

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



Ref: BEL/NSE/BSE/ECT/09082024

09th August, 2024

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/Madam,

Sub: Transcript of Conference Call on the Company's Financial & Operational Performance for Q1 FY 2024-25 held on 7th August, 2024:

We are enclosing herewith the transcript of the Conference Call on the financial and operational performance of the Company for Q1 FY 2024-25 held on Wednesday, 7th August, 2024.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For **Brigade Enterprises Limited**

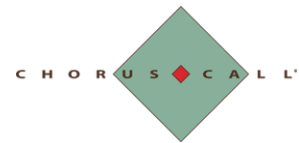
P. Om Prakash
Company Secretary & Compliance Officer

Encl.: a/a





“Brigade Enterprises Limited
Q1 FY'25 Earnings Conference Call”
August 07, 2024



**MANAGEMENT: 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. PRADYUMNA KRISHNA KUMAR – EXECUTIVE
DIRECTOR – BRIGADE ENTERPRISES LIMITED
MR. JAYANT B. MANMADKAR – CHIEF FINANCIAL
OFFICER – BRIGADE ENTERPRISES LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to Q1 FY'25 Earnings Conference Call of Brigade Enterprises Limited. We have with us on the call today the management of Brigade Enterprises. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Pavitra Shankar, Managing Director. Thank you, and over to you, ma'am.

Pavitra Shankar:

Hi. Good afternoon, everybody. Welcome to the Brigade Enterprises Q1 FY'25 Earnings Call. I'm joined by our Joint Managing Director, Ms. Nirupa Shankar; our Executive Directors, Mr. Roshin Matthew, Mr. Amar Mysore; and Mr. Pradyumna Krishna Kumar; and our CFO, Jayant B Manmadkar; and the members of our senior management team.

The real estate segment continued to be the primary driver of our performance, while other segments made healthy contributions. We believe that our multi-domain approach will enable us to continue to capitalize on emerging opportunities.

In Q1 FY'25, the real estate segment saw sales of 1.15 million square feet and revenue of INR 1,086 crores. The overall price realization continued its upward trajectory coming in at INR 9,483 per square foot this quarter, which is our highest till date. This reflects the demand on ground for properties with more spacious floor plans, extensive amenities and upscale finishes, underscoring the premiumization trend in consumer behaviour.

We are still seeing strong demand for new launches as well as under construction properties. In our key markets, end users remain the largest buyer segment. The recent news of the indexation benefit for capital gains on realty investments is a positive move.

In Q1 FY'25, the Brigade leasing portfolio stands at 8.7 million square feet with consistent office rental collections. Across the office segment, GCCs, flex space operators, PFSI and technology firms continued to drive leasing activities. The increasing utilization rates of office spaces are prompting occupiers to review their leasing and portfolio strategies to accommodate their expansion plans.

The significant retail category performers across all our three malls were family entertainment centers, electronics, along with books and specialty lifestyle. Our two neighborhood malls had new brands added in the electronics category that propels this category. We are witnessing a positive leasing transaction across our retail portfolio in terms of new family entertainment centers and F&B restaurants.

The hospitality industry in India in Q1 saw Chennai and Bengaluru with the highest year-on-year ARR growth among the top 10 markets in the country, surpassed only by Hyderabad. In Mysore, the hotel market is becoming increasingly competitive, leading to improved service standards and amenities across the board.

State-specific events, including Indian Super League and Indian Premier League matches and MICE Business contributed significantly to higher occupancies across the country. However, dry days owing to nationwide elections hampered restaurant, lounge and catering revenue. There were also a few weddings across the country due to fewer auspicious dates.

This brings me to the end of our operational highlights. Our CFO, Jayant Manmadkar, will now take you through the financial highlights.

Jayant B. Manmadkar: Thank you, and good afternoon. On behalf of the company, we welcome you to the earnings call for Q1 FY2025. Our Managing Director has given operational highlights. I will now be sharing key financial highlights for the quarter.

Brigade Group has reported real estate sales of 1.15 million square feet with a sales value of INR 1,086 crores at an average realization of INR 9,483 per square foot. The real estate segment dropped a turnover of INR 707 crores. Leasing segment recorded a turnover of INR 259 crores. Hospitality segment recorded a turnover of INR 118 crores.

The consolidated revenue, including other income for quarter 1 FY'25 stood at INR 1,113 crores. Consolidated EBITDA for quarter 1 FY'25 stood at INR 328 crores. Consolidated PAT after minority income for quarter 1 FY'25 is at INR 83 crores. Coming to the debt and liquidity position, we continue to have adequate liquidity and undrawn credit lines from the financial institutions to support our growth plan.

I will hand it back to the moderator for questions.

Moderator: The first question is from the line of Saksham from AMBIT Capital.

Saksham: Firstly, Nirupa, on the hospitality portfolio, while the occupancy jumped to 75% is impressive, yet the ARR year-on-year is stagnant. Your previous guidance was of a 10% increase, so are you confident this target remains achievable? And moving on to the residential segment. Pavitra, what is the estimated inventory level in the residential segment and what is the potential for new project launches in the next nine months that we can expect? Lastly, on the Chennai Mount Road project, what insights can you share about the Chennai market to the project launch considering it was in late quarter, any challenges that you faced as compared to the Bengaluru market?

Nirupa Shankar: So typically, what we've seen is that Q1 is generally a slightly softer quarter compared to Q4 or Q3. The revenue that we have seen has actually gone up by 13% if we compare it to Q1 of last year. So there was growth and a typical hospitality strategy varies between an occupancy versus an ARR strategy.

So in this case, we're focused on improving our occupancy, so that has increased by 9% or so. And the balance has come from the ARR. So as I mentioned, there's been a 13% improvement in the revenue from this quarter compared to the same quarter last year.

Pavitra Shankar: Yes. Coming to your question about inventory. We actually closed out the quarter with 4 million square feet or approximately in terms of inventory available to sell. Your question on Chennai, we actually received RERA for the Brigade Icon project on Mount Road in Q1 itself. But given

the nature of the project, we decided to actually go to the market in July. So there's no issue in terms of getting approvals. The market is -- I'm sorry, the project is being sold as of today in the Chennai market and has received a good response.

- Saksham:** Okay. And potential launches in next nine months that we can expect?
- Pavitra Shankar:** As we had shared in the previous quarter. The launches trajectory remains the same. Whatever we have launched has been replenished in the land bank as well.
- Moderator:** The next question is from the line of Rakesh Wadhvani from Monarch AIF.
- Rakesh Wadhvani:** Congratulations to the management for the great set of numbers. And couple of questions on land acquisition deals that have been announced on the BSE in the last quarter. First question with respect to the debt. So this time, the management has given the total debt for the company level. It will be great if you can give us the debt with respect to the segment as well as the net debt because we have a great amount of cash also when we see the last year. share of the debt for the company, excluding the share of the associates.
- Jayant B. Manmadkar:** Jayant here. So the debt numbers, they remain more or less in the same range as what we have seen it in the last quarter presentation. So you can take it on the same line.
- Rakesh Wadhvani:** Okay. Okay. And coming to the commercial project pipeline that has been given in the PPT, can you just help us with the rent potential or the rental income potential from the particular projects that are supposed to be launched.
- Nirupa Shankar:** Yes. So for these, I think it depends on each micromarket. So we'll get back to you on these numbers. So it will vary micromarket to micromarket. So we have to figure exactly when these will come into the market, what will be the leasing traction for each of these and then calculate. So we'll get back to you on this.
- Rakesh Wadhvani:** Okay, fine. A query related to that, the Brigade Twin Towers is supposed to come for a launch or the leasing in this FY'25?
- Pavitra Shankar:** Yes. So this one, we are actually awaiting the OC for this, what we have decided to do is that 1 tower we have started selling. So the sales will actually showcase in the residential sales revenue figures. And 1 tower, we have already started preselling.
- Rakesh Wadhvani:** Okay, fine. And with respect to the GDV data, we have seen a couple of updates on the BSE regarding the new projects that we have signed up with the partner or the land parcel that we acquired. Can you please help us what is the GDV we have done with respect to this in Q1, like the land acquisition business development, right.
- Nirupa Shankar:** Which project are your- referring- the project we launched in Q1.
- Rakesh Wadhvani:** No, I'm referring to the number of projects or the business development that we have done in a particular quarter, the total development.

Pradyumna Kumar: This is Pradyumna here. So as mentioned already, about 517 acres is just the land bank that we have for this particular quarter gone by.

In terms of the data points, whether it is the GDV, etcetera, similar to what we mentioned in the last earnings call, we had about overall INR 50,000 crores number for the GDV, of which Brigade share is about INR 39,000 crores.

Rakesh Wadhvani: INR 39,000 crores. And with respect to the launch pipeline, we have guided last, like in Q4 that we'll be launching the projects with the GDV of INR 10,000 crores to INR 11,000 crores, is that the guidance impact?

Pradyumna Kumar: Yes, that is similar to what we mentioned earlier.

Moderator: The next question is from the line of Dhruv from Desvelado Advisory.

Dhruv: In the Real Estate segment, there has been a fall in the terms of presales and sales volume compared to the previous quarter. Could you please elaborate on the primary factors that contributed to this fall?

Pavitra Shankar: Yes. It's fairly typical for Q1 to be running at a lower rate than Q4. In fact, across the industry, Q4 tends to be the highest in the year. So we're not too worried about it. Also, there were some slowness in approvals due to elections, etcetera. So as a result, numbers look low compared to Q4, but this should not be taken as anything out of the ordinary.

Dhruv: Okay.

Moderator: Mr. Dhruv does that answer your question?

Dhruv: Yes, this answers my question.

Moderator: The next question is from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: So just one clarification. What is the presale number that you are guiding for, for FY'25 for your resi business?

Pavitra Shankar: We have not given guidance, and we actually don't share guidance.

Prolin Nandu: All right. No, so that's fine. But what I mean, to the previous question you answered that it would be something that you had probably highlighted in the last quarter. So is that my understanding correct?

Pavitra Shankar: No. What I said was that in Q4, the numbers were much higher. So Q1, as in comparison looks substantially lower. And industry-wide, Q4 tends to be the highest quarter in the financial year across the industry. So in comparison, Q1 looks low.

Prolin Nandu: Fair point. And just one feedback related to the entire team, right? This time around, if I look at your presentation, I mean a few of these slides have been missing which have always been a part of the presentation in terms of upcoming product launch, project launches, for example, cash

flows and segment-wise, cash flows and debt. If you can continue giving those disclosures from next quarter onwards, that would be very helpful.

Pavitra Shankar: Thank you. We'll take your feedback. Thank you.

Moderator: The next question is from the line of Pritesh Sheth from Motilal Oswal.

Pritesh Sheth: So first is on the couple of luxury launches that you have had in Q1 and probably Icon also in Q2. Now how would you rate the overall response to both these projects? If I am correct, probably Insignia would have contributed roughly INR150-odd crores of presales this quarter, which was really 15%, 20% of the GDV that we have launched. So how would you rate that sort of contribution?

And your overall strategy going forward, would you be in terms of the project mix, would you be now shifting focus more towards these luxury projects or you would have favorability towards mid-income kind of projects, which have invested in well in terms of sales velocity for us. So just broadly your comments on those 2 points.

Pavitra Shankar: Yes. Thank you. So yes, in the last quarter, the Q1, we launched Insignia. And since the end of Q1, we've also launched Brigade Icon on Mount Road in Chennai. Both have been really well received. Both projects, our strategy there is not to go for sales velocity, but rather see the acceptance of the product at the price that we launched it at and both have done well on that regard. Insignia has done extremely well. We've been able to move the project at a decent pace as well.

And in terms of what we would look at from a product standpoint, I think our approach continues in the same as the past. Whatever is the land that we're evaluating, we look to put the best fit in terms of the segment and also in terms of the product that's appropriate at that point in time.

Of late, it has certainly seem like there are some land parcels that have lent themselves to ultra-high end. But we are also constantly seeing land parcels and also some of our upcoming launches will continue to be in the mid-segment product category.

Pritesh Sheth: Sure. Just one follow-up on that. I think prior to 2017, we were largely into this higher ticket size kind of segment where we were selling flats between INR 1.5 crores to INR 4 crores, INR 5 crores, where velocity was slow and hence, the inventory side to build up. How different that market was versus what you see currently? I mean in terms of response that you have seen in these couple of launches, does it indicate that, that market was dull and the market is doing better than that phase.

Pavitra Shankar: I think market conditions are very different now versus prior to 2017. Naturally, the market itself or the industry itself has been through a few changes. Our portfolio as well has actually continued to stay in this segment. But the pricing of what is considered as mid-segment has moved dramatically.

So prior to, I would say, even two years ago, the average price band for mid-segment in Bangalore, for example, would have been around INR 60 lakhs to around INR 80 lakhs or maybe even INR 90 lakhs.

Now I would say that's comfortably upward of INR 90 lakhs to INR 1.2 crores. So there is an overall change in the market itself in terms of what qualifies as mid-segment, and that's due to multiple factors, mainly affordability and growth in per capita income as well.

So we haven't really changed our approach. We still believe in mid-segment housing, but there is also a lot of opportunity in upper mid-segment housing due to the general improvement of the country, the economy and purchasing power of the demographic.

Pritesh Sheth: Sure. And secondly, on the launches, while you mentioned that the launch trajectory or expectation guidance remains same. But will it be largely second half tilted or you are seeing those launches start improving from second quarter itself from here on? And how the trajectory is looking going ahead?

Pavitra Shankar: I think it will still be skewed towards the second half. I mean we've been seeing that sort of trend over the last half as well. So it's very similar to the past.

Pritesh Sheth: But I mean, in terms of launches, second quarter should be healthier than the first quarter? Or it could be similar to what we have seen in the first quarter?

Pavitra Shankar: Similar to what we achieved in first quarter. Or maybe we're not sure because of approvals.

Moderator: Next question is from the line of Akshay Khanna from Kotak .

Akshay Khanna: Just one question, of the existing lease area that you have 8.7 million square feet, I just wanted to understand what is the incremental area that is in pipeline. I understand there are two projects that you started this quarter, plus you had one in Trivandrum. So could you just let us know what is the area that all of those add up to? So Brigade Square, the two that you started this quarter, one of which I think is in Chennai, the other one is in Bangalore?

Nirupa Shankar: Yes. So we've actually shared the launches. So we'll be launching about 1.48 million square feet. So that includes sorry yes, one second. You were asking about the upcoming launches or already launched projects?

Akshay Khanna: And by launch, you mean the ones that are under construction, right?

Nirupa Shankar: Yes, yes.

Akshay Khanna: Both actually, what it is that is under...

Nirupa Shankar: I'll tell you. We have Brigade Tech Boulevard in Chennai, so that's about 800,000 square feet. We have Brigade Twin towers completed construction. We're just awaiting OC. That's about 1.3 million square feet. We have Brigade Padmini Tech Valley, the Block B, which is around 700,000 square feet. That has Block A, B and C. So we've already started , Block A is already almost completed construction, we're just waiting for OC. That's about 264,000 square feet. And

Padmini Tech Valley Block B is about 700,000 square feet. And Brigade Square in Trivandrum is around 2 lakh square feet. And yes, that's about it. So that's what we have as already launched.

Akshay Khanna: And the second one that you mentioned, 1.3 was you're referring to Twin Towers, is it, sorry?

Nirupa Shankar: Twin Towers, yes, we are still awaiting OC. So I cannot say it's completed just yet, we're still awaiting OC, and that should be we should be able to get in the next couple of months.

Akshay Khanna: Just to confirm, you plan to strata sell Twin Towers, everything else will go to leasing, is it that the plan?

Nirupa Shankar: Yes, what we are planning to do is about 50% sale, one tower, we will strata sell and the remaining will be kept for leasing. But the sale has been based on the market acceptance, the sales traction is quite good. So we will determine as and when by each quarter. But as of now, one tower we plan to strata sell.

Akshay Khanna: Which is 0.6 million square feet broadly, is it?

Nirupa Shankar: That's right.

Akshay Khanna: Got it. And could you also let us know the ones that have to be on the 1.48 that you just mentioned? What is the breakup of that and the broad timelines?

Nirupa Shankar: So basically, we have we Brigade Padmini Tech Valley, which is A block. So that's around 300-odd thousand square feet. And I think Kochi Infopark, again, this is all in the upcoming in the next 4 quarters, which has already mentioned, Kochi Infopark as mentioned last quarter, is about 150,000 square feet. And those are the main 2, I think Brigade Gujarat has already been mentioned, the Phase 2 of about 80,000 square feet.

Akshay Khanna: Perfect. Perfect. And just one last question. Is the understanding correct that 1Q presales of 11 billion broadly had very little or negligible contribution from the 2 launches that you had because one of them happened towards the end of the quarter, the other one you're saying you started to sell only in July. So is it safe to say that the contribution from the new launches was next to negligible.

Pavitra Shankar: No, the 2 launches mentioned by someone previously, one of them was actually only in July. So what I said was that sorry, are you talking residential or commercial?

Akshay Khanna: No, residential, sorry, residential.

Pavitra Shankar: Yes. So previously, someone had mentioned 2 projects, Insignia and Icon. Insignia is in the Q1 numbers. Icon will not be in the Q1 numbers because although we got RERA, we didn't take any of the sales in Q1, but that will show up in Q2 eventually. But in Q1, about 35% was from new launch.

Akshay Khanna: Which is broadly from Insignia you are saying.

Pavitra Shankar: Insignia, there were a couple of other projects that launched as well. There's a new block in Brigade El Dorado. So that is also the other main contributor.

Moderator: Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to Mrs. Nirupa Shankar, Joint Managing Director, for closing comments.

Nirupa Shankar: Once again, good evening, everyone. Before we close, we'd like to share a couple of other highlights. Our Brigade Foundation, which is the philanthropic arm of Brigade Group inaugurated the first phase of the Brigade BCIC Skill Development Academy, or short-form BBSDA, it is a center of excellence with state-of-the-art infrastructure on a 5-acre parcel of land in Aerospace Park in Bangalore North.

We launched this in association with the Bangalore Chamber of Industry and Commerce, and it's a not-for-profit initiative that aims at making a positive contribution to the lives of the unemployed and underemployed people apart from meeting the needs of the industry. The Skill Development Academy will focus on construction, hospitality, tourism, manufacturing and retail sectors, and skill potential candidates to make them employable to their full potential.

We're also happy to share that the Brigade Enterprises Limited was recognized amongst the top 100 great mid-sized workplaces by the Great Place to Work Institute. We secured the 38th rank across the country and across industry to recognize as a laureate for being in the top 100 workplaces for more than 10 years in a row, and Brigade Hospitality Services was ranked 67th in the same survey.

The Indian Music Experience Museum celebrated its fifth anniversary in July, the IME came into being as a community development initiative to educate especially the younger generation about the diverse and rich musical heritage of our country. The IME is a fantastic place for all generations to visit.

We will be launching our ninth hotel, Ibis Styles, Mysore under the management of French multinational Accor. This will be our second hotel in Mysore completing the existing complementing the existing Grand Mercure Mysuru showcasing a selection of 130 well-designed rooms and extended stay suites.

The 17th edition of our Flagship Property Expo Brigade showcase will commence from August 9 to 11 at Sheraton Grand Hotel Brigade Gateway. This year showcase will feature over 20 exceptional Brigade projects ranging from INR 49 lakhs to INR 21 crores in the cities of Bangalore, Chennai and Hyderabad.

Our Chairman, Mr. Jaishankar was honored with the prestigious Lifetime Achievement Award by the Karnataka Arya Vysya Mahasabha at the Fifth Vasavi Awards of Excellence 2024, honoring his invaluable contribution to the real estate industry and community development.

Our co-working brand BuzzWorks has launched seats in the first center in Hyderabad at Aurobindo Orbit, Hi-Tec City, and it is spread across 31,000 square feet. Vineet Varma, Director of Brigade Hospitality has been appointed as the President of BCIC for the term '24-'25.



Brigade Plus, which is our Interior Solutions arm has partnered with leading global brand IKEA to offer well-designed functional and affordable home furnishing solutions to the residents of Brigade El Dorado. On that note, we would like to conclude this quarter's earnings call. Thank you all for taking the time to hear from us today.

Moderator:

Thank you. On behalf of Brigade Enterprises Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.
