, as far as the leasing business is concerned we are expecting around as we said 0.4 to 0.5 million in this quarter and we have a positive outlook based upon the recent pipeline that we have gathered. Suppose we close on entirety by say December from then onwards approximately on an average 5 to 6 months would be their fitout period so two quarters from December would be the rent start date..

Adhidev C: By June around right is this understanding right?

Subrata Sharma: Yes.

Adhidev C: The second part of the question what is our now overall timeline target for both Tech Gardens and WTC Chennai?

Subrata Sharma: See as far as Tech Gardens is concerned we are hopeful that in the next four quarters we should be able to exhaust the entire inventory but again like as I said now that companies are actually coming back to offices the momentum is increasing and gradually from the small size inquiries the large size inquiries are also coming by. So as we progress maybe in the next quarter in terms of like the intensity and the frequency of the transactions but as on date we have an outlook of say four quarters from now.

Adhidev C: Similarly for Chennai?

- Subrata Sharma:** Chennai we are hoping it would be sooner because the percentage of vacancy is quite less and plus we already have existing tenants which are marquee tenants and all of which are actually on the growth phase so a kind of requirement would come from the existing tenants as well.
- Adhidev C:** So you mean the hard option?
- Subrata Sharma:** Yes.
- Adhidev C:** Just another question is for Atul Sir for the quarter could you just give the office and mall rental income breakup and how much the Tech Gardens and WTC Chennai contribute to the rental income for this quarter?
- Atul Goyal:** So Tech Gardens contributed around 45 Crores for first half and Chennai contributed around 55 Crores if you want revenue breakup for half year it was 31 Crores for retail and for office lease was 177 Crores.
- Adhidev C:** These are all numbers are for the first half of the year?
- Atul Goyal:** This is for first half you want quarter?
- Adhidev C:** No it is fine we will get the breakup. Yes that is all from my side. I will come back in the queue if I have more questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Thank you for giving me the opportunity. Given the momentum in the southern markets on the residential side I just wanted to get your sense from the management team that how are you looking to ramp up our assets and the business given just about a year's inventories in the ongoing projects yet to be sold?
- Rajendra JoshiParikshit first of all the sales momentum has definitely picked up last year we did about 4.4 million we do expect that we will do better similarly better but the point is that what we say which is 6 million is in our current projects with approvals correct. In the current projects there is an additional inventory of about 4 to 5 million square feet which is available where we need to get the approvals plus we have a pipeline of few more projects which will be about 2 to 3 million so our pipeline continues to be strong while we will focus on business development in terms of acquiring new lands for our future pipeline.
- :jaishankar** Just to add the process of acquiring new lands is a continuous process and we have finalized some new lands, for some we have signed a term sheet, for some we are in the process of assigning a term sheet, we are also hopeful some of them would happen before the Q2 results but

it is due to various reasons it is slightly pushed by a week or two but it is a continuous process of replenishing the sold stock.

Parikshit Kandpal: I have this issue that when I see your land bank I really do not have much of visibility that how the growth of the company will come kind of three to four years land bank which we have out of this 25 million square feet which we have in Bangalore so how much of that any of the developable potential in the next three to four years so I would assume that now only few can come in so that would imply that other lands in Chennai and other places like Thiruvananthapuram and other smaller cities so there is not much of inventories and inventories of I think about 4 to 5 million square feet so largely predominantly the sales contribution will come from Bangalore so out of this 25 million square feet of land bank how much does really have a developable potential over the next three years and can be added to the launch pipeline that is the second question?

MR Jaishankar: Yes, you can say other than the Thiruvananthapuram of that 14 acres or so where the visibility of development is a bit less because both market conditions and government has allotted but still not handed over the land, rest of the things they are all developable lands they are all developable lands, there are no sticky situations are not there, they are all developable lands but the process of approval, etc., is there so if we have 34 million, 35 million square feet or so and if we are selling 6 million, 7 million going forward also so we have sufficient stock to take it forward and naturally every year we will also be adding maybe 5 million, 7 million or if not more of developable stock and we have all this gone on this principle of having about 5 to 6 years of developable stock otherwise the impact on interest cost is going to be substantial that will also have its negative side in tough times.

Parikshit Kandpal: Sir my second question is on the office business so now the office recovery is you guys talking about that there is office recovery and the re-occupancy panning out and the pent-up demand over the last two years hitting the market so did you really see the trend wherein first of all our own hard options so do you think the hard options will get exercised first or unleased area will get used at first?

Subrata Sharma: No, so if I were to get you correctly so you are saying the hard option?

Parikshit Kandpal : No, whether which one will get leased first or the hard option will get exercised.

Subrata Sharma: Again see this is the kind of question which again depends upon the various business models of the companies like if we were to talk about hard options like Mercedes they recently took 1 lakh square feet from their hard option and convert it because they have hired over the last two years but there are also companies which are actually taking spaces which are small and midsized or even like in the range of 1 lakh to 2 lakh square feet they have not taken space over the last two years so it is very difficult to say which one will be converted earlier but what we can say confidently looking at a market and the kind of site inspections and the closures that are

happening the companies which are now actually scouting for premises they really need space and they are converting very fast like even in this quarter we have already converted approximately 50000 square feet and we have a very positive outlook.

Parikshit Kandpal: On the rental business again so if I think third quarter FY2020 we had given in the presentation of exit rentals and you have said about 510 odd Crores so if I see your current rental debt is about 1300 Crores and if I ascribe LRD of about 8 to 9 times of rentals so the 500 it should be close to about 4500 Crores potential that which can be taken now is there a possibility that if the growth profit is required so can we load our LRDs once all these properties that we missed out and we have a buffer of about 1400, 1500 Crores so acquiring land parcels given the land back for six to seven years?

Atul Goyal: Yes, you are totally right there is an LRD potential in the company and definitely we will use that for the growth capital in future and we will see as and when the leasing happens and we are able to take LRDs and of course LRDs are at very, very low rates today they are very competitive and it make sense.

Parikshit Kandpal: Thank you Sir.

Moderator: Thank you. The next question is from the line of Girish Choudhary from Spark Capital. Please go ahead.

Girish Choudhary: Thanks for the opportunity and many congrats on the very good numbers. The question was on the pricing outlook in your key projects so considering the offtake which we saw which was pretty good and the cost inflation and if I see your inflation which was up 9% Y-o-Y what was bps in terms of the mix change and the price change?

Rajendra Joshi: The increase due to mix change would have been substantial; actually I would say it would be 50:50 because the price increase that has happened is both in Bangalore projects and our Hyderabad and Chennai. Though a larger percentage came from Hyderabad and Chennai where we were able to take up prices substantially so therefore I would say it is both mix and price increase almost in equal proportion. On your question on cost inflation yes there has been a substantial cost inflation close to about 5% to 6% of the construction cost and we are therefore looking at taking up prices in absolute immediate future that is today's business requirement.

Girish Choudhary: Second question is on the residential EBITDA margins we have seen this trend is down in around 18%, 19% levels in last two quarters and if I look at your FY2019-FY2020 EBITDA margin they were in the range of 23%, 25% so any reason why these are trending down at a historical levels and also just wanted to understand what is the view going ahead in terms of margins?

Atul Goyal: Yes, see again it depends on the mix of project which has gone which we have delivered you see the revenue recognition is based on AS 115 so some older projects and new projects maybe with

the lower rate have got, the revenue has been recognized and that is why there has been some reduction in EBITDA margins but going forward we should see that EBITDA margin should be in the range of 22% to 24% going ahead in residential.

Girish Choudhary: On the retail portfolio you have mentioned that in consumption was strong so correspondingly how is the rental shaping up and how the rents back to pre-COVID levels so what is the outlook in the pre-COVID our rentals in excess of 100 Crores so are we in target to achieve those numbers?

Nirupa Shankar: Yes, so with regards to the lease rentals that we are looking to get I think this year we will probably touch around 65% of FY2020 figures and that because Q1 was primarily under lockdown and Q2 was more of a recovery slow reopening up the stores so I think we can expect to get at least 65% of the pre-COVID rentals but that is at all the new leases that we are able to rent out to various tenants we are actually being able to charge at least a 30% increase in the pre-COVID rentals and also the weighted average of the rentals and all the malls should increase by at least 12% to 15% so while FY2022 will see only 65% pre-COVID rentals overall at least the new leases that we are able to do are showing very positive trends it is on an average as I mentioned 30%.

Girish Choudhary: So in terms of the exit rentals in this quarter what can you expect?

Nirupa Shankar: Sorry in terms of the average rentals that we can collect?

Girish Choudhary: Yes.

Nirupa Shankar: See basically we have given COVID relief to all the tenants so in Q2 about 75% of the brand had some sort of COVID relief, in Q3 about 50% of the brands will have COVID relief and in Q4 about 15% will have some sort of COVID relief so that is the reason why there is and when I say COVID relief which is some relaxation in the rentals based on their sales performance so if the sales performance is about 80% to 90% then we will receive 100% of the rentals.

Girish Choudhary: Thank you. All the best.

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

Pritesh Sheth: Thanks for the opportunity. Sir firstly on the residential demand post quarter end what was the momentum and how was the festive season if you can highlight was the momentum strong picked up from where we left in last quarter?

Rajendra Joshi: The sales momentum continue to be good that is what we are seeing particularly as I have been saying that this wave of COVID the demand has been much more robust compared to last time

the economic impact of the second wave was much lower and therefore the demand continues to be good.

- Pritesh Sheth:** So did you see improvement month-on-month from September to October to November?
- M R Jaishankar:** Traditionally October actually is not a very strong month in Bangalore specifically because of the Dussehra, Diwali holidays but this October was much better compared to our usual October.
- Pritesh Sheth:** Secondly in your statement of deviation you have mentioned 136 Crores out of the QIP money has been spent for what was it spend for is it working capital or there were some land payments which we had to do that was done?
- Atul Goyal:** Mainly we had repaid the 67 Crores of loans for gift city Gujarat project office project so that was one and we had induced 50 Crores of equity into the GIC company that is BPPL s and rest has been used in the new projects.
- Pritesh Sheth:** Lastly just book keeping one in terms of collections what is the breakup between residential, commercial, retail and hospitality?
- Atul Goyal:** For Q2 it will be around 744 is residential, 18 Crores is commercial sale, 67 Crores is commercial lease, 24 Crores is retail, 51 Crores is hospitality and maintenance is around 33 Crores.
- Pritesh Sheth:** Got it. Thank you. That is it from my side. All the best.
- Moderator:** Thank you. The next question is from the line of Biplab Debbarma form Antique Stock Broking. Please go ahead.
- Biplab Debbarma:** Good afternoon everyone. Sir just two questions one on leasing the incremental leasing in offices that you are seeing is the rental above the average rentals of that building or near around the average rental how is the rentals we are getting in the incremental leasing in the last five, six months?
- Subrata Sharma:** In terms of the rentals again it is a function of the property and the micro market but in terms of our property and the micro market that are very strategic in fact we are achieving around 10% over the weighted average that we achieved pre-COVID in one of the major properties that is Brigade Tech Gardens and as far as north Bangalore is concerned we are actually matching the rentals that were pre-COVID. So overall we have not actually gone down on the rentals, it is slightly above in fact on an average it is 5% above.
- Biplab Debbarma:** That is great and the second question is on your business development transactions that you are seeing just trying to understand because see that there is not much information absolutely nowadays every day can read right from social media and various news channels so looking at

the positive feeling of real estate are you seeing a heightened expectation from JDA partner or a land owner are we seeing such kind of heightened expectations from the in business development in Bangalore, Chennai or Hyderabad market compared to what it was say two years ago?

M R Jaishankar: Basically frankly I must say recession no recession land owners expectations are always high, ultimately it is only what we can afford to give based on the feasibilities of project is how it is but I think if the market improves happening now the expectations can go bit high but if I am right lesser and lesser number of people are still in a position to buy a large tracks of lands, many developers are not fully out of woods the situation is not all that rosy for many it is organized developers who have given value to the customer over a period of time and those who have demonstrated the ability to complete projects even in tough times have been rewarded so many others are not in a position to buy lands so that way it is the only select group are in a position to acquire new lands so that way the number of buyers have reduced considered whereas the number of sellers maybe increasing.

Biplab Debbarma: Basically you are saying that not much change in expectation it was always there?

M R Jaishankar: Yes, so far not much change in expectations but we have to see on a quarter-on-quarter how it changes.

Biplab Debbarma: Thank you Sir.

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

Amit Agarwal: Thanks for the opportunity. My question pertains to residential segment. What I wanted to know was that you are hitting about 4 to 5 million square feet if we take it on annualized basis so going forward do you think it will be sustainable in the future years also and secondly which segment is contributing is it 50 lakhs to 1 Crore, 1 Crore to 1.5 Crore in that sense which segment is contributing the maximum and thirdly is this increase let us say 4 to 5 million square feet run rate which we have got is it because we have taken market share or do you think the market itself has expanded I am not taking that COVID times because COVID times is artificially low level but pre-COVID level you kind of moved above what you are doing in the pre-COVID levels so that is why I am asking you is it because the market have expanded or have you increased the market share?

M R Jaishankar: I would put it this way it is because the market share primarily, I am not just talking about Bangalore or Chennai, Hyderabad or all over the country it is the overall market there could be one or two exceptions I cannot rollout overall market is yet to reach pre-COVID levels overall market so that way if developers are posting better numbers whoever is posting better numbers it means there is a gain in market share and the consolidation is happening and it is here to stay and because of that I think it is sustainable for us and many others whatever numbers were posting

the similar numbers will be post they are likely to post or we are likely to post. As long as there are no nasty surprises in the external environment of the country or internationally so otherwise it should be fine. Sometimes I compare what is the kind of consolidation that is happening to the stock market itself somewhere in 90's the National Stock Exchange came that led to closure of all regional stock exchanges with the exception of BSE so whether it is Bangalore, Chennai, the Delhi, Calcutta, Ahmedabad, Surat, everything sort of got closed so there are 1000s of small time stock brokers or regional stock brokers who had to shut shop or become sub brokers to NSE or BSE like that.

Amit Agarwal: Which segment is contributing to you is 50 lakhs to 1 Crore, 1 to 1.5 Crore?

M R Jaishankar: So at least in the south Indian markets the segment of 50 lakhs to 1 Crore or 65 lakhs to 120 lakhs is the primary segment.

Amit Agarwal: Would you call that about 70% to 80% of your sales?

M R Jaishankar: Yes you can assume it, it is all depends on what stock we have and it is also bit dynamic suddenly if the prices shoot up then the affordability may still be same and then that is likely people may come down a bit in their expectations the last two years the savings rate of people has gone up last pandemic period and as a result it is the people have seen or having higher or increased affordability which is resulted in people going for a slightly larger budget.

Amit Agarwal: One last question in terms of going forward in terms of net debt to equity you are comfortable right now but in your future expansion what will be the ideal net debt to equity so it would be 1:1 or 0.5 what would be the ideal number for you?

M R Jaishankar: Normally it is 1:1 is the ideal debt to equity but when it is with the debt is largely comprised of lease rent discounting I think both the analyst community and the bankers will take a lenient view on the debt to equity ratio, if you see our own debt to equity of 0.83 something like 0.5 is comprised of LRD and only about 0.17 debt to equity is comprised of residential the balance is capex product which will also get converted to LRD maybe in 12 months and 15 months time and even our whatever hospitality debt we have 600 Crores, 500 Crores it was only during pandemic about 100 Crores became a ECLGS debt even our entire hospitality debt was securitized from the GOPs, our hotels were fully taking care of the debt of hospitality that is also more like a LRD so that way our debt to equity is quite healthy I just said about 50% in reality 57% is LRD debt and capex is about 30%.

Amit Agarwal: Thanks a lot Sir. That is all from my side.

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

- Prem Khurana:** Thank you for taking my question Sir and congratulations on very good set of numbers and especially for the entire team for having managed the balance sheet so well and especially on the residential side the debt has been declining for a while and it is almost five quarters, my first question was with respect to business development only again sorry to ask on this again I think last call when we interact we made to believe that we were working on couple of transactions in Bangalore and there were something in Chennai as well Hyderabad was also on the radar so if you could share some updates on these revenues where are we in terms of the acquisitions or additions any progress made during the quarter?
- M R Jaishankar:** As I had mentioned earlier it is a acquisition of new property it is a continuous process you can more or less say I may not be able to share how much clearly and which city, etc., we have sort of finalized about 3.5 million square feet of residential space development equivalent to developable area of 3.5 million and we are in the process of finalizing hopefully in this quarter another 3 million square feet may happen and it is a continuous process but just because there is money in the banks or reserves we cannot afford to make hasty decisions we have to go through the usual process so people make maximum mistakes when there is money the wisest people are people who do not have money in the pocket.
- Moderator:** Thank you. The next question is from the line of Naresh Vaswani from Sameeksha Capital. Please go ahead. It seems there is no response from the line of Naresh we will move to our next question that is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** Thanks for taking my question and congratulations for a great set of numbers. So two questions from my side assuming everything goes well what is the kind of exit rentals that you can see in your office and the retail segment let us say by the end of FY2022 and second just wanted to get what was the share of non-Bangalore cities in our sales during this quarter?
- Atul Goyal:** We do not give guidance but 2023 we expect that our revenue from leasing segment should be in the range of 550 to 600 Crores it depends upon how the leasing happens and how the things go further but we are hopeful that we should achieve that number by end of 2023.
- Parvez Akhtar Qazi:** About the sales breakup for this quarter?
- Rajendra Joshi:** Yes, sales breakup of residential?
- Parvez Akhtar Qazi:** Yes, residential. So how much of the sales between states from Hyderabad and Chennai?
- Rajendra Joshi:** In Q2 about 37% by value came from Hyderabad and Chennai and balance fromn Bangalore , .
- Parvez Akhtar Qazi:** Thanks Sir that is it from my side and all the best.
- Moderator:** Thank you. The next question is from the line of Mohit Agrawal from IIFL Securities. Please go ahead.

Mohit Agrawal: Thanks for the opportunity. Sir my first question is basically on the hospitality portfolio now that we are seeing signs of recovery and we had earlier pre-COVID we had plans to expand into hospitality portfolio so any plans there to revive that capex or how you are looking at capital allocation in the hospitality sector and link to it is that are you also looking at a stake sale which was there on the anvil before COVID start?

M R Jaishankar: We have as I said earlier we have eight operating hotels which are all operationally cash positive only thing is they yet to recover the interest outgo in the depreciations which we were doing pre-COVID, pre-COVID we were doing that and there were at some point of time we had during the COVID time we have four new hotel properties which were to come up so out of that one where the building had already come up we have put it on hold that way we will restart sometime in Q1 of next financial year and complete it in FY2023 and remaining one was at a foundation stage we have still kept it on hold, two of our properties which were under construction at a initial stage or bit advanced we are repurposing it into a salable product residential of it like that and as far as stake sell is concerned that is the impact I thought still continues but the market conditions are still not conducive for us to go ahead with the stake sale unless we may try to sell it distress which we do not want to and the situation does not recommend such a distress approach because on the other hand we ourselves maybe open to buy a distress we get it because the trend is improving as they said the occupancy in the Q2 is 45% average occupancy as compared to 23% in Q1 and that too because we have two hotels which are new and slightly depressed conditions like Four Points Sheraton Cochin with very, very severe restrictions in Cochin during COVID time so that took the brunt of it similarly Grand Mercure Gift City Ahmedabad which is in reality it is a new hotel it started in January 2020 and March the lockdown was announced after that there is no time to recover. If you remove those two hotels our average occupancy is in the range of 55% to 57% and some of our hotels like the one in Mysore Grand Mercure Mysore it is doing better than pre-COVID times both in terms of occupancy and ARR's at and even like Grand Mercure Bangalore has posted 82% occupancy in Q2 so that way and all other hotels have shown much better occupancy rates so we are particularly once the international travel starts I think the market will recover with a vengeance that is what I feel which is what is noticed in say retail.

Mohit Agrawal: So how many keys in total are we planning and what is the pending capex here?

M R Jaishankar: No I think the pending capex maybe just about 50 Crores that is all the capex maybe just about 50 Crores pending.

Mohit Agrawal: Secondly on the residential segment earlier in our calls we have alluded to doing about north of 20%, 25% kind of growth on an annualized basis for the next two to three years can you reaffirm that do you think that is on track to do about 20%, 25% plus in the next two to three years?

Rajendra Joshi: We will certainly work towards that, one thing we can clearly and confidently say that with the kind of equity that we have and the kind of product lines that we have built over the years we

certainly will aim towards it. It will depend on market conditions and various factors but we will certainly aim towards that and we believe there is room for such growth in the coming years.

Mohit Agrawal: Is this growth in volumes or is this value growth and if it is value then what is the kind of price hikes we are building in this?

Rajendra Joshi: It will largely be volume growth because as you would know the south Indian markets the prices do not move as they would probably say in Mumbai or some similar markets so it would be largely volume growth but the price growth would depend on the kind of location that you are in or micro market that you are in, in each of the cities.

Mohit Agrawal: So any pricing growth will be over and above that?

Rajendra Joshi: Yes.

Mohit Agrawal: Sure. Thanks a lot Sir and all the best.

Moderator: Thank you. The next question is from the line of Jay Daniel from Entropy Advisors. Please go ahead.

Jay Daniel: I am just revisiting what you said in your last call you said that if you put in 500 Crores in land acquisition that will generate sales of around 5000 to 6000 Crores if it is outright purchase and if it is a mix of JV joint development then the sales generated could go up to 10000 Crores and this would be at a margin of 25% am I right?

M R Jaishankar: I do not know whether it is 5000 and 10000 Crores I do not clearly remember but margin which is EBITDA, EBITDA in that size is that did not mean PBT it is EBITDA will be that but honestly I do not remember we can go through the recorded and message and revert to you if we have said anything like that 5000 and 10000 Crores.

Jay Daniel: Yes, sir you did but to revisit the number what would it be when 500 Crores of outright land purchase how much revenue can you generate?

M R Jaishankar: To avoid any confusion I can get back to you otherwise off the record I may not want to say because you are saying a figure of 5000 and 10000 Crores it would not be but I will come back to you revenues that it is possible not possible I will get back to you. Our company secretary will get back to you on that.

Jay Daniel: That will be nice. Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Shivang Joshi from Centrum. Please go ahead.

- Shivang Joshi:** Thank you for the opportunity and congratulations for good set of numbers. Sir most of my other questions are answered I just wanted to have some idea about your upcoming launches that you have mentioned in your presentation on the revenue side roughly 2.2 million square feet of launches are planned so could you give us a timeline whether these launches are set for the next quarter or for the balance second half of the year?
- Rajendra Joshi:** Yes, basically these are launches that we are planning in the second half of the year that is what we are looking at. We have clarity on the kind of approvals that we will get that is very important, final approval so that we get so that is what we are talking about.
- Shivang Joshi:** So are these launches predominantly in Bangalore or is there a component or the non-Bangalore projects are also included in the sales could you give us a broad breakup of that?
- Rajendra Joshi:** Yes, all Bangalore except one that we are talking which would be in Mysore other than that all other projects are in Bangalore.
- Shivang Joshi:** Just confirming that you had any launch in October I mean post September ending quarter?
- M R Jaishankar:** No we did not there were last two months for two-and-a-half months due to some confusion in the local approval authority I would say the temporarily it is suspended approvals from the month of August I think it is likely to be cleared in the next few weeks then the approval process will start.
- Shivang Joshi:** Lastly looking at the ongoing projects and the completed inventory roughly Brigade's share of unsold inventory stand at around 6.8 million square feet so what is the gross timeline that you have for the ongoing project what will be on a blended basis completion stage of the project and roughly 6.8 million square feet how long do you think do you take to sell large part of this unsold inventory which is currently there in the ongoing and completed project?
- M R Jaishankar:** It can be very approximately you can take it as about six quarters.
- Shivang Joshi:** Last question from my side so in addition to the launch pipeline that you have given which is where you have had clarified on the approvals what would be the tentative launch pipeline from the land bank in next year if you can give us some number?
- M R Jaishankar:** No it can be definitely in addition to this 2 to 2.5 million square feet that will be launching in this quarter and another 5 million square feet of projects can definitely be launched.
- Shivang Joshi:** In FY2023?
- M R Jaishankar:** Yes.
- Shivang Joshi:** Thank you so much for answering my questions.

- Moderator:** Thank you. Ladies and gentlemen we will take the last question from the line of Venkat Samala from Tata AMC. Please go ahead.
- Venkat Samala:** Thanks a lot for the opportunity. Most of my questions have been answered it is just about the approval problem that you mentioned sometime back is it something that all the developers are facing in Bangalore can you give some more color on that?
- MR Jaishankar:** Yes, it is all the developers are facing in Bangalore it is basically the background is sometime in August the High Court of Karnataka gave a order against BBMP and collection of certain fees and sets which they were collecting all these years and maybe one or two small term developers had objected to that the order went against the authorities so the authorities are I would say engrossed in how to overcome that and they are coming up with I think as recent as day before the cabinet has taken some decision which they will implement in the next week or 10 days more than developers the city authorities are more interested in collection of their revenue so they are equally interested to resume the approval process and I feel it will get resolved very soon.
- Venkat Samala:** Do you think this could be a dampener for us in terms of near-term sales?
- MR Jaishankar:** Near-term sales it cannot be a dampener at all on the other hand who know it may help in sale of existence of the higher rates.
- Venkat Samala:** One last question hospitality side if I look QoQ the debt has increased by about 50 odd Crores can you give some color as to what has really happened there?
- Atul Goyal:** No it is mainly because of the ECLGS which has been taken when you see there are two ECLGS lines which has come for hospitality that was ECLGS two and ECLGS three and the timelines for them that was till September so those ECLGS lines have been taken that is why there has been an increase.
- Venkat Samala:** So it was already there now it is visible is that the way to look at it?
- Atul Goyal:** Yes, it is visible we have still 60, 70 Crores of ECLGS which we can take but we will take as and when we required for the repayment going forward.
- Venkat Samala:** When do we expect for the hospitality business to be cash positive after considering the interest expenses?
- Atul Goyal:** So it should be at least one year I think now things are improving business travel has started and international travel is also going to start so I think by four to five quarters we should be able to achieve that.
- Venkat Samala:** Sure thank you, thanks a lot, wish you all the best.

Moderator: Thank you. Ladies and gentlemen that would be our last question for today. 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 our call today. Apart from financial and operational updates I would like to give you a glimpse into the other successes we hold here. We have been ranked for the last 11 years among the top 100 best places to work in India by the great place to work institute an Economic Times survey, we are one of 43 companies who have done this. This year we have the additional honor of also being recognized as one of the best work places for women as well, we are thrilled to receive this as this is close to our heart. Sustainability is also intrinsic to our core values and design philosophy and we are extremely proud to receive the ESG India Leadership award 2021 for leadership in green products and service. Brigade has more than 20 buildings and Platinum or Gold certified buildings by LEED and IGBC and reaffirms our commitment to developing projects in a sustainable manner. Despite the pandemic our prospect accelerator Brigade REAP has enabled 11 start-ups from our portfolio to raise capital and one exit one of them light store has opened India's first flexi retail store at our flagship mall Orion at Brigade Gateway likes to offers disruption in the retail industry by giving premium retail spaces which can be rented out on an ultra short-term basis this shows our prime retail spaces can be democratized by brands would otherwise be present only online. The Indian music experience or IME founded and supported by Brigade to count two major community focused projects Yuva and culture supported by the British Council and projects Varitha, both projects brought the aim at making the museum at democratic inclusive base that encourages diverse voices With that we come to the end of our H1 FY2022 analyst call. Thank you all for taking the time to hear from us today. We look forward to a brighter future in Q4 and hope that third wave is not in an offering for our country. Stay healthy and stay safe.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Brigade Enterprises that concludes today's call. Thank you all for joining us and you may now disconnect your lines.