

Brigade Enterprises Limited

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



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18th November, 2022

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

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

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

Dear Sir,

Sub: Transcript of Conference Call on the Company's Financial & Operational Performance for Q2 FY23- 14th November, 2022:

We are enclosing herewith the transcript of the Conference Call on the financial and operational performance of the Company for Q2 FY23 held on Monday, 14th November, 2022.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For **Brigade Enterprises Limited**

P. Om Prakash
Company Secretary & Compliance Officer

Encl.: a/a





“Brigade Enterprises Limited Q2 FY2023 Earnings
Conference Call”

November 14, 2022



**MANAGEMENT: MR. M.R. JAISHANKAR – EXECUTIVE CHAIRMAN,
BRIGADE ENTERPRISES LIMITED
MS. PAVITRA SHANKAR - MANAGING DIRECTOR,
BRIGADE ENTERPRISES LIMITED
MS. NIRUPA SHANKAR – JOINT MANAGING
DIRECTOR, BRIGADE ENTERPRISES LIMITED**

**MR. ROSHIN MATHEW- EXECUTIVE DIRECTOR,
BRIGADE ENTERPRISES LIMITED**

**MR. AMAR MYSORE – EXECUTIVE DIRECTOR,
BRIGADE ENTERPRISES LIMITED**

**MR. ATUL GOYAL – CHIEF FINANCIAL OFFICER,
BRIGADE ENTERPRISES LIMITED**

**MR. VINEET VERMA – CHIEF EXECUTIVE OFFICER
HOSPITALITY, BRIGADE ENTERPRISES LIMITED**

**MR. OM PRAKASH – COMPANY SECRETARY,
BRIGADE ENTERPRISES LIMITED**

**MR. PRADYUMNA KRISHNAKUMAR – CHIEF
BUSINESS DEVELOPMENT OFFICER, BRIGADE
ENTERPRISES LIMITED**

**MR. RAVI AHUJA – CHIEF OPERATING OFFICER,
BRIGADE ENTERPRISES LIMITED**



*Brigade Enterprises Limited
November 14, 2022*

Moderator: Ladies and gentlemen, good day and welcome to Brigade Enterprises Limited Q2 FY2023 Earnings Conference Call. 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 – Executive Chairman. Thank you and over to you sir.

M.R. Jaishankar: Good afternoon. It is my pleasure to welcome you all to the Brigade Enterprises Q2 FY2023 Earnings Conference Call.

I am joined by our newly elevated Managing Director – Ms. Pavitra Shankar, and Joint Managing Director – Ms. Nirupa Shankar. Our Executive Director - Mr. Roshin Matthew, the Senior Management Team, Amar Mysore - Executive Director, Mr. Atul Goyal -CFO, Mr. Vineet Verma – CEO (Hospitality), Mr. Om Prakash – Company Secretary and Mr. Pradyumna Krishnakumar –Chief Business Development Officer have also joined.

We also have Mr. Ravi Ahuja our newly appointed office COO. He brings to the table a deep understanding of the commercial office market and joins the team to focus on leading,

Keeping with our overall, well-thought-out succession strategy for the Group, we recently announced the internal elevation of Pavitra and Nirupa as MD and Joint MD respectively. Both have independently played lead roles in the expansion and growth story of Brigade over the last decade or more. With their future-oriented thinking, clearer vision, their passion for advanced technologies and sustainable growth, I am confident Brigade will continue to rise to even greater heights under their leadership. I wish them both the very best in their new role and I am confident that they will excel with the support of the executive directors and senior management. As Executive Chairman, I will continue to be closely involved in the company and in its strategic direction.

With regards to the results, I am happy to report that H1 FY23 has been extremely positive with a strong increase across our financial numbers. Our real estate business vertical continued to lead the growth with contributions from all other verticals including retail and hospitality. We expect to sustain and grow the momentum in the coming quarters with a good pipeline of new residential projects, leasing business and continued growth in the hospitality business in H2 FY23.

C Our residential segment continues to exhibit a strong track record with net new bookings of 1.15 million square feet with a value of Rs. 761 crores in Q2 FY2023. Buoyed by our strong sales performance and pace of construction, the collection trend has also been very healthy with

a net value of Rs. 987 crores, which is a 14% increase over the previous quarter. Overall, for H1, we have increased our net sales by 12% revenue by 18% and collections by 45% on a year-on-year basis. The reception from customers have been encouraging for our new projects like Emerald Block at Brigade El Dorado and also Brigade Nanda Heights located in North and South Bangalore respectively. We have some exciting new projects lined up for Q3 which will carry forward this momentum.

Leasing for office business was at 0.55 million square feet in Q2 FY2023 50% of which was towards our investors share and projects meant for sale. We saw higher demand for our east and north Bangalore office premises. Automobile, IT, Flex Operators and BFSI sector for field leasing space last quarters. Our efforts will be focused on Brigade Senate in Bangalore North, Brigade Tech Gardens and WTC Chennai. We are hopeful that the upcoming Development of Enterprises and Services (DESH) Bill will catalyze our leasing efforts in our SEZs. Collections remain stable at 99% and the outlook for the next quarters looks positive with over 1 million square feet across all properties.

As regards the retail segment, retail sales consumption showed 38% growth during H1 FY2023. Footwear, bags and accessories saw 50% growth pre-COVID level. Family entertainment saw a 47% increase. F&B saw a 40% increase. Electronics saw a 36% increase over pre-COVID level whereas multiplexes achieved 83% of their pre-COVID sale. New lease rentals saw an average growth of 33% for fresh deals.

The hospitality segment continues to grow within all round improvement in our numbers with both our top line and bottom line registering higher than pre-COVID Q2 levels.. Our occupancy reached 103% of our pre-COVID performance. Our revenues touched 121% and our AGOP adjusted gross operating profit reached 143% of the pre -COVID levels for the same time period. Even the average room rate have shown an upward growth of 12% over the pre-COVID levels. Our primary demand segments such as rooms, F&B and mines business continue to grow mostly through domestic channels. This brings me to the end of our business highlights..

Thank you for listening. I now request Mr. Atul Goyal – our CFO to take you through the financial highlights. Take care and stay safe.

Atul Goyal:

Thank you sir. After business update, which has been put by the Chairman. Good afternoon, everybody. On behalf of the Company, we would like to welcome you to the earning calls for Q2 FY2023.

Start with consolidated financial performance for Q2 FY2023:

The consolidated revenue for Q2 FY2023 stood at 912 crores versus 776 crores for the same quarter last financial year, an increase of 18%. The consolidated EBITDA for Q2 FY2023 stood

at 249 crores versus 216 crores in Q2 FY2022 an increase of 16%. The EBITDA margin for Q2 stood at 27%. Consolidated PAT stood at 52 crores compared to a loss of 14 crores for the same quarter last financial year, consolidated PAT and after MI (minority interest) stood at 78 crores compared to 12 crores in Q2 FY2022 and increased by 6x.

The real estate segment clocked a turnover of 632 crores and EBITDA of 13% in Q2 FY2023. Real Estate collections for Q2 FY2023 was 1036 crores versus 881 crores in Q1 FY2023 and an increase of 18%.

The leasing segment clocked a turnover of 189 crores, an EBITDA of 72% in Q2 FY2023.

The hospitality segment clocked a turnover of 91 crores and an EBITDA of 31% in Q2 FY2023. Overall collection for Q2 FY2023 was 1422 crores versus 1210 crores in Q1 FY2023 an increase of 18%.

With respect to consolidated financials for H1 FY2023, the consolidated revenue for H1 FY2023 stood at 1832 crores versus 1168 crores in the same half year ending for last financial, an increase of 57%. The real segment clocked a turnover of 1286 crores, an EBITDA of 13% in H1 Q2 FY2023 versus a turnover of 858 crore and an EBITDA of 18% in H1 FY2022.

The real estate collection increased by 45% to 1917 crores in H1 FY2023 from 1319 crores in H1 FY2022. The leasing segment clocked a turnover of 365 crores, an EBITDA of 75% in H1 FY2023 versus a turnover of 248 crores an EBITDA of 73% in H1 FY2022.

The hospitality segment clocked a turnover of 181 crores and EBITDA up 32% in H1 FY2023 versus a turnover of 61 crores and EBITDA of 7% H1 FY2022, but consolidated EBITDA including other income for H1 FY2023 stood at 500 crores versus 336 crores in H1 FY2022, an increase of 49%. EBITDA margin including other incomes stood at 27%.

Overall collection for H1 FY2023 was 2633 crores versus 1654 crores in H1 FY2022, an increase of 59%.

Coming to debt position, gross debt of the company stood at 4015 crores as on 30th September 2022. There was a deduction of 59 crores in real estate debt in Q2 FY2023 because of good collections and repayment, so reduction in residential debt has continued since last year.

The cash and cash equivalents stood at 1789 crores as on September 30, 2022. Consequently, the company's net debt outstanding as on September 30, 2022, is 2226 crores out of BEL's share is 1491 crores. Cash flow from operating activities stood at 731 crores in H1 FY2023 and as compared to 369 crores in H1 FY2022, an increase of 98%. The average cost of debt has increased by 44 bps as compared to the increase of repo rate by 190 bps since March 22. Debt equity stood at 0.60 lower than last quarter.

We have a great rating of A+/Stable which has been assigned by both CRISIL and ICRA which will increase lender and investors' confidence. The company has strong liquidity, liquidity position to meet operations and expansion plans.

I hand over the mic to the moderator for questions.

Moderator: Thank you, 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. So, the first question is when you are leasing pipeline so we get 1.5 million square feet of vacant space and a million square feet of leasing pipeline. So, consider what you have mentioned on the DESH Bill, which is awaited. So, now when do you expect to know fully leased this out? What is the fresh target? Because I believe you earlier looking to do it by March or June of next year. So, is the target remain the same or is there any change to that? Thank you. That is the first question.

Rajeev Ahuja: This is Rajeev Ahuja. The target, of course remains the same and while there has been a visible slowdown in the overall market the DESH Bill is proposed to be tabled in the winter session. Having said that, apart from all this, we are focusing on building a heavy pipeline, about a million square feet of pipeline, which is visibly here for us to deal with and convert over the next one or two quarters. So, we are hopeful that this pipeline will see some conversions going forward in the next three to four months.

Adhidev C: Reference to some significant slowdown in leasing, like you are referring to which period exactly.

Rajeev Ahuja: That is, if you were to refer to the market reports of the IPCs visibly if you were to compare quarter 2 to quarter 1 of FY23, there is a 30% slowdown reported by them. Having said that the green shoot is that there is a 30% growth when you compare quarter 2 FY 2022 to quarter 2 FY23 of the last financial year, so of course COVID had some role to play but that shows a healthy comeback to last year. This slowdown of course will be moderated and will pick up during the pipeline which we have and I am sure that has demonstrated by the market sentiments as well.

Adhidev C: Okay, sir the second question is on the land payments, obviously our residential that has come down quarter on quarter. This is the question for Atul. So, what is the expected land payment we will be doing the second half of the year especially towards the mount Road, Chennai and Kiadb land in Bangalore and accordingly, how much should the debt or the net debt rather go up by the second half of the year if you factor that. Thank you.

- Atul Goyal:** Yes, so we have around 1000 crores of land dues and I think in the next two quarters we should incur around 600 to 700 crores land payments will happen. We do not need to take any debt because adequate cash is there in the balance sheet, but we will see if required will take otherwise, the cash is there even QIP cash is there that will all be used for the for the payment of the land.
- Adhidev C:** Okay, so just to clarify this Mount Road property will be fully paid, and we can look forward to a lot sometime towards the end of this year, or that is going to be done in tranches?
- Atul Goyal:** No, so I think my Q4 will pay Mount Road. The approvals are also going on parallelly and we are targeting. So, we are targeting the 4 quarter we should launch. Of course, residential will be launch first.
- Adhidev C:** That's exactly. Launch will happen in the second half of 24. Is it the correct way of assessing?
- Pavitra Shankar:** Yes, as Atul mentioned, Mount road will be a mixed-use project, we are going to lead with the residential portion, which is around 60% of the total land value that we are aiming to sell. We are in the process of design and approvals that generally takes a little bit of time in Chennai. So, we are anticipating in actually part of our next rolling four quarters estimate of when it will launch. So, potentially in Q2 FY2024 what we are looking at.
- Adhidev C:** Okay. Second quarter, FY24. Did I hear it correctly?
- Pavitra Shankar:** Yes. Okay.
- Moderator:** Thank you. The next question is the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir my first question is, if I see the launches hardly about 2 million square feet of launches and happened in the first half and was more than 50% is from the existing projects, new phases. We have a very strong pipeline of 15 million square feet in the second half. So, if I have to look this, the perspective that first half could be largely driven by sustaining sales. If you can give some more granularity on the second half launches, especially the big ones that will be helpful. .
- Pavitra Shankar:** So, let me just give some context. At the beginning of the financial year, we had basically indicated around 10 million square feet of launches, 8 million of which was from residential. As you indicated as we have done in Q1 and Q2, 2 million of that is already launched, of the remaining 6 million, 2 million of that is plotted development, we have good visibility for that to happen in Q3, and mostly Q3, those launches should be happening, the remaining projects will also come into Q4. So, we actually have pretty good confidence that most of the large projects that we were expecting to happen this financial year will happen. Some of it, which we had liked to see in Q3.its go for say the final RERA approval, but we are all in terms of the

design approvals on that front. So, we are pushing very hard and we should be reaching what we had mentioned in terms of the overall launch plan for this financial year. Now, every quarter, we give a rolling four quarters outlook. So, now in this quarter, it increased to 13 because we have included some of the additional launches that we expect in Chennai coming up in Q1 and Q2 of FY 24.

Parikshit Kandpal: Okay and my second question is only 1000 crores, which Atul mentioned needs to be made for towards the land payment. So, as a potential gross development value added in this 15 million square feet or this will be over and above that.

Pavitra Shankar: It will be over and above that because the land bank that the 1000 crores remaining to be paid, that is not all going to be launched within the next four quarters. So, it is over the span of the next we usually have like a 5-year lookout. So, a lot of that is not necessarily going to be launched right away. So, the timing also of the payments will go accordingly.

Parikshit Kandpal: This 1000 crores of lands a large part of that would be the Mount Road right about I think more than 500 crores the loan will be from Mount Road?

Pavitra Shankar: Yes, the Mount Road is a big portion of it.

Atul Goyal: Yes. So, it is a big portion, but definitely we have also paid around 100 crores already in the Mount Road. So, it will be 400 crores, but let there are a lot of JDAs which are there for which will make the payment for 1000 crores. So, as and when other purchases of the land will come, it will get added to that.

Parikshit Kandpal: My question was Atul, how much of gross development value we have added. If I understand correctly, about a million square feet will be coming from Mount road right and half of that will be residential.

Pavitra Shankar: Yes, so let me answer that. So, basically for the pipeline that we have for the next four quarters we are looking at around, that we would launch around 13 million. So, around 15 million or so total project value. Of course, some of it will be phased in terms of the launch. , which is why I am telling you the GDP will be around 15 million.

Atul Goyal: Yes. So, for land bank, it will be around 4.5 to 5 and 13 what we are launching.

Parikshit Kandpal: For this 1000 crores, we will have about 4.5 to 5 million square feet of saleable area and in terms of GDP, this will be how much like 3000 crores plus, gross plus.

Atul Goyal: Yes, it will be 3000 crores plus. You are right.



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- Parikshit Kandpal:** Okay, my last question is on commercial pipeline. So, now the thing is, SEZ leasing is it contingent on DESH Bill, this 0.85 million which is residual in Tech Garden, it is largely contingent on the DESH Bill. Besides that, we also have a backup plan of leaving it out over the next three to four months.
- Rajeev Ahuja:** Hi, this is Ravi again. So, clearly, this is not contingent on the DESH Bill, we already have a pipeline today, which is not relying on the DESH Bill. So, the DESH Bill happen, I think the traction will only improve and incrementally from here.
- Parikshit Kandpal:** Okay, just the last one if I missed on the total business development, so what was the total gross development value added in the first half and in the second half how much we are looking to add?
- Pavitra Shankar:** So, in the land bank or what we have launched,
- Parikshit Kandpal:** No Pavitra I am asking how much the new land tie-ups or JDA, JV Outright, which we have done in the first half, and how much we are targeting as a year as a whole to build our land business pipeline. I want the gross development value of that.
- Pavitra Shankar:** So, on like that value I will have to get back. But recently, we have just around 3 to 4 million square feet in the last two quarters in terms of new projects.
- Parikshit Kandpal:** And a similar number looking for the second half.
- Pavitra Shankar:** We have a number of things working on it right now when we are able to disclose we will be able to let you know.
- Parikshit Kandpal:** Okay, thank you Pavitra. Those are my questions.
- Moderator:** Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.
- Pritesh Sheth:** My question is, firstly on Twin Towers, we have seen a muted spending for this. Since now we have a clear leasing pipeline. What is the expected timeline that we could complete this project?
- Nirupa Shankar:** This is Nirupa here. I will take this question. So, we are expecting to complete it by in the next year or so. So, by January or March 2024 we are planning to complete it.
- Pritesh Sheth:** Okay, got it and secondly, in terms of residential margins, which have been tepid since last two, three quarters, obviously, I can understand the timing and maybe few of the legacy. project that might have started recognition but what is the trajectory that we expect going forward? Should we expect to get back to that 18-20% margin that we used to generate anytime near soon?

- Atul Goyal:** So, I just like to clarify, the revenue is getting recognized under IN AS 115. Overall, if sales is around 800 crores and our revenue recognition. So, if you take a gross profit of around 25% and you convert it into 800 crores of revenue in rolling quarter it will come to around 20%. So, that is a difference because we are not able to realize the revenue as per-AS-115 based on what we are doing the actual sales, pre sales actually
- Pritesh Sheth:** So, it should continue probably for the next two three quarters and after that we start recognizing whatever we have seen sale in last couple of years.
- Pavitra Shankar:** So, there are two projects which will start coming up for handover and revenue recognition. Those are two of the blocks in Brigade Cornerstone Utopia and two more blocks in Brigade El Dorado. So, we see an increased revenue recognition over the next potentially next two to three quarters we should be able to see that commenced.
- Pritesh Sheth:** Sure. Got it. Very much clearer and lastly just a breakup of collections if you can provide across residential, commercial leasing and hospitality?
- Atul Goyal: So, you want for Q2 or H1?
- Pritesh Sheth:** Sir Q2 FY2023.
- Atul Goyal:** Q2 residential is 987 crores, commercial sale is 49 crores, commercial lease is 130 crores, retail is 52 crores, hospitality 119 crores and maintenance PMS which is 66 crores. Total is 1422 crores.
- Pritesh Sheth:** Sure got it. Thanks. All the best.
- Moderator:** Thank you. The next question is from the line of Rakesh Wadhvani from Monarch Network. Please go ahead.
- Rakesh Wadhvani:** Hi thank you for the opportunity. Sir, I have a one data bound question. In commercial leasing business you provide a P&L Separately, the EBITDA margin has come down from 75 to 72% Any particular reason because the leasing has increased I think EBITDA margins have increased.
- Atul Goyal:** So, yes, it is a combination of three revenue streams that goes into a leasing business. One is office, one is retail and one is PMS, which is our maintenance business. So, there has been some wavering of margins and maintenance business because of which it has increased leasing business margins have been impacted. So, we have taken tandem also one of the associate company. So, we are now overall, trying to improve its performance also so that's the difference. But over the quarter, you will see that it will iron out at 75%.

- Rakesh Wadhvani:** Okay, thank you and sir second question on the residential part, we have given a guidance of 12 to 15 million new launches coming in the next 12 months. This is very, very good and encouraging. Just want to understand from the long-term perspective, what is the pipeline that you want to launch every year? I do not want a particular number, but what is the management thought process because more the inventory we have the chances of more selling. A competitor also coming up with more launches. So, just wanted your thought process on that.
- Pavitra Shankar:** Yes. Hi, thank you. Yes, we do have an aggressive pipeline visibility for it over the next four quarters. We intend to keep growing at a pace of 15 to 20% is what we have always communicated. Given the tailwind for the residential sector as we can see so far, to be confident that this is possible and feasible with our land bank, while certain projects move from the land bank into the pipeline, and then looking at adding new projects, Chennai has also been a very good market for us, we are looking to make it a very strong second market to Bangalore and as we have communicated earlier, our focus is going to remain in markets. So, given all of this, we plan to basically cement our leadership position in these three markets in South India, and focus on residential business supported by smaller markets where we have a presence like Mysore.
- Rakesh Wadhvani:** So, just reiterate your point. Can you assume 10-12 million new launches in the coming year also, not for next one year, do we have that much pipeline with us?
- Pavitra Shankar:** So, as I mentioned the numbers earlier, we have around 13 million over the next four quarters on a rolling basis. So, of the 13, two of that has come and the rest is from residential.
- Rakesh Wadhvani:** Thank you. That was from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Dilip Agarwal, an individual investor, please go ahead.
- Dilip Agarwal:** Hi, thank you for the opportunity. My question was similar, which was already asked around the EBITDA margin on the residential space, which is if I see the historical investor presentation just talking about 20% in FY20, in which has now gone to 13%, but that was answered by Atul.
- Pavitra Shankar:** Sorry, I just want to clarify on the previous question. It is actually 13 million for residential. 13 million for residential only plus 2 for the commercial. So, a total 15 million outlook for the next four quarters.
- Moderator:** Mr. Dilip Agarwal you can go ahead with your question, please.
- Dilip Agarwal:** My question was already answered, because it was similar to this EBITDA margin of 13%, which is coming in the real estate.



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- Moderator:** Thank you. The next question is from the line of Siddhant Dand from Goodwill, please go ahead. Yes, your voice is not clear.
- Siddhant Dand:** You commented that you still have QIP cash available. So, my understanding was why did you dilute equity at these lower valuations instead of monetizing our hotel and office assets and clearly office assets deals were happening at that time. Just wanted a comment around that and future strategy regarding equity dilution.
- Pavitra Shankar:** Sure. So, while it is tough to sort of how it was maybe four to six quarters ago, at that point in time, the outlook for office retail and hospitality was quite poor and we strongly believe in the quality of our portfolio, and we did not want to dilute at that stage. So, at the time, we took a call to basically do an equity dilution, of course, since then the stock has done extremely well. So, that's been a great thing for our investors. But that is basically why we did not want to actually dilute in terms of the asset portfolio itself. Since we were not in a market to look for any kind of distressed valuation.
- Siddhant Dand:** Okay, and what is the future strategy regarding equity valuation or something? We are not looking at it all the time in the medium or long-term.
- Pavitra Shankar:** No.
- Moderator:** Thank you. The next question is from the line of Parvez Qazi from Edelweiss Securities. Please go ahead.
- Parvez Qazi:** Yes, thanks for taking my question. So, a couple of questions from my side. First Pavitra, what is the outlook on the housing demand side? Have we seen any impact of the increase in mortgage rates, or talked about the slowdown that we are seeing on the tech sector as far as housing demand is concerned?
- Pavitra Shankar:** So, far, actually, we have not seen any real impact even though the interest rates have been increasing. We have not seen that, in fact, a number of people who come forward for mortgages, as well, roughly that has been around 65 to 60% of our of our customers who tend to opt for a home loan. So, we have not seen really in a drop off in terms of how many of those customers actually ask for the sanction letters and so on. I think it is because historically speaking, these are still decent rates, I think maybe we are all pegged to what was the historical low in the past two years. But relatively speaking, it is still a decent rate. In fact, in 2019-18, and earlier, the rates were more like 9 to 11% and those were the years where we did some of our best numbers prior to COVID. So, I do not think this is going to impact. That said we are keeping a close eye on it in terms of our future pipeline, in terms of sizing, how we want to size things, how we want to try and keep an eye in terms of how ticket prices may also increase and affordability. So, we are keeping an eye overall in terms of being flexible in terms of what the portfolio is going to be

going forward. Yes, most of our customers come from the IT sector and related sector. In the markets of Bangalore, Chennai, Hyderabad, there does not seem to be any impact at all, or any reduction in not just the bookings, but also in the flow of walk-in and inquiries happening digitally.

Parvez Qazi: And what in your view would be the outlook on the pricing side and I know we had taken a round the price hikes over the last one year. But how do you see things pan out in future?

Pavitra Shankar: I think we are in a position to continually drive the pricing. What we have learned over the past few years is that consolidation has allowed good brands to actually be aggressive with their pricing. Also, because this is the markets where we operate, they are generally not, markets where there is huge margin. So, we do need to try to look at pricing and see wherever we can push it up where the market is going to allow that to happen. I think the strength of the brand, the ability to deliver quality and on time and also figure out what the customer is looking for is what has helped Brigade in the past. So, we will look at continually trying to push the pricing and of course look at ways in which we can keep costs under control as well.

Parvez Qazi: And a couple of data specific questions for Atul sir. First what was the rental contribution from BTG and WTC quarter.

Atul Goyal: this quarter from BPPL that is, Tech Garden was 36 crores and revenue from WTC Chennai was 32 crores.

Parvez Qazi: And what could have been the contribution and a ballpark figure will suffice to presale from our launches during this quarter.

Atul Goyal: I couldn't get you.

Parvez Qazi: What was the contribution of launches to resale this quarter in the projects over projects that we launched this quarter, how much do they contribute?

Pavitra Shankar: Yes, so, in terms of how much the new launches contributed it was around 50%

Parvez Qazi: And lastly, what would have been the non-Bangalore sale this quarter?

Pavitra Shankar: So, over the last couple of quarters is reduced. This last quarter it is around 80% from Bangalore, again this should increase as our launches from Chennai start to pick up and some of the launches we have planned for Hyderabad as well.

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

Biplab Debbarma: Good afternoon to everyone and congratulations to Pavitra and Nirupa. So, my first question is on the DESH Bill. Sir just briefly what is DESH Bill and how it's going to help Brigade Office portfolio.

Atul Goyal: So, this is the bill where government is trying to enable the SEZ to utilize some of the spaces that non SEZ where they are asking that okay you can leave some of the spaces without having a net foreign exchange and without diversifying your GST or other benefits which you have used. Yes of course, there will be some equalization levy which the government put. So, we are waiting for that. So, right now if you have to convert an SEZ into non SEZ, you have to demarcate that property separately and of course you have to return all the GST or other benefits which we have taken. So, this is a DESH Bill and they are tabling this winter session. If it happens it will definitely help SEZ all over India because then they can partially do a SEZ as well as a non-SEZ.

Biplab Debbarma: Second question is you in the commentary in one of the commentaries mentioned that there is a bit of slowdown office space overall based on the IPC reports but in Brigade's experience did you see any slowdown or kind of interest going down or kind of timeline get off negotiation getting stretched? How is your experience in terms of inquiry and pipeline in office? Do you see any perceptible change in the last one two quarters where clients are inordinately delaying the negotiations or the interest has gone down or the negotiations hard on rental. Any change in client's attitude.

Rajeev Ahuja: Yes, so the numbers with us in quarter one and quarter two do show a slight slowdown in fact even for our transactions, but they are not due to any transaction falling through it is postponement of decision primarily and therefore, we are hopeful that given the delay in quarter 2 booking of these deals, these will essentially happen before the H2 FY2023. Having said that, and just to point out the answer to your question, there has been a small visible slowdown. Our quarter one we reported 400,000 square feet of office take up while quarter 2 we have reported close to 300,000 square feet of office take up?

Biplab Debbarma: Okay and one final question, if I may. There are a few big players, which are entering Bangalore market and also existing non-Bangalore players are increasing their footprints. So, yes, the market is very robust, I know. But with the changing competitive landscape, how do you see in terms of supply, you know, now many people would be chasing the same day maybe many people are chasing a few deals and buyers have a lot of choices. So, sir in the changing competitive environment, definitely Bangalore is a good market. Have you seen any perceptible change any increasing competition in terms of customers or in terms of deals? Have you seen anything on the ground? That's my final question.

Pavitra Shankar: Yes, certainly, it is getting more competitive, obviously, because Bangalore is a good market. Those who do not have a presence in Bangalore look to it as maybe a potential driver for their

own portfolio. Brigade first has always maintained a leadership position, we have grown it over the past 36 years, and it is our top market and we intend to maintain our leadership position. In terms of looking at land, it is more competitive. But that said, there are still only very few actually do outright purchases, who can actually close deal the way we would. I would say we continue to be very selective in terms of the kinds of deals that Brigade closes. Number one, we are extremely focused on the quality of title, the location, the quality of are most important. So, while there is competition, and maybe other deals out there, it is very clear the kind of new lands that we will take up. So, I think this is something and in future, it will actually the kinds of projects that we take up and the timeframe in which we can deliver without any issues to the customer.

Biplab Debbarma:

Thank you. That's all.

Moderator:

Thank you. The next question is from the line of Rakesh Wadhvani from Monarch Network, please go ahead.

Rakesh Wadhvani:

Hi, thank you for the follow up opportunity. I have one question regarding the leasing. So, in the last quarter, we are given a guidance that we will be reaching the 100% or 95% occupancy in the next 12 months. Do you think we will be able to do it?

Ravi Ahuja:

Yes, as suggested earlier, our target does not change. The slowdown that we spoke about is hopefully going to culminate into these postponed deals which were not falling through and should they culminate, we will certainly be on target.

Rakesh Wadhvani:

Thank you and sir one last question any update on the hospitality portfolio, there was a discussion that that the company might sell a stake in that. Sir just wanted to understand the strategy. What is the like view of the manager and whether they will be selling the majority stake or the 25-40% stake and the funds will be used in the business or they will be used in the hospitality business. Thank you.

Nirupa Shankar:

So, basically, maybe prior to COVID, we were in a very close discussion to a private equity partner, but of course, post COVID and during COVID things changed. Now, again, the hotel business has started to do very well and it is not a bad time to restart some of the discussions. So, we are there are a couple of discussions and interest levels coming in. We were at preliminary stages, I do not want cannot report anything much, but now since the hotels have started to do well, and they are slated to do well, unless of course there is a major macroeconomic issue. We think it is a good time to actually start discussions again. If we do sort of find an equity partner, then some of it, some of the funds will remain with the BHVL Company so that we can grow the business and partially we might have a primary and the secondary component to whatever investment we get.



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- Rakesh Wadhvani:** Okay, that was very helpful. Thank you.
- Moderator:** Thank you. turn in one. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adhidev C:** Yes, thanks for taking my follow up. The first question is on the residential sales that is for this year for this year. So, earlier I mentioned that we could do up to 4000 crores on the higher side. So, any update on that. Any fresh numbers? Does that remain intact?
- Pavitra Shankar:** Yes, no fresh numbers. PAT at higher side
- Moderator:** There's some disturbance from your line. Can you please check.
- Adhidev C:** I'm taking the lower end around 3500 crores for the year.
- Pavitra Shankar:** Yes.
- Adhidev C:** On the hotels now, we have seen hotel doing quite well or almost 60 crores of EBITDA in the first half and considered many of the newer hotels are open just prior to COVID. So, over the medium term, what do you think is the EBITDA potential for your hotel portfolio? Let's say maybe a couple of years out once all the newer hotels have also stabilized their operations? Thank you.
- Atul Goyal:** Yes, so I think the EBITDA potential for all the hotels when they stabilize should be in the range of 175 to 200 crores going forward. This year we may close EBITDA number we are not supposed to give guidance, but it will be a very healthy EBITDA with a healthy PBT this year.
- Moderator:** Next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.
- Pritesh Sheth:** Hi, thanks for the follow up opportunity. Just one question all the launches that we are planning for second half that is 2 million square feet plotted and the 4 million square feet from the residential segment. What should be the gross development value of those launches that we are planning?
- Pavitra Shankar:** Yes, probably. If I am looking at the entire project value around 3600 crores, of course, when we launched the project, it could be done in phases, RERA phases itself. Mostly we have the full sanctions and everything. So, beyond that, we do not expect any delay for the phase launches. So, around 3600 to 3900 crore.
- Pritesh Sheth:** And that will be released that probably released one go what you are saying?

- Pavitra Shankar:** No like I said a couple of the launches while we say they are fresh launches, and they are not new phases and existing township projects. So, for those, we will be phasing them out as well. Another thing is there is no approval risk for that matter. Once it gets launched, there is no approval risk for subsequent RERA phases.
- Moderator:** The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.
- Biplab Debbarma:** Just two questions. One is in the next four quarters; you mentioned 13.5 million square feet. On this new acquisition including Mount Road projects included in that 13.5 million square feet or this new location will be incremental to that 13.5 million square feet.
- Pavitra Shankar:** Yes, so as I said, it is actually 15 million total, 13.5 was for residential. In the residential, we are looking at launches of Chennai projects to come in towards basically mid of FY24. So, we are giving a rolling four quarters projection, which means the mount road project will most likely come into Q2 of FY 24. That's sort of what we are aiming at right now.
- Biplab Debbarma:** That means it has been included. The second thing is your Chennai portfolio you have pipeline and you say that non-Bangalore portfolio will increase. Just trying to understand Chennai market, our understanding in Chennai market is kind of stagnant market but you have been doing very well in Chennai. So, can you give us some insight how is the money? Is it the market growing or you are doing well within that market? You are increasing the market share. How's the market is the seeing rebound as we have seen strong momentum in other key markets of India?
- Pavitra Shankar:** Yes, so I will say it's a bit of both. Yes, Chennai did seem to be a little slow back in 2016-2017, when we had launched our first township project Brigade Xanadu there, we actually found it a little slow in terms of uptake from buyers. But that said, during COVID and beyond once we started launching next phases of Brigade Xanadu, once we launched our residences at the World Trade Center, Chennai project, we actually saw a dramatic improvement in terms of absorption in the Chennai residential market. I think it is due to a couple of things, one is of course, the quality of Brigade as a brand, ability to show our strength in terms of mixed use and residential township development, which is why both is extremely well. The second is that Chennai market itself, I would say does not have local players. While there are some there aren't as many local players who have scaled up as much as the other market entrants like Brigade into the market. So, we have actually seen a lot of opportunity in the Chennai market as a result, and we have continued to acquire new land parcels in Chennai, both JV and Outright. Yes, and in the areas that are doing well are actually where we are located which is West Mogappair, Old Mahabalipuram Road and we continue to look for good land parcels in these areas and beyond. Thank you.



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- Moderator:** Thank you, ladies and gentlemen, we take the last question for today from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Thanks for the follow up. So, Pavitra I want you to talk on the Mount Road project so how is the structure norms so you mentioned Resi would be first So, how about the total residential development and gross development value and what is the commercial portion?
- Pavitra Shankar:** So, as of now we are looking at a total development size of 1 million square feet. We are planning for 60% to be residential and the remainder will be office and retail.
- Parikshit Kandpal:** And this 50% will be having how much like 0.5 million will be like 1000 crores of gross development value. I think last time you mentioned about 1500 If I remember correctly.
- Pavitra Shankar:** About 1500 crores of GDV for the residential side.
- Parikshit Kandpal:** Thank you Pavitra and congratulation for your elevation. I hope the Brigade goes to new heights under your leadership. Thank you.
- Moderator:** Thank you. With this I now hand the conference over to Ms. Pavitra Shankar, Executive Director for closing comments. Thank you and over to you mam.
- Pavitra Shankar:** Thank you. Good afternoon, everyone. Thanks for taking the time to hear from us today. We have a few other highlights that we would like to share with you all. We are happy and proud to share that our chairman Mr. Jaishankar was conferred the prestigious Bharat Ratna' Sir M Visvesvaraya Award 2022 by The Federation of Karnataka Chambers of Commerce and Industry (FKCCI). Mr. Jaishankar was recognized for his outstanding contributions to construction building sector as well as in the fields of education, health, community development, social and philanthropic works. Another incredibly noteworthy achievement is on inspiring professional journey. We also recognize the construction world and adjudged award for showing significant growth and resilience, despite changes due to the impact of the pandemic. IT and digital team also won the best information technology department of the year in real estate at the Tech Excellence Awards 2022. This kind of recognition and award received from experts and institutions along the way are testament to our commitment and hard work toward being an organization with world class performance and processes. Brigade REAP our real estate tech accelerator program continues its thought leadership journey and PropTech with propagate 2022 an event to address the rapid urbanization in our cities by presenting clean tech and sustainability solutions. So, that talks that development can happen in a more responsible manner. This event will be held in Bangalore on November 29, 2022¹ with participation from Government, Industry, Developers, Funds and the Startup Community. It will be an event that will bring together key influencers in startups to inspire and propose smart solutions. The Indian Music Experience Museum will be conducting its next big event in partnership with a



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Manchester Museum United Kingdom. The event called Rhythm Exchange will be held between the 25th and 27th of November. It is a collaborative project that promotes connections between India and the UK through rhythm traditions. Brigade has been a staunch supporter of sport through multiple avenues for especially women in sport. In line with these efforts, Brigade Foundation supported the women in sport initiative, a Bangalore based platform for health and fitness by sponsoring 30 Women at IRONMAN 70.3 Goa. We strongly believe that by encouraging women in sport we need to pursue their dreams and achieve great heights. We have also sponsored a concurrent program where deserving women cricketers are being trained to compete at the highest level and with that is a wrap for this quarter. We look forward to speaking to you again soon. Thank you, everyone.

Moderator:

Thank you, ma'am. Thank you members of the management. 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.
