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BRIGADE
Building Positive Experiences

Ref: BEL/NSE/BSE/23112020

23rd November, 2020

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-21 Earnings - 12th November, 2020:

We are enclosing herewith the transcript of the Conference Call on the Company's Q2 financial results for the financial year 2020-21 held on Thursday, 12th November, 2020.

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 FY-21 Earnings Conference Call"

November 12, 2020

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 – CFO, BRIGADE ENTERPRISES LIMITED
MR. RAJENDRA JOSHI – CEO-RESIDENTIAL BUSINESS, BRIGADE ENTERPRISES LIMITED
MR. VINEET VERMA – CEO-HOSPITALITY, BRIGADE ENTERPRISES LIMITED
MR. SUBRATA SHARMA – COO-OFFICE BUSINESS, BRIGADE ENTERPRISES LIMITED
MR. SHASHIE KUMAR – COO-RETAIL, BRIGADE ENTERPRISES LIMITED
MR. OM PRAKASH – COMPANY SECRETARY, BRIGADE ENTERPRISES LIMITED
MR. PRADYUMNA KRISHNAKUMAR – VP-INVESTOR RELATIONS, BRIGADE ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY21 Earnings conference call 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 & Managing Director. Thank you and over to you, sir.

M. R. Jaishankar: Thank you. Good afternoon everybody. We hope all of you and your loved ones are keeping well during this challenging times. On behalf of the company I would like to welcome you all to the earnings call for the first half of FY21 of Brigade Enterprises Limited.

I am joined by our Executive Directors; Ms. Pavitra Shankar, Ms. Nirupa Shankar, Mr. Amar Mysore. Our Senior Management team Mr. Atul Goyal – CFO, Mr. Rajendra Joshi – CEO-Residential, Mr. Vineet Verma – Chief Executive Officer-Hospitality, Mr. Subrata Sharma – Chief Operating Officer-Office, Mr. Shashie Kumar – COO, Retail, Mr. Om Prakash – Company Secretary and VP-Investor Relations, Mr. Pradyumna Krishnakumar.

While COVID-19 has impacted all our lines of business, some have fared better than others thankfully. The bounce back in residential business and the consistency in office occupancy or office leasing have supported the continuing challenges in the retail and hospitality business. However, it renews confidence in our multi-pronged approach of a diversified real estate portfolio.

During the course of Q2 our residential business continues to gain momentum observed in the June month compared to the lows of April. We ended the quarter at pre-COVID levels that is 1 million square feet of new bookings with a value of Rs. 576 crores, while still working with tighter marketing budgets. The comeback in the residential sector has been stronger and faster than expected and seems it will continue to Q3. October was also very good month, supported by the festival season.

The reason being that we are having the projects at the right locations and right prices and customers continuing to trust Brigade for our quality and service. Added to that our sales team has worked real hard to achieve the numbers. One other reason for the accelerated pickup in the sales is also consolidations within the sector. We expect larger established players to show growth in transaction volumes and pricing even if the overall market demand has not yet reached pre-COVID levels.

Customers continue to prefer completed or near-completion inventory as well as larger units. Demand for homes above Rs. 45 lakhs has actually increased compared to affordable housing further supporting the today's buyers are primarily end-users. In quarter 1 we saw much higher volumes from NRIs whereas in quarter 2 this has stabilized to some extent. On the collections front, we have had our best quarter so far at Rs. 400 crores from the residential business. This is primarily driven by the strong sales performance of the two prior financial years and resuming good construction progress at all sites post unlocking of restrictions.

In our office segment we continue to maintain close focus and collections of lease rentals and have achieved 99% cumulative collections thus far. On the leasing front, we are seeing increased momentum in terms of leasing enquiries, RFP releases and site inspections. However, decisions are still being prolonged mainly since average physical occupancy levels of staff are still some 10% across all office parks.

As on date, we are in discussions for approximately 1.4 million square feet in Brigade Tech Gardens, Bangalore and World Trade Center, Chennai. We are quite positive about the opportunities and we are keeping our fingers crossed. We are also seeing leasing enquiries for managed offices. Overall our strategically located and well designed properties Brigade Tech Gardens and World Trade Center, Chennai are attracting prospects because of the superior value propositions. Hence we are confident of transacting the remaining inventories within the next two to three quarters if not more.

In retail the larger focus continue to remain on retailer segment, retailer engagement towards interim commercial negotiations of leases and higher tenant occupancy at our malls. The mall business recovered towards the end of Q2 in September with higher tenant occupancy at 65% to 70%. Rental revenues are at 45% and footfall recovery is at 30% to 35% of last year levels.

The key drivers of occupancy and footfalls was that of Pubs and Resto-bar formats that was allowed to open. Retailers in consumer electronics, beauty and cosmetics, sports and leisurewear, key fashion anchor and department stores are showing a recovery of 50% to 60%. The trend is further supported in October when multiplex and family entertainment formats were allowed to trade in Karnataka. We also had the soft launch in September of our third mall Orion ptown on Old Madras Road in Bangalore.It is a good catchment area with no competition and has been doing reasonably well despite the apprehension surrounding the sector. Going forward we expect the recovery to be steady across all our malls.

Moving to hospitality, all our 8 hotels continue to operate. Our newest hotel Holiday Inn Express and Suites, Bangalore OMR was soft launched in October is doing 50% plus occupancy in November due to a long term group booking.

All our hotels with the exception of Four Points by Sheraton Kochi, Infopark and our Grand Mercure, Gandhinagar Gift City turned GOP positive in October. We expect the trend to continue with close monitoring of operating costs F&B and backward business across all our hotels is witnessing quite a good traction F&B and backward business following the easing of restrictions by the government. With increasing confidence among travelers to start flying again we are hopeful of improved performance in our rooms business in the coming months We expect strong headwinds for the sector over the 12 months once the international travel and business related trips commences.

Labor strength has reached 90% of pre-COVID levels and is continuing to improve. There is no shortage of construction materials or disruption in the supply chain. Over the next few quarters we plan to launch 3.8 million square feet of space in residential and about 0.76 million square feet of commercial space.

So with these remarks, I handover mike to Atul Goyal, CFO of the organization after which we can have question-and-answers. I thank you for your patience.

Atul Goyal: Thank you, sir. Good afternoon everybody. On behalf of the company we would like to welcome you to the earnings call for Q2 FY21. As we all know that 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 sale of 1 million square feet during the quarter vis-à-vis 0.4 million square feet during the last quarter.

Collection in residential improved by 44% totaling up to Rs. 400 crores in Q2 FY21. On the office side we achieved 99% rental collections and a growth of 62% revenue in H1 FY21 versus H1 FY20 because of additional rental income coming from new leasing in Tech Gardens, Opus and additional leasing in WTC, Kochi. We have started seeing some uptick in the hospitality performance and recently in the month of October have achieved break even in terms of operations in four hotels.

On consolidated level there was an increase in cash flow from operating activities by 123% and net cash flow by 138% as compared to Q1 FY21. We continue to have adequate liquidity and credit lines from banks, our average cost of debt have been coming down over the last few quarters and was 9.23% as on September 2020 versus 9.73% as on September 2019, a 50 bps reduction. Mortgage rates at all time lows have been strong tailwind for the business especially for the residential.

Coming to the consolidated financial performance for Q2 FY2021 the consolidated revenue for Q2 FY21 stood at Rs. 322 crores versus Rs. 752 crores in the same quarter ending last financial year. The real estate segment clocked a turnover of Rs. 221 crores and an EBITDA of 20% in Q2 FY21 which is again based on AS115 so whatever issues were there in the registrations is now slowly resolving.

The hospitality segment clocked a turnover of Rs. 18 crores and operating loss of Rs. 5 crores however as mentioned earlier going forward we expect these operating losses to be much lower. The leasing segment clocked a turnover of Rs. 83 crores and an EBITDA of 72% in Q2 FY21.

The consolidated EBITDA including other income for Q2 FY21 stood at Rs. 99 crores versus Rs. 206 crores in Q2 FY20.

EBITDA margin including other income stood at 31%. The interest and finance charges for Q2 FY 21 stood at Rs. 82 crores. Consolidated loss before tax for Q2 FY21 was Rs. 39 crores compared to profit of Rs. 66 crores for Q2 FY20.

With respect of performance for H1 FY20 the consolidated revenue for H1 FY20 stood at Rs. 536 crores versus Rs. 1,469 crores in the same half year ending last financial year.

The real estate segment clocked a turnover of Rs. 342 crores, an EBITDA of 16% in H1 FY21 versus a turnover of Rs. 1,134 crores an EBITDA of 22% in H1 FY20. The hospitality segment clocked a turnover of Rs. 28 crores and a negative EBITDA of 65% in H1 FY21 versus turnover of Rs. 160 crores and EBITDA of 26% in H1 FY20. The leasing segment clocked a turnover of Rs. 165 crores and EBITDA of 73% in H1 FY21 versus a turnover of Rs. 175 crores and EBITDA of 63% in H1 FY20.

The consolidated EBITDA including other income for H1 FY21 stood at Rs. 156 crores versus Rs. 397 crores in H1 FY20. EBITDA margin including other income stood at 29% versus 27% for H1 FY20. The interest and finance charges for half year stood at Rs. 171 crores consolidated loss before tax for half year was Rs. 126 crores compared to Rs. 138 crores profit in the same year in last financial year.

Coming to the debt position and its breakup, Rs. 749 crores is the real estate segment debt, Rs. 557 crores in hospitality segment in which Rs. 430 crores in GOP securitized loans and Rs. 127 crores in the CAPEX loans and Rs. 3,034 crores is the leasing segment debt in which Rs. 1,701 crores is the securitized lease rentals and Rs. 1,333 crores is CAPEX loans.

The cash and cash equivalents stand at Rs. 513 crores as on September 30, 2020 consequently the company's net debt outstanding as on September 30 is Rs. 3,828 crores out of which BL share is Rs. 2,991 crores. As mentioned earlier, the company's effective cost of debt stand reduced as on 30th September 2020 at 9.23% per annum versus 9.73% per annum at the end of Q2 FY20.

We have a credit rating of A with stable outlook which has been assigned by both CRISIL and ICRA. I also wanted to share some leverage ratios that we track. on a trailing yearly basis. Interest coverage ratio stood at 1.09x in H1 FY21 due to absolute lower EBITDA numbers because of the impact of pandemic. The net debt to equity stood at 1.27x as on September 2020. The company has a strong balance sheet and is in good position and has an adequate liquidity to meet operations and other business commitments including debt.

I will handover it back to the moderator for questions. Thanks.

Moderator: Thank you very much. We will now begin the question-and-answer session.

The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Sir, my first question is on our Orion Mall at Gateway. So the occupancy seems to have come up Quarter-on-Quarter by around 15%. So is it just a regular churn or you are expecting new tenants to shift in or it is some permanent retailers permanently vacate the space?

M. R. Jaishankar: See there has been some churn of tenants I would say. One is this HyperCity, we had HyperCity, the supermarket which was under Future Group earlier and just before COVID thing they had terminated the lease. Now we have re-leased it to another large well known Supermarket called Namdhari in this quarter for the country.

We also terminated a large area of Central which was part of the Future Group for non-payment of rentals. So that has become vacant and we are in the process of finalizing I would say better quality tenants there. And in addition to that we had another Bowling Alley which I think they run into financial problems. That is under releasing. Other than that there is small to medium sized guys.

So there were some forced to exit during this COVID period and in some voluntary exits were there. I think this is though on an immediate basis it may have some impact on lease rentals but from the overall interest of the mall it is a welcome change. We can bring I would say we can refresh the mall occupancy and with better quality tenants.

Adhidev Chattopadhyay: Okay so just to follow up on, have we come up with a formula how the rental waivers will be given for the rest of the year?

M. R. Jaishankar: **Yes**, we were very, very clear about the formula and in fact all those people who have opened have opening after entering into written understanding on the way forward. We did not show any desperation to just allow them to occupy without resolving the method of way forward. There has been a combination of I would say terms with 50% rental waivers for lockdown period and then having some revenue share so till September and from October it has been introducing minimum guarantees and revenue shares. But I think it is a question of give and take and we have always used the word that it is the relationship between mall owners and retail tenants are one of a symbiotic relationship.

We need to depend on each other so that way I think we have been very, very fair and reasonable in our approach which is appreciated by all the retailers and that is why I think our team has no hesitation to say Orion Gateway is the best performing mall in Bangalore pre-COVID and also post-COVID times.

Adhidev Chattopadhyay: And sir, just the next question. You have a land bank which has gone up by 5 million square feet Quarter-on-Quarter in Bangalore and you have made payments of almost Rs. 170 crores. So can you just give us some color where this land is located and why the payment was made right now?

M. R. Jaishankar: So this is adjacent to the Brigade Cornerstone Utopia. This is the second phase of the project. The Brigade Cornerstone Utopia first phase is 47 acres which is under operation. So currently we are calling it as Utopia Phase 2. This will also be 47 acres to 50 acres land but we have completed acquisition process of about nearly 16 acres purchase and about 14 acres joint development and the balance another portion of 17 acres to 20 acres we have entered into an MOA.

Hopefully before March that should also get completed. It will give us 6.5 million square feet to 7 million square feet of good quality residential space in demand in that location which will help us our revenue realizations. I would say post or beginning 2022.

Adhidev Chattopadhyay: Sir, to understand the entire land for this quarter was this one single transaction or it is split across some other transactions as well?

M. R. Jaishankar: It is primarily this single transaction. Also we have entered into another MOA for another joint development of about 35 acres on Mysore Road.

Adhidev Chattopadhyay: And just last question. The landowner is Cornerstone even the phase 2 whichever we have?

M. R. Jaishankar: No, phase 2 is Cornerstone. The Mysore Road is a different land owner.

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

Parikshit Kandpal: Sir, my question was on the BTG project. So if you can take us through, so you did mention in the presentation that the enquiries have been improving. So is there discussions gone ahead like advanced stages. So if you can highlight some potential enquiries which could be now on the finalization stage and what could be the potential size of these opportunities?

M. R. Jaishankar: Yes, so certainly there are in advanced stage of discussion for Brigade Tech Gardens. One million square feet is in fairly advanced stage. And about 0.4 million square feet is at RFP levels which the prospective tenant has already short listed us. So it depends that is the reason we said it can take till Q4 of FY21 and Q1 of the calendar year 2021.

Parikshit Kandpal: But for the revenue, so what I understand from my own checks is that right now the landlords are offering almost like anywhere from 6 months to 9 months of rent free period post the deal sign up. So what could be the terms here like and when do we see the first suppose the deal gets over by fourth quarter or first quarter of next financial year so when will be the first when you start kicking in from this 1.5 million of incremental leasing?

M. R. Jaishankar: See it is more or less become a standard practice to give 90 to 120 days of rent free period once the lease rental is signed. So that way it is if you ask me if we conclude in the next couple of months the rent may start ticking in from Q2 of FY22. That is from July 1st 2021 we can expect the rent to start. If you are lucky it can happen earlier.

Parikshit Kandpal: So on the entire 1.5 million you are talking about, 1 million plus 0.5 million?

M. R. Jaishankar: Those are details at this stage it may be difficult to confirm but a substantial portion I would say.

Parikshit Kandpal: The second question was on the residential segment so we had seen a good momentum pick up so from the first quarter to second quarter and also do you see so if you have to bifurcate it into pent up demand and the sustainability of the demand, so what are the trends right now in the month of October and November in to the festive season? So do you see the momentum carrying on from here on or is it the interest is now may be plateauing and chiseling out?

M. R. Jaishankar: I will ask our CEO, Rajendra Joshi of Residential to respond to this.

Rajendra Joshi: As Mr. Jaishankar did mention the trends in October was also positive and we are also seeing the same continuing in the month of November. This is not just a pent up demand. I think what also is happening is as somebody pointed out a lot of people are realizing that it is important to have your own home in the times of crisis like that we went through which is what is spurring the demand and of course consolidation as Jaishankar pointed out is really driving volumes for larger players like us.

Parikshit Kandpal: So you remain confident on 1 million square feet even for this quarter, first quarter in terms of trend?

Rajendra Joshi: Yes, that is what I said.

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

Biplab Deb: The first question is on your rental revenue. Despite your retail malls generating muted rentals the overall rental revenues have jumped. 83% Year-on-Year. Is it because of the rental from Brigade Tech Gardens Phase 1 getting recognized or there is something more to it? I just wanted to know why the rental I mean from where this rental jump has come?

M. R. Jaishankar: Atul, CFO will respond to it.

Atul Goyal: Hi Biplab, see you are right the rental which is coming from Brigade Tech Gardens as well as we had some additional leasing in Opus as well as WTC Kochi so all that additional rentals to the tune of around Rs. 8 crores per month.

Biplab Deb: Because of incremental reason?

Atul Goyal: Yes.

Biplab Deb: And on the second thing is sir, I was just observing that your employee cost in all the three segments have jumped back to pre-COVID levels and in Office segment it is higher than the pre-COVID levels. I mean is there new incremental equipments in office segment and what is the reason for this reasonable jump in the employee cost?

Atul Goyal: So Biplab, overall our employee cost has gone down. It is only that there were some re-allocation within the segment which is there but if you see overall our employee cost has gone down by 44% as compared to Q4 if you see that as a normal quarter.

Biplab Deb: No, I am just saying there is okay so there was some realignment? So sir, just one final question. From your office portfolio what would be the kind of cash flow that Brigade would be generating? Just from your office portfolio and your share, how much, what kind of cash flow around ballpark number that you would be generating in FY21?

Atul Goyal: Yes, so I think we should generate cash flow of around Rs. 280 crores or so from commercial lease in full year. If there is additional leasing definitely it will go higher.

Moderator: Thank you. The next question is from the line of Yash Gupta from Angel Broking. Please go ahead.

Yash Gupta: Sir, first question on the office leasing portfolio. As we have now added Brigade Tech Garden 2 in our portfolio so by what time we expect it to reach to around with 60%, 70% occupancy levels and along with that how the rent escalation are going in other properties also?

M. R. Jaishankar: See as indicated in my introductory remarks we expect it to take two to three quarters is what I said. And as far as the escalation is concerned generally it is on average just about 15% once in three years. In few cases it is 5% every year and in exceptional cases it may be slightly less than 15% once in three years.

Yash Gupta: So there will be no effect of lockdown, the escalation will going to happen is normal it is?

M. R. Jaishankar: Yes, I think wherever there are commitments it is bound to happen. We do not expect any major change particularly where is our commitments, lock-ins. So it is going to be there. But ultimately it is all market forces, let us see how it pans out.

Yash Gupta: My second question is on a follow up of the Utopia Cornerstone. When I visited the property last year we were just constructing the first two, three buildings of the Utopia Cornerstone out of 47 acres. So why we have acquired so early the second 47 acres or around to be 50 acres of the land also, is that demand is some phenomenal demand is there in that particular area?

M. R. Jaishankar: Yes, I would say. See the whole project is about 5.5 million square feet. Of that we have already sold about 2.6 million square feet and there are totally 7 buildings in that project. The first one what you had seen was called Serene and Eden Blocks. Now what is under construction also under construction is Helio, Halcyon and Tranquil blocks. In addition to that we have recently started the multiplex and food court blocks and the last residential block called Paradise that will also start in the month of post Diwali and we will have just one office block called Elysium which will start in January.

That means by this financial year end all 7 blocks in the project would be under construction. That is the reason we have tied up for the additional lands adjacent to this. Even if we succeed in fully acquiring this before March 2021, it will take us 12 months to 18 months of good work and hard work after that to get all the approvals and we will be in a position to launch only sometime in the calendar year of 2022. By that time we hope to fully sell the Brigade Cornerstone Utopia first phase.

Moderator: Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Sir, quickly on your hospitality portfolio. The occupancies in this quarter have really not like picked up relative to last quarter despite unlocking in cities happening. And I am presuming this occupancy is also been driven by mostly retail customer base. I just wanted to get some sense on the corporate demand and what is happening there and are you seeing any indication in the pre-bookings and when do you expect the corporate demand to pick up?

M. R. Jaishankar: Our COO, Hospitality Mr. Vineet Verma will respond to this.

Vineet Verma: As far as Hospitality is concerned, Kunal, we have been seeing improvement month-on-month starting from September. Like September was quite poor but in October as our Chairman mentioned as with the exception of two of our hotels the other the turnaround with increasing occupancies and I am happy to tell you that even till date in the month of November the occupancies have jumped even further.

For example now we are actually doing occupancies starting from even 29%. One of our hotels is doing 54%. Our Holiday Inn Chennai is doing 42% as against the earlier 16% in September. So we have seen a noticeable improvement month-on-month and I am hoping that the trend is going to continue. As far as your corporate business is concerned it is gradually picking up right now, Kunal. In fact right now we are actually seeing a lot of Staycations and people moving in domestically.

That most of the business and fortunately because of the removal of restrictions on banquets we have also beginning to get a lot of banquet enquiries. , The requirement is also coming up for the rooms. So our F&B and banquets have been doing much, much better. Of course nowhere close to pre-COVID but I am sure that by the turn of this year we are going to see a much better traction.

Kunal Lakhan: Just any indication on how are the room rates playing out in November now?

Vineet Verma: Kunal, unfortunately the room rates are under pressure. They continue to be under pressure because of the gradual opening up. Almost every competitor hotels is offering the lowest possible rates. So as far as ARRs are concerned they continue to be under pressure. But we are working on is mostly occupancy driven business.

Kunal Lakhan: And my second question was again on the land payment side. So the Rs. 165 crores of land payment that we see in your cash flows, is it fair to say that completely towards the 16 acre of part purchase that we have done in the Utopia is that allocated to it?

M. R. Jaishankar: No, it includes that.

Kunal Lakhan: So what will be the consideration for the 16 acres? I am just trying to understand that since we have bought this land, have you bought it on favorable terms considering like we still have some inventory there? Have we bought it on favorable terms versus the earlier purchase or what was the urgency on buying this piece of land?

M. R. Jaishankar: It is bought on a favorable terms and MOA was entered pre-COVID and it is also I think our FSI costs. The FSI cost will be less than Rs. 900 or so. It may be even about Rs. 800 to Rs. 900 is the FSI cost.

Kunal Lakhan: How does that stack up against phase 1, if I may ask?

M. R. Jaishankar: It will be somewhat in the similar lines but marginally better.

Moderator: Thank you. The next question is from the line of Jignesh Surti from CRISIL Limited. Please go ahead.

Jignesh Surti: Sir, my question is largely on the industry front. I just wanted to know how much price discounts have been offered by developers in general for residential over and above the flexibility and all that freebies that are being offered?

M. R. Jaishankar: See generally it is all depends and, I think Joshi would like to answer.

Rajendra Joshi: Yes, so honestly we have not offered any discounts. All we have offered is only payment flexibilities. To be frank in October we actually took our prices up in some of the projects. So we really did not see the pricing pressure in our projects though people did come and negotiated I mean tried to negotiate for discounts. We stood firm and we really have not gone down on our pricing as such.

Jignesh Surti: And also on the commercial front, what is your sense on work from home? I mean do you see employees returning to office especially in Bangalore where IT is the dominant sector? What will be the occupancy for our portfolio only for commercial office I mean not them all? If you can give us some sense?

M. R. Jaishankar: See currently work from home is continuing in many multinational firms. As sometimes they also take some uniform decisions and I did mention in the initial talk that only about 10% of the staff are back in offices to work, essential staff. Many of them are continuing to work from home. As per recent announcements, some large companies are continuing to work from home till March-April and with exceptional cases may be till June but of course these are all subject to change dynamic decisions people will take based on availability of vaccine and when the vaccine will be released.

And without any doubt the multinational companies are much more conservative than national companies. Most national companies have resumed work I would say 80% to 100% depending on business to business. So this is the trend is likely to be expected about 20% to 25% of the staff at some stage or other may continue to be working from home as per various predictions.

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

Parvez Akhtar: Couple of questions from my side. In this quarter what is the kind of lease rentals that you would have booked in BTG?

M. R. Jaishankar: Atul will answer this.

Atul Goyal: It should be around Rs. 22 crores or so.

M. R. Jaishankar: In this quarter.

Parvez Akhtar: And we have obviously seen a pretty substantial improvement in collections in this quarter. So where exactly does the collection efficiency stand today?

Rajendra Joshi: This is Rajendra Joshi. A large part of the collection increase has come in from the residential sales. Two factors as Mr. Jaishankar earlier pointed out is one, clearly because of our robust performance in FY19 and FY20 where the construction is progressing. Second, because post

COVID, post June the construction has resumed in substantial percentage across our projects and therefore the new billings are happening. These two have contributed to the increase in collections on the residential sector which is what has contributed significantly to the total collection sphere.

Parvez Akhtar: And sir, last question. What would have been the kind of cash burn in Q2 and is there any cash burn that you expect in the second half of this fiscal?

Atul Goyal See Q2 was mainly there was moratorium going on so in hospitality there may be cash burn over around Rs. 5 crores to Rs. 6 crores but going ahead there may be since as Vineet said that hotels are becoming cash neutral. We expect that for six months period it should be around Rs. 40 crores to Rs. 45 crores of cash burn which will be only towards interest and repayments to the lenders.

Moderator: Thank you. The next question is from the line of Dhaval Somaiya from PhilipCapital. Please go ahead.

Dhaval Somaiya: I just wanted to understand that are there any significant land payments or land acquisitions in the pipeline that we plan for rest of the year for H2?

M. R. Jaishankar: I did mention earlier we are under active discussion to finalize about 35 acres on joint development basis on Mysore Road in Bangalore.

Dhaval Somaiya: Sir, the outflow for that will be to the tune of, if you can guide us?

M. R. Jaishankar: It is on joint development, it is from out of the internal accruals.

Dhaval Somaiya: And sir, second question I had on the residential front. I just wanted to understand firstly, our average realizations on Year-on-Year basis has kind of went up. So is it primarily because of the product mix? And secondly, I just wanted to understand are we looking at the trends that we are witnessing in general in Bangalore the people are kind of migrating towards larger layouts. So are we witnessing similar kind of trends on people preferring to kind of avail more home loans? So I just wanted to have some color on this on the residential front?

Rajendra Joshi: This is Rajendra Joshi. Yes, definitely people are preferring larger homes during the pandemic. Our average unit size has increased. To answer your question on the increase in average realization also has increased on two accounts. One is because of our increase in our higher end products.

The luxury segment as we call. The second component is because the projects which are being launched under the new GST regime, the 5% GST regime there is a price increase that has happened due to loss of input tax credit. So both these are driving the price increase.

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

Adhidev Chattopadhyay: Sir, my question is on Chennai WTC. So what is the status of fit outs over there and when do we expect the first rentals to start from there?

M. R. Jaishankar: Yes, see in Chennai all the three major clients which is Amazon, McKenzie and Caterpillar all of them are doing the fit outs. Unfortunately compared to Bangalore, the labor availability is much less in Chennai than in Bangalore and the lockdown restrictions in Chennai were much more severe than Bangalore. While in Bangalore the labor strength have recovered 90% to 95% to the pre-COVID levels. In Chennai the recovery is 40% to 50% only.

With the result whether it is few external jobs or the interior works everything commenced only much later. So right now all the clients are doing their job in double quick time. We expect if we are lucky the rentals to commence in the month of March if not in the next financial year.

Adhidev Chattopadhyay: Okay sir I remember last call we had said beginning of January so there is a further delay you are saying of two to three months possibly?

M. R. Jaishankar: Yes, two to three months further delay it may happen because the labor recovery has not happened at all in Chennai even now. Even now we are unhappy with the recovery of labor availability.

Adhidev Chattopadhyay: And sir, next is a follow up question on the hospitality. So across the hotels so what is the breakeven occupancy at the current ARRs you expect for the portfolio?

Vineet Verma: As I mentioned that we have different categories of hotels so each hotel has a different effective beak even points but suffice to say that if we achieve a 30% plus occupancy at an ARR of about Rs. 3,500 to Rs. 4,000 we should be fine.

Adhidev Chattopadhyay: Okay that is for the portfolio.

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

Mohit Agrawal: Sir, my question is on the new launches so second half we saw that the demand nearly returned back to normalcy but there has been no launches in the residential side. So wanted to understand that is it only approvals which are holding up or are you seeing anything, are you changing any configuration or what is the reason and how do you see this going forward like are we going to see an aggressive launches lined up in Q3 itself and have you done any launches in the month of October or November till date? That was my first question.

Rajendra Joshi: So to answer question our launch pipeline is going as per plan except as you rightly pointed out the only hitch always continues to be the approvals. For example, we just are soft launching our project in Hyderabad which got delayed due to environmental and other approvals which is now being launched. It should have been launched earlier in the financial year or probably before COVID.

And in other projects we are launching the newer towers in Utopia as Mr. Jaishankar earlier pointed out and in El Dorado which are our two large projects in Bangalore. Also in Chennai we have a project called Xanadu where we are actually advancing the future phases and we are getting them into the launch mode right away. So that is essentially in response to the strong demand that we are seeing in these projects.

Mohit Agrawal: So there is no demand related issue on the new launches right, it is not that ready move in is moving faster versus new launches so the focus is right now on that side?

Rajendra Joshit: No, while the ready to move in is seeing a good traction right now but we are also seeing good demand on our new launches as well.

Mohit Agrawal: Sir, my second question is that sir, this relates to announcement just announced by the Honorable Finance Minister, basically sir, wanted to understand in Bangalore would you have any pockets where the circle rate would be higher than the market rate like I know that exists in some parts of Mumbai but just wanted to check if you have anything in Bangalore like that?

M. R. Jaishankar: There are few instances primarily in the CBD. In the CBD area there are few instances if you are talking about MG Road or KG Road, etc., the circle rates are higher than the market rates. But as far as Brigade is concerned we are not affected. The only positive impact for Brigade is we have a very small office building project called Broadway on KG Road, Kempe Gowda Road.

So there I think this 20% should help. The circle rates are substantially more than the market rates. So from that angle that is a welcome announcement as far as that project is concerned. But for us it is not a significant impact.

Moderator: Thank you. The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Sure. Saying that we have seen certain hotels managing to close in long term contracts with several IT companies with regards to the leasing out 50, 60, 70 rooms, etc., for a period of 5 to 7 years. In that context when you look at your hospitality portfolio where you managed to clock in around 15% of the occupancy Was it lead by retail demand resulting from staycations or was this primarily because of any of these contracts that we have managed to close?

Vineet Verma: So Karan, to give you a brief response to that, as far as our hotels are concerned we are continuing with our engagement for RFTs with various of our standard clients and just because of the work from home extensions obviously the business is not coming in from our corporate audience and also the travel is yet to begin.

Yes, you are right that in terms of our occupancies we have been driven mostly by the quarantined patients because we did receive business from the quarantine side because of the local quarantine requirement. So that gave us some business.

And of course staycations are definitely there and there are also work from hotels on set of our clients have been giving us business on. And as I also mentioned that quite a bit of our business has started coming in from the social side you know from the weddings and other residential conferences. So I think going forward our RFPs are going to start fructifying.

Karan Khanna: And my second question is on the residential portion. When you say that sales up to pre-COVID a run rate of around 1 million square feet per quarter. Can you help us understand that in the second quarter how much of this has also driven because of our festive season demand especially in markets like Chennai, etc., and going forward what is your outlook in terms of are you confident that with the tailwind is kind of behind us you are still confident about the 1 million square feet run rate going forward as well?

Rajendra Joshi: So as we mentioned earlier the sales volumes and values have reached the pre-COVID levels. And on the back of the new launches that we just talked about we do expect and hope that we will continue this trend of sales values and volumes in the coming quarter. That is our expectation.

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

Pavitra Shankar: Thank you. Thanks everyone. All of you joined our call today. In addition to all these financial and operational updates, we are wanting to share some of our achievements on the sustainability and innovation front both of which are part of our core value. Last month Accelerator Program Brigade REAP which focuses on technology solutions for the real estate and construction industry won the 2020 National Startup Award for the top Accelerator.

The prestigious award was given by Startup India, an initiative of the DPIIT which is the Department for Promotion of Industry and Internal Trades. Brigade REAP is Asia's first PropTech Accelerator with 33 companies mentor today, 14 of which have already secured funding.

Our Orion Mall which is the first mall in India to achieve its full rating in the existing building category under the ARC platform. One of the main distinctions is the proper clean air circulation in all occupiable phases to provide healthy and refined air for all occupants and visitors. The mall is also 25% more energy efficient compared to similar facilities. Water conservation, public transportation and waste management also support well emphasizing the environmentally conscious approach of our in-house facilities management team.

We have drawn on the strength of three of our REAP mentored startups Clairco, WEGoT, SAN IoT to provide solutions in clean air, water management and sanitization of public spaces respectively. We also completed our mission to plant 30,000 trees across Bangalore, Chennai and Mysore as part of being a responsible developer. Around 18,000 of those trees have been planted as urban forest inspired by Japanese Botanist Akira Miyawaki.

They have densely planted fast growing forests using mostly native species and reaching maturity in 10 years to 15 years. They provide much needed lung space and compact formats and are easier to protect and sustain in the long term. The Indian Music Experience Museum in Bangalore founded and supported by Brigade Group received the coveted Traveler's Choice 2020 Award from Trip Advisor, putting it in the top 10% of attractions worldwide placed solely on traveler's reviews.

The museum has reopened to visitors last month and is following all the safety guidelines to bring our rich heritage of museum to the society at large. These are some of the small wins we celebrate as the team to keep us focused on the bigger picture as we navigate the everyday challenges. We now rap up our H1 FY21 analysts call. Thank you from everyone at Brigade for taking the time to hear from us today. Stay healthy, stay safe. Happy Diwali and Happy Dhanteras today. Thank you.

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