



BRIGADE ENTERPRISES LIMITED



Initiating Coverage

Fundamental and Valuation Grades

ICRA has assigned the Fundamental Grade '4' and the Valuation Grade 'A' to Brigade Enterprises Limited (BEL). The Fundamental Grade "4" assigned to BEPL implies that the company has "Strong Fundamentals". The Valuation Grade 'A' assigned to BEL implies that the company is "Significantly Undervalued" on a relative basis (as on the date of the grading assigned).

Brigade group, one of South India's leading property developers was established in 1986 and is headquartered in Bangalore. The group has presence in various domains of real estate such as residential, commercial, retail, hospitality and property management. The business of the group is mainly concentrated within Bangalore and nearby regions such as Mysore, Chennai, Kochi, etc. For project development, Brigade follows a mix of outright purchase of land parcels and undertaking joint development (JD) with land owners. Brigade Enterprises Limited (BEL) is the flagship company of the group. BEL was promoted by Mr M.R. Jaishankar and Ms. Githa Shankar as a partnership firm called Brigade Enterprises in 1990 and converted to a Private Ltd Company in 1995 and to Public Limited Company in July 2007. In December 2007, BEL raised about Rs.704 crore through an initial public offering (IPO). It has completed and delivered ~20 million sqft of space comprising of over hundred residential, commercial and hospitality projects. BEL has established itself as one of the major diversified real estate developers in Bangalore.

Grading Positives: The positives include: a) Established real estate developer with track record of more than 20 years, b) Diversified operations with presence in residential, retail, commercial and hospitality segment, c) Comfortable operational cash flows from the ongoing residential projects of the group, d) Strong portfolio of leased commercial assets provides stable cash inflows, e) Stable occupancy and ARR of the operational hotels of the group

Grading Sensitivities: Key sensitivities to our estimate include: a) Significant capital expenditure plans for the hotel segment; considering the long gestation period, the liquidity and profitability might be impacted in medium term, b) Aggressive pipeline of residential projects to be launched in FY15 will increase exposure to execution and market risk, c) Supply-demand scenario in Bangalore real estate market as it will remain the mainstay for company's operations

BEL: Key Financials Indicators (Consolidated)

Particulars	FY13A	FY14A	FY15E	FY16E	FY17E
Operating Income (Rs. Cr.)	823	940	1,439	1,780	2,325
EBITDA(Rs. Crore)	208.89	268.98	360.25	447.55	594.63
EBITDA Margin (%)	25.39%	28.61%	25.03%	25.14%	25.57%
PAT(Rs. Crore)	43.77	88.95	120.18	172.06	280.35
PAT Margin (%)	5.32%	9.46%	8.35%	9.67%	12.06%
PAT(Concern share)	43.66	86.92	118.15	170.03	278.32
EPS (Rs./share)	3.89	7.75	10.53	15.15	24.81
EPS Growth (%)	-23.32%	99.08%	35.93%	43.91%	63.68%
P/E (x)	37.81	18.99	13.97	9.71	5.93
P/BV (x)	1.36	1.30	1.22	1.12	0.99
RoE (%)	3.69%	7.15%	9.15%	12.17%	17.86%
RoCE (%)	9.52%	10.86%	14.61%	18.58%	24.27%
EV/EBITDA (x)	12.74	9.42	7.52	6.06	3.96

ICRA Grading Matrix

		Valuation Assessment				
Fundamental Assessment		A	B	C	D	E
	5					
	4					
	3					
	2					
	1					

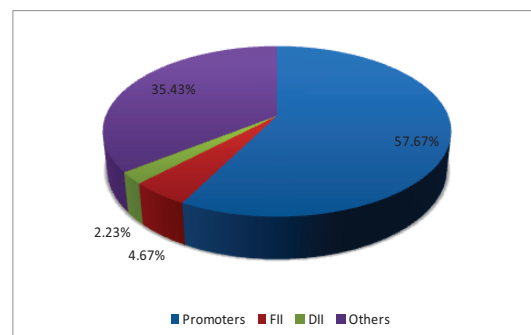
- ✚ Fundamental Grading of '4' indicates "Strong fundamentals"
- ✚ Valuation Grading of 'A' indicates "Significantly Undervalued" on a relative basis

Key Stock Statistics

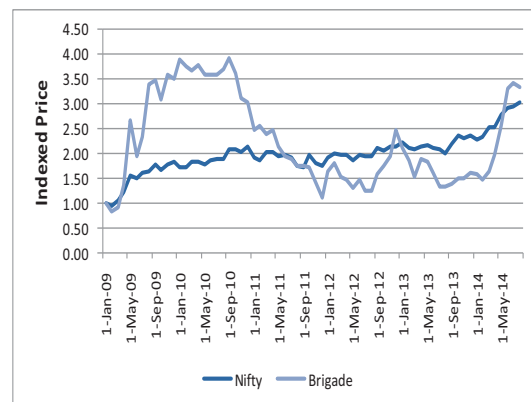
Bloomberg Code	BRGD IN
Current Market Price* (Rs.)	148.0
Shares Outstanding (Crore)	11.2
Market Cap (Rs. Crore)	1661
52-Week High (Rs.)	161.0
52-Week Low (Rs.)	49.7
Free Float (%)	23%
Beta	1.5

Source: Bloomberg (As on 22nd September 2014)

Shareholding Pattern (As on June 30th 2014)



Share Price Movement



SUMMARY

Established brand name and track record of operations with presence in multiple real estate domains

Brigade group has been operational in the Bangalore real estate market for more than 20 years and has an established brand name and reputation for quality development in the real estate market in Bangalore and Mysore. As on 31st March 2014, the group has completed and delivered ~20 million sqft of space. Since the inception of the group in 1990, Brigade has been involved in development of properties in multiple real estate domains – residential, commercial and hospitality. In the residential segment, the group is focused towards development of integrated lifestyle enclaves and apartment buildings targeted towards middle to high income range customers. In the commercial segment, the group is involved in development of Grade- A office space, software and IT parks, retail malls, etc. In the hospitality segment, the group is focused towards developing serviced apartments, hotels, resorts, spas and recreation clubs.

Geographic presence mainly in Bangalore; however gradual expansion being made to other southern cities

Being based in Bangalore, majority of Brigade's completed as well as ongoing developments are concentrated in the city of Bangalore. Out of the total completed development of around 20 million sqft, 19 million sqft is in Bangalore and rest in Mysore. However over the last few years, the group has expanded into other geographies by developing projects in other southern cities such as Mysore, Chennai, Kochi, etc. Out of the total ongoing development of 14.59 million sqft as on June 2014, 12.16 million sqft, i.e. 83% is in Bangalore while the rest of the development is in other cities such as Hyderabad, Mysore, Chennai and Cochin. In terms of land bank also, the group is continuously expanding its land bank by acquiring land in other cities other than Bangalore. Out of total land bank of 374 acres of the group as on 30th June 2014, ~63% is located in Bangalore, while 15.2% is in Chennai and rest in cities of Kochi, Mangalore and Mysore.

Significant portfolio of ongoing residential projects; comfortable operational cash flow position

The residential segment is one of the main segments of Brigade, accounting for major portion of the completed, ongoing and upcoming projects. The company has significant portfolio of ongoing residential projects which consist of mix of integrated enclaves and residential apartments. The total developable area of ongoing residential projects as on June 2014 is 11.57 million sqft with Brigade's share of total saleable area being 8.89 million sqft. As on June 2014, it had already sold about 4.59 million sqft of area translating into healthy booking ratio of 52% for the ongoing projects. The total sale value of the area sold is Rs. 2227.5 crore, out of which the company has received advances of Rs. 1138.1 crore till June 2014. The amount to be collected on the sold units is Rs. 1089.4 crore, which would be sufficient to cover around 54% of the balance pending cost and debt outstanding for the residential projects. The company has unsold stock of 4.3 million sqft which at current average realization will have value of Rs. 2272 crore, which would result in cash surplus after meeting the balance construction cost and debt repayments.

Strong portfolio of leased commercial properties provides steady cash flows

Brigade has a strong portfolio of leased commercial assets which is a steady contributor to the group's top line and operating profits. The leased portfolio contributed 15% of total revenue and 44% of total operating profitability in FY14. Currently the total leasable area of commercial space being managed by Brigade is around 1.6 million sqft with average occupancy of 94% which would provide steady annual inflows of Rs. 159 crore. The leased properties of Brigade have favourable location being situated in prime commercial districts of Bangalore. The main leased properties of the group are Orion Mall and World Trade Centre (WTC). Vacancy risk for these properties is moderate given the good asset quality, vantage location and long lease periods of average nine years with a lock in period of three – five years. The leased properties also enjoy good client profile which ensures stable lease rentals and reduces the vacancy risk. Amazon, KPMG, Zara, Cisco, Samsung, etc are some of the clients in the leased properties of Brigade.

Ongoing commercial projects comprises of significant proportion of for lease projects

Owing to the good response received by Brigade to the completed and leased properties and the expertise developed by Brigade over the years, the group is undertaking significant developments in the same area. As on June 2014, the group had total of six commercial projects which are being developed for the purpose of giving on lease. Though, all the completed leased projects are located in Bangalore, the group is now expanding its geographic presence in this segment by developing projects in other southern cities such as Mysore and Chennai. As on 30th June 2014, Brigade had eight ongoing commercial/retail projects with total developable area of 2,600,648 sqft and Brigade' share of saleable area of 1,553,127 sqft. Given the good location and brand name of Brigade, these projects are expected to contribute to the top line of the company once completed.

Stable performance of the operational hotels aided by premium location

In the hospitality segment, the group has two operational hotels – Grand Mercure and Sheraton. These hotels have demonstrated good occupancy and stable ARR's aided by their premium location and proximity to business districts. Sheraton Hotel is a 230 key project which is a part of the Brigade Gateway project located in Malleswaram, Bangalore. The hotel commenced operation in May 2011 and has received good response. The hotel recorded occupancy of 75% with an ARR of Rs. 7633 in FY14 compared to occupancy of 63% and ARR of Rs. 7603 in FY13. Grand Mercure, being managed by Accor group, comprises of premium serviced apartments and is located in Koramangala area of Bangalore. The hotel achieved occupancy of 86% with an ARR of Rs. 6558 in FY14 as compared to occupancy of 82% for FY2013 with an ARR of Rs. 6682 for FY2013.

More focus on hospitality segment going forward

In FY14, the hospitality segment contributed ~14% to the total revenues and currently constitutes ~3% of the ongoing development consisting of three hotels viz. Holiday Inn Chennai, Brigade Orchards Club Bangalore and Grand Mercure, Mysore. However going forward the management plans to increase its focus on the hospitality segment. Brigade has partnered with Inter Continental hotels group to develop 10 Holiday Inn Express hotels in South India. The hotels will be developed over the period of next six to seven years. The group is in preliminary stages of construction for one of these hotels at race course road, Bangalore. With the development of these hotels, the capital expenditure requirements of the group is expected to increase significantly going forward. However the same is expected to be supported by steady operations of the operational hotels which provides financial flexibility to the company.

Revenues expected to grow at CAGR of 27% during FY15-FY17

Brigade's revenues are expected to grow at CAGR of 27% during the period from FY15 to FY17 mainly driven by real estate revenues which are expected to grow at a CAGR of 32%. The real estate revenues are expected to increase on account of projects such as Cosmopolis, Lakefront, No.7 etc reaching their recognition threshold. As on June 2014, Brigade had ongoing projects of 9.4 million sqft (Brigade's share of saleable area) with estimated sale value of Rs. 4662.7 crore out of which the company has recognized revenues of only Rs. 672 crore till June 2014. This results in unrecognized revenue of around Rs. 3990 crore which is expected to be recognized over the next three years as the construction and booking in these projects ramps up. In addition the group also has significant pipeline of planned projects for FY15 and future years. As these projects reach their threshold stage they are also expected to contribute to the top line of the group. The revenues are also expected to be supported by the hospitality and leased assets revenue contribution, which is expected to increase in FY17 on account of addition of new properties, which are currently under construction.

Cash flows expected to remain healthy going forward

As on June 2014, Brigade had total ongoing development of 9.4 million sqft (Brigade's share of saleable area). The total sale value of these ongoing projects is around Rs. 4600 crore, out of which the company has received advances of around Rs. 1130 crore till March 14, hence advances of Rs. 3400 crore are yet to be received from the customers. This is expected to be realized over the next three to four year horizon as the construction and booking ramps up in these projects. In addition the company also has significant pipeline of planned projects; in FY15 the group plans to launch projects with total saleable area (Brigade's share) of around 5 million sqft. The planned launches are expected to continue at similar level in the coming years. Advances from these new launches are also expected to contribute to cash flows of the group. The operations of the hospitality and leased portfolio continue to remain stable with annual inflows of around Rs. 300 crore respectively from them. The same is expected to support the overall cash flows of the group. In addition, some of the under construction hospitality and leased properties are expected to become operational by FY17 which will contribute to the overall cash flows of the group.

Return indicators expected to improve going forward

Brigade's return indicators have remained low in the past on account of low revenue recognition since many projects have not reached their recognition threshold. As on June 2014, the group has unrecognized revenues of Rs. 3990 crore which is expected to be recognized over the next three years. Hence given the higher revenue and profitability recognition over FY15-FY17, Brigade's return indicators is expected to increase sharply. ROCE is expected to improve from 10.9% in FY14 to 14.6% in FY15 while RONW is expected to improve from 7.2% in FY14 to 9.2% in FY15.

Valuation: We find that at the current price, Brigade is undervalued and has strong upside potential. The same can be attributed to robust cash flows expected from the ongoing projects of the group, which have seen healthy bookings and steady construction progress as well as expected inflows from the future launches of the company. The cash flows of the company are

further supplemented by the stable operations of the leased portfolio which is expected to continue to have high occupancies and stable rentals. The hospitality segment of the group is also expected to continue to witness high occupancies and ARR. Further the under construction hospitality and leased portfolio is expected to supplement the cash flows of the company.

OPERATING PROFILE

Snapshot of Operations

- ✚ Established real estate developer with track record of more than 20 years in Bangalore real estate market
- ✚ Diversified portfolio with presence in residential, commercial, retail and hospitality segments
- ✚ Strong project execution capabilities demonstrated through completion of ~20 million sqft of development
- ✚ Sizeable portfolio of ongoing residential projects; healthy booking levels and comfortable cash flow position reduces market risks while providing cash flow visibility in the medium term
- ✚ Strong portfolio of leased commercial projects provides steady cash flows; low vacancy risk on account of favourable location, premium tenant profile and good asset quality
- ✚ Stable performance of the operational hotels of the group; increasing exposure towards hotel projects might impact the liquidity and profitability in the medium term, considering the long gestation period
- ✚ Aggressive pipeline of projects to be launched over next few years; total projects spanning 6.60 million sqft(residential – 5.08 million sqft; commercial – 1.52 million sqft) planned in FY15

Company background

One of the leading real estate development companies of South India, Brigade group (Brigade) is based in Bangalore and primarily focused on development of residential, commercial and hospitality projects. The flagship company of the group, Brigade Enterprises Limited, started operations as a partnership firm formed by Mr. M.R. Jaishankar and his wife Ms. Githa Shankar in 1990. BEL was converted into a private limited company in 1995 and into public limited company in July 2007. In December 2007, BEL raised about Rs.704 crore through an initial public offering (IPO). The promoters of the Brigade have experience of over 25 years in the real estate industry. The Brigade group consists of BEL and other subsidiaries and joint ventures (JVs). The detail of these subsidiaries and joint ventures is as provided in the table below:

Table 1: Details of subsidiaries and JVs

Company Name	Key areas of operations	% Shareholding
Subsidiaries		
Brigade Hospitality Services Limited	Management of clubs, restaurants, service apartments, convention centres	100%
Brigade Estates and Projects Private Limited	Real Estate Development	100%
Brigade Tetrarch Private Limited	Sports related activities	100%
Brigade Infrastructure and Power Private Limited	Power generation and infrastructure development	100%
WTC Trades and Projects Private Limited	Holds the World Trade Centre license for the city of Bangalore; rendering services and management facilities	100%
Orion Mall Management Company Limited	Mall management	100%
Brigade Properties Private Limited	Real estate development	51%
Prosperita Hotel Ventures Limited	Management of hotels	100%
Joint ventures		
BCV Developers Private Limited	Real estate development	50%
BCV Estate Private Limited	Real estate development	50%
CV Properties Private Limited	Real estate development	50%

Source: Company annual report

Strong management profile

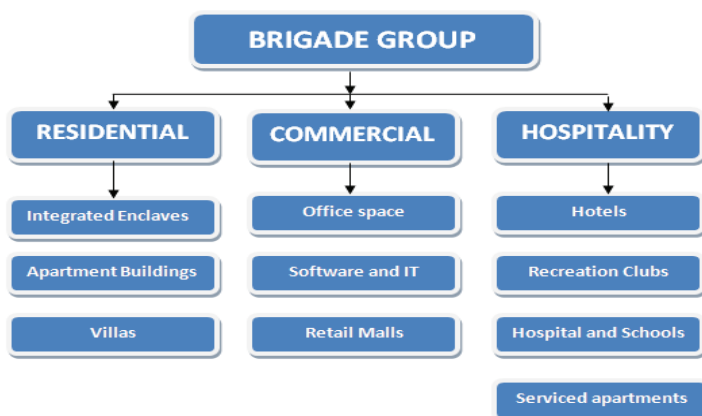
The management team is headed by Mr. M.R. Jaishankar, who has over 25 years of experience in the real estate industry. Apart from him, the key managerial personnel in the area of operation, design, development, finance, marketing and business development are qualified professionals who have vast experience in their relevant domain. Brigade largely uses external contractors for execution of the project. Some of the contractors who have executed projects for Brigade are Simplex, JMC Constructions, Shapoorji Pallonji, etc. However the group also has a strong in-house execution team who liaison with the external contractors to ensure steady and timely completion of the projects. The execution team consists of over 300 personnel including engineers, architects and interior designers. In addition, the group also has in-house teams for procurement of raw materials, price control and quality control. This ensures that every aspect of the project is closely monitored to ensure quality of construction and timely completion. Brigade also has in-house sales and marketing team who look after the pre-sales and sales activities of the projects. In addition the management also conducts various road shows and property shows which helps in generating buyer interest and augments the sales of the projects.

Presence in multiple real estate domains

Since the inception of the group in 1990, Brigade has been involved in development of properties in multiple real estate domains – residential, commercial and hospitality. In the residential segment, the group is focused towards development of integrated lifestyle enclaves and apartment buildings targeted towards middle to high income range customers. The integrated lifestyle enclaves have the distinction of being self contained gated communities with a combination of apartment complexes, commercial and retail space, hotel properties, parks, schools, recreation centers etc. Brigade Millennium (built-up area of 1.27 million sqft), Brigade Gateway (built-up area of 2.2 million sqft) and Brigade Metropolis (built-up area of 2.5 million sqft) are some of the key completed residential projects of the group. In the commercial segment, the group is involved in development of office space, software and IT parks, retail malls, etc. Some of the key completed commercial properties of the group are Brigade Software Park (built-up area of 0.22 million sqft), Brigade Tech Park (built-up area of 0.38 million sqft), World Trade Center (built-up area of 1.13 million sqft), etc. In the hospitality segment, the group is focused towards developing serviced apartments, hotels, resorts, spas and recreation clubs. The key completed projects of the group are Sheraton Hotel (230 keys) and Grand Mercure (126 keys).

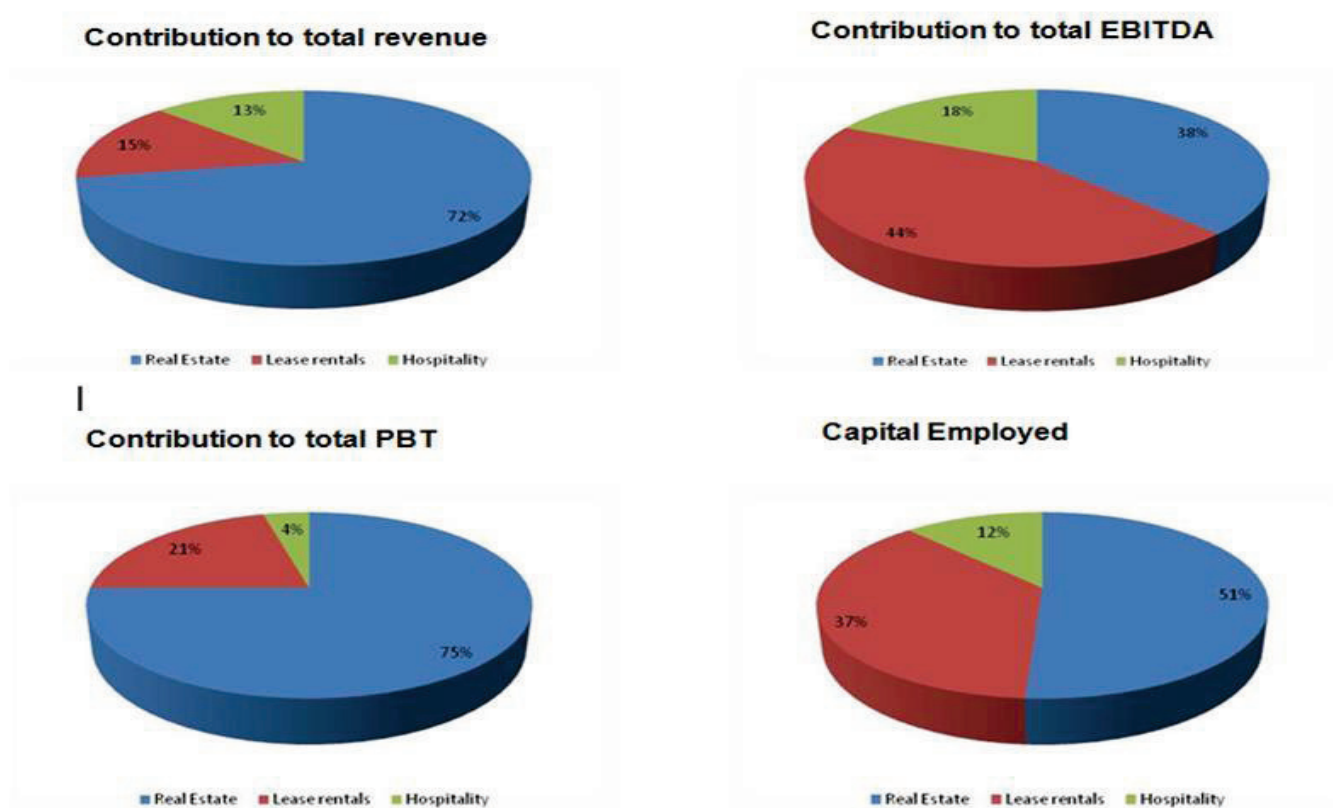
For the commercial and hospitality segments, the group follows strategy of sale cum lease model. Majority of the completed projects are sold out by the company while some are on lease basis providing a steady cash flow stream. In the hospitality segment also, the group has sold some of the completed projects (Homestead, Brigade Gateway Hospital) while others (Sheraton, Grand Mercure) are being managed through arrangement with international hotel operators.

Figure 1: Business model of Brigade group



Source: Company data

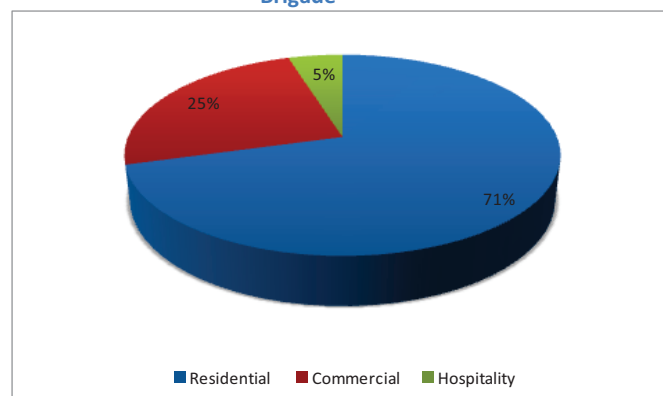
Figure 2: Segment wise analysis for FY14



Established brand name and track record of operation

The group has an established brand name and reputation for quality development in the real estate market in Bangalore and Mysore. The group also has portfolio of global clients such as CISCO systems, Capgemini Business Services, Ernst & Young, Nokia, etc which aid in ensuring good occupancy and stable lease rentals for the commercial projects. The group has been operational in the Bangalore real estate market for more than 20 years and has significant portfolio of completed projects. As on 31st March 2014, the group has completed and delivered ~20 million sqft of space consisting of portfolio of 61 residential projects with total built up area of 14 million sqft and saleable area(Brigade' share) of 9.95 million sqft, 31 commercial projects with total built up area of 4.87 million sqft and saleable area(Brigade' share) of 4.20 million sqft and 10 hospitality(including clubs, convention centers and schools) projects with total built-up area of 0.95 million sqft and saleable area(brigade' share) of 0.94 million sqft.

Figure 3: Segment wise share of completed development of Brigade

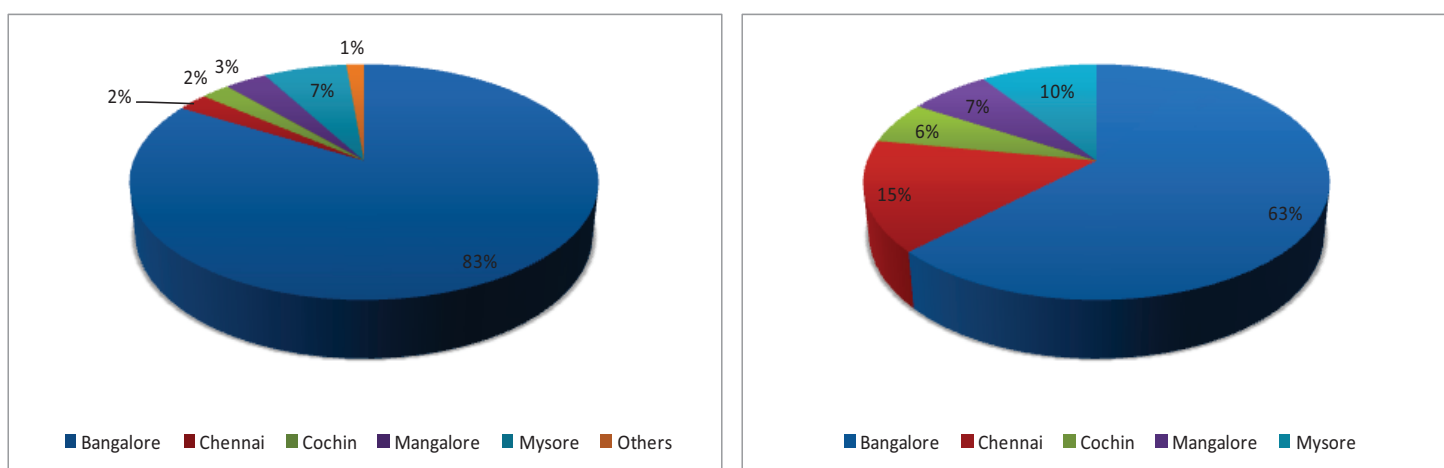


Source: Company data

Presence in stable Bangalore real estate market provides comfort; gradually expanding operations in other cities of South India

Being based in Bangalore, majority of Brigade's completed as well as ongoing developments is concentrated in the city of Bangalore. Out of the total completed development of around 20 million sqft, 19 million sqft is in Bangalore and rest in Mysore. However over the last few years, the group has expanded into other geographies by developing projects in other southern cities such as Mysore, Chennai, Kochi, etc. Out of the total ongoing development of 14.59 million sqft as on June 2014, 12.16 million sqft, i.e. 83% is in Bangalore while the rest of the development is in other cities such as Hyderabad, Mysore, Chennai and Cochin. In terms of land bank also, the group is continuously expanding its land bank by acquiring land in other cities other than Bangalore. Out of total land bank of 374 acres of the group as on 30th June 2014, ~63% is in Bangalore, 15.2% in Chennai and rest in cities of Kochi, Mangalore and Mysore. The land bank of Brigade is low compared to other real estate developers in the Bangalore market; however the group follows an asset light strategy of keeping its land bank requirements to about five years of execution through a combination of self owned and JD land.

Figure 4: Geographic distribution of ongoing projects and city wise land bank distribution as on June 2014



Source: Company data

Bangalore continues to be one of the most stable real estate markets in India

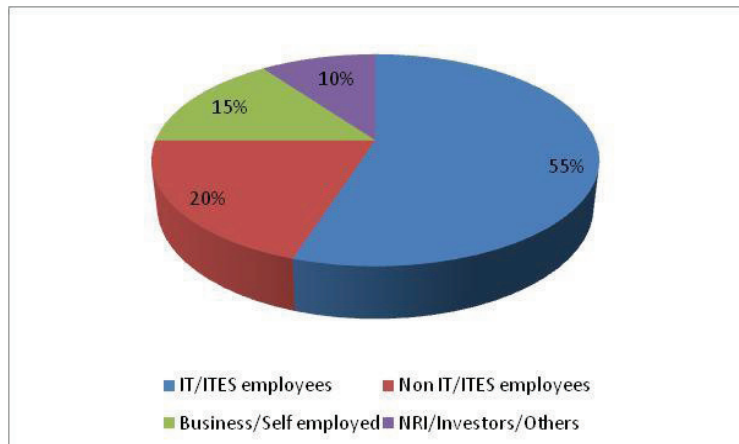
Though majority of Brigade's operations are concentrated in the city of Bangalore, the same is mitigated by the fact that Bangalore continues to be one of the most stable real estate markets in India in comparison to markets such as NCR, Mumbai Metropolitan region, etc. The Bangalore market has seen better absorption than Mumbai and Delhi markets in the last few quarters. The group also a sizeable portfolio of commercial projects in Bangalore which have seen good occupancy and premium tenant profile aided by the fact that Bangalore is one of the major hubs for information technology (IT) and business process outsourcing (BPO). The city is home to over 800,000 IT/ITES professionals¹, which account for about 55% of the total demand of organized real estate market.

However besides the IT/ITES sector, the city is also home to host of other industries which support the real estate demand. Bangalore is one of the biggest bio clusters in India with 137 Biotechnology companies making it 40% of the total 340 such units operational in the country currently. The city has 15 industrial areas spread over 6784 acres of land and 15 operational SEZs spread over 637 acres of land creating immense employment opportunities. Bangalore is also hub for manufacturing and R&D with leading manufacturing companies such as Kirloskar, General Motors, GE, Volvo, Toyota, Escorts, etc having their base here. Major institutions in aerospace and science such as Hindustan Aeronautics Limited (HAL), Defense Research and Development Organization (DRDO), Indian Space Research Organization (ISRO), Aeronautical Development Agency (ADA), National Aerospace Laboratories (NAL), Indian Institute of Science (IISc) and Antrix Corporation are based in Bangalore and companies such as Airbus, AirWorks India Engineering and QUEST Global has presence in the city. Oil and gas major, Shell is also setting up its technology and innovation centre in Devanhalli, Bangalore on a campus spread across 40 acres. E-

¹ Source – Govt. of Karnataka publication

commerce industry and startups are also gaining a foothold in the Bangalore market with the city being home to number of e-commerce companies such as Amazon, Flipkart, Zivame, etc. Flipkart is seeking to acquire 1.5 million sqft of office space in Bangalore, making it one of the biggest office spaces after Goldman Sachs which has office space of 1.6 million sqft in the city.

Figure 5: Profile of buyers in Bangalore



Source: ICRA research

Figure 6: Some of the major Non-IT companies operating in Bangalore

Industry	Main companies
Biotechnology	Biocon, Astra Zenaca, Monsanto research centre
Auto	General Motors, GE, Volvo, Toyota, Escorts
Aerospace & Research	HAL, DRDO, ISRO, ADA, NAL
ECommerce	Amazon, Flipkart
Manufacturing	Kirloskar, Airbus, Air works India Engineering

Source: ICRA research

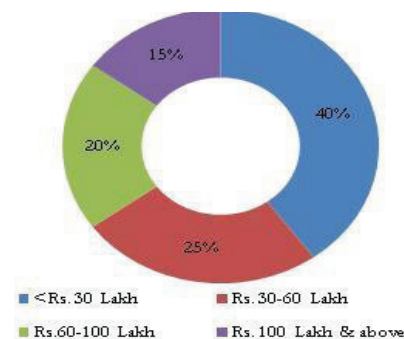
Profile of Bangalore market:

As per ICRA research, the Bangalore residential market is estimated to be around 92 million sqft. The Bangalore residential housing market is highly fragmented catered by large number of organized as well as unorganized players. Out of the estimated 92 million sqft of market size, about half is constituted by larger players, which have established track record/experience of development and have an institutional set-up. Other half of the market is catered to mainly by the smaller players, whose operations are confined to a specific region in the city and have been involved in developing small scale projects and self-developed houses. Besides, development by government agencies and under government schemes also contributes to the overall market. However, the share of larger players in the market has been growing rapidly with the entry of bigger players from other geographies and continuous expansion of existing players.

The city development authorities have planned the city in a circular manner, which facilitates growth in all the directions of Bangalore. However, the South East, East and North region of Bangalore are the key growth regions aided by factors such as proximity to major IT/ITES corridor, ongoing and upcoming infrastructure projects, and availability of large parcels of land for development and growth in social infrastructure as education institutes, hospitals and malls.

Over the last 5 years, Bangalore has witnessed substantial improvements on the infrastructure front. A few initiatives include commissioning of BIA in 2008, Electronics City Elevated Expressway in 2009, Phase 1 of NICE corridor in 2009, Tumkur road elevated expressway in 2010 and Reach 1 of Bangalore Metro Rail in 2011. The infrastructure status and development is expected to get a major boost from its ongoing and planned infrastructure project such as Metro Rail (Phase I & II), Signal Free Outer Ring Road, Peripheral Ring Road, Bangalore Mysore Infrastructure Corridor, BMRDA’s Satellite Townships & Ring Road Network, and Expressway to Bangalore International Airport (BIA) and High Speed Rail to BIA and Mono Rail. These projects will provide the much needed support to Bangalore’s growing population base and with the enhance connectivity will also open-up newer surrounding areas for development.

Figure 7: Demand in terms of ticket size



Source: ICRA Research

The real estate prices in Bangalore have grown at a steady pace with an average annual appreciation of ~10-12 per cent over the last five years. Availability of large parcels of land facilitated the city’s development plan across all directions, higher Floor Area Ratio (FAR) allowed for

development and fragmented land holdings, has prevented any significant spikes in the city real estate prices. Though the Bangalore market is largely driven by end users, it is witnessing growing investor's participation because of attractive rental yield and steady property appreciation.

Key demand drivers:

- ❖ **Employment opportunities:** Bangalore is the fourth largest technology cluster in the world, with over 2,025 IT companies, 330-plus BPOs/ITES and 100 hardware units, and has become a global outsourcing hub for IT/ ITES. Given this backdrop, the city's residential demand is mainly led by IT/ITES sector employees, which account for about 50-60 per cent of the total demand. However apart from the IT sector, the city is also home to many other industries like Bio technology, auto, manufacturing, etc
- ❖ **Affordability:** Another factor, which has kept the demand intact in Bangalore market is the affordability. It is seen that Bangalore market is relatively more affordable than NCR and Mumbai markets. Moderate property price appreciation in Bangalore over the last five years largely in line with inflationary trends and an increase in income level of IT employees have kept affordability intact for the buyers
- ❖ **Demographics and Urbanization:** Bangalore has favourable demographics characterized by relatively young population with an average age of ~30-32 years, high literacy rate of 88.5 per cent and high earning population; all combined results in healthy demand for housing. Further, socio-economic factors such as the growth in nuclear families and double income families have not only led to good housing demand but also increased the affordability. The city is also one of the major cosmopolitan cities in India, with a mix of people from across the country who migrated here for job opportunities, and has settled in the city now. In addition, as per Census 2011 about 60% of the total households in Bangalore are on rental basis signifying high potential for rental to ownership conversion, which is expected to drive the residential demand going forward

Profile of other markets with Brigade's projects:

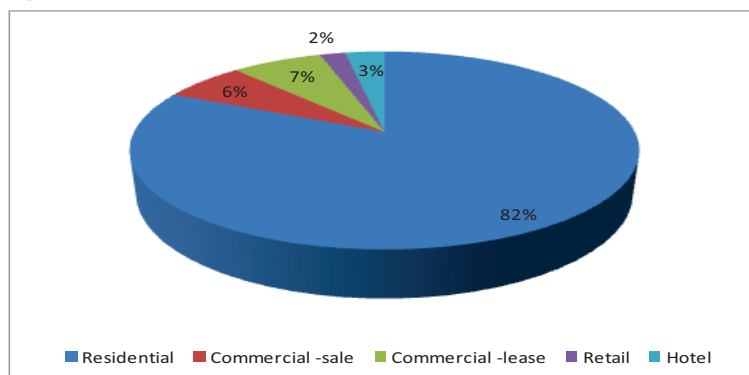
Apart from Bangalore, Brigade is also undertaking real estate development in other southern cities like Mysore, Chennai, Hyderabad, etc. Once known as pensioner's paradise, Mysore has witnessed significant real estate activity in recent years driven by proximity and good connectivity to Bangalore, presence of campuses of various IT companies as well as development of new industrial hubs. The growth of real estate demand in the city is also supported by well developed infrastructure and civic amenities.

Chennai market continues to remain stable mainly driven by demand from IT sector with presence of many MNCs. In addition, the residential demand is also supported by Chennai being a port city and a large manufacturing hub. The real estate market in Hyderabad witnessed moderation in sales and stagnant capital and rental values in the recent past on account of the uncertain political scenario. However with the resolution of the same, real estate activity is expected to pick up in the city. Further presence of good civic and social infrastructure is expected to support the demand going forward.

RESIDENTIAL SEGMENT:

The residential segment is one of the main segments of Brigade, accounting for major portion of the completed, ongoing and upcoming projects. In the residential segment, the group focuses on development of integrated enclaves as well as standalone apartment complexes. It is seen that out of the total completed development of 20 million sqft, ~ 14 million sqft consists of the residential segment. Some of the key completed residential segments of the group are Brigade Gateway (an integrated enclave which also houses World Trade Centre, Sheraton Hotel and Orion Mall), Brigade Millennium and Brigade Metropolis. The residential segment also forms a major portion of the ongoing portfolio of the group with 11.57 million sqft of developable area out of total developable area of 14.59 million sqft.

Figure 8: Segment wise distribution of ongoing development as on June 2014



Source: Company data

Demonstrated capability in developing large size residential projects

In the residential segment the group has so far developed around 61 residential projects (including three integrated lifestyle enclaves) with an aggregate area of ~14 million sqft. The largest project completed so far is the 5 million sqft Brigade Gateway at Malleswaram, Bangalore. It is an integrated lifestyle enclave that has residential apartments, office space, mall, hotel, hospital, club and a school. Residential apartments account for 44% of the total built-up area in this project. The second integrated housing complex that Brigade has completed is the 3.69 million sqft Brigade Metropolis. The lifestyle enclaves demonstrate Brigade’s capability to develop large integrated projects. Further, Brigade mitigates its execution risk by employing experienced civil contractors such as Ahluwalia, Simplex, Mfar, etc.

Table 2: Major completed projects of Brigade

Name of the Project	Location	Completion Date	Saleable Area(Million sqft)
Brigade Millennium	J P Nagar, Bangalore	Jun-06	1.59
Brigade Gardenia	J.P. Nagar, Bangalore	Nov-06	1.40
Brigade Gateway	Malleswaram, Bangalore	Apr-10	2.22
Brigade Metropolis	Whitefield, Bangalore	Apr-10	2.62

Source: Company data

Significant portfolio of ongoing residential projects

The company has significant portfolio of ongoing residential projects which consist of mix of integrated enclaves and residential apartments. The total developable area of ongoing residential projects as on June 2014 is 11.57 million sqft with Brigade’ share of total saleable area being 8.89 million sqft. Similar to the geographic profile of the completed projects, majority of the ongoing development is concentrated in Bangalore, which comprises of ~94% of the total ongoing developments. Within Bangalore, the ongoing residential projects of Brigade are mainly concentrated in East (Whitefield, Old Madras Road) and South (Kanakpura road, Thurahalli). The distribution of projects within the different regions of Bangalore and key drivers of these regions is as shown in the table below:

Table 3: Distribution of Brigade's ongoing projects as on June 2014 in Bangalore

Region	Areas	Projects	% share of ongoing development	Key drivers
East	Whitefield, Old Madras road, Mahadevpura	Lakefront, Exotica, Golden Triangle, Cosmopolis	51%	<ul style="list-style-type: none"> • Presence of IT/ITES corridor • Availability of land • Connectivity to other parts of city
South	Kanakapura road, Thurahalli	Meadows, Omega	31%	<ul style="list-style-type: none"> • Presence of many operational as well as upcoming Tech parks/SEZs • Presence of lower land prices and enhanced connectivity • Presence of good social infrastructure
North	Hebbal, Devanahalli, Arkavathy	Altamount, Caladium, Orchards	18%	<ul style="list-style-type: none"> • Proximity to the airport • Emerging as economic hub of Bangalore • Improving physical infrastructure
Central	Palace cross road	Rhapsody	0.3%	<ul style="list-style-type: none"> • Access to good social and urban infrastructure • Proximity to CBD, high street areas, city market areas

Source: Company data, ICRA Research

Progress on major ongoing projects

Of the ongoing residential projects of the group, Meadows, Lakefront and Cosmopolis are the major ongoing projects. Brigade Meadows is located on Kanakapura road and consists of two and three BHK apartments. The project has been launched in two phases and is expected to be completed by September 2016. The project has received good response with the company achieving sales for 77% of the total area till June 2014. The collections from customers have also been robust with 86% of the sale value been collected.

Brigade Lakefront consists of 2, 3, and 4 BHK luxury apartments located in EPIP area in whitefield, Bangalore. The project was launched recently and the company has achieved sales for 35% of the total area till June 2014. Cosmopolis is one of the recent projects of the group being undertaken in joint venture with Government of Singapore Investment Corporation Pvt. Ltd (GIC). The project is located in Whitefield, Bangalore and was launched in June 2013. The company has currently launched phase 1 of the project and achieved sales of around 56% for the launched portion.

Table 4 : Status of major ongoing projects as on June 2014

Project	Meadows	Lakefront	Cosmopolis
Location	Kanakapura road, Bangalore	Whitefield, Bangalore	Whitefield, Bangalore
Area booked	77%	35%	56%
Cost incurred	74%	17%	58%
Customer advances/Sale value	79%	37%	27%

Table: Company data, ICRA estimates

Comfortable operational cash flow position of ongoing residential projects

As on 30th June 2014, Brigade had 23 ongoing residential projects aggregating to 11.57 million sqft of saleable area, with Brigade's share being 8.89 million sqft in various stages of development. As on June 2014, it had already sold about 4.59 million sqft of area translating into healthy booking ratio of 52% for the ongoing projects. The total sale value of the area sold is Rs. 2227.5 crore, out of which the company has received advances of Rs. 1138.1 crore till June 2014. The amount to be collected on the sold units, Rs. 1132 crore would be sufficient to cover around 54% of the balance pending cost and debt outstanding for the residential projects. The company has unsold stock of 4.3 million sqft which at current average realization will have value of 2272 crore which would result in cash surplus after meeting the balance construction cost and debt repayments.

Table 5: Summary of ongoing residential projects of Brigade as on June 2014

Particular	Unit	
Total saleable area	million sqft	11.57
Brigade's share of saleable area	million sqft	8.89
Area sold	million sqft	4.59
% area	%	52%
Value of area sold	Rs. Crore	2272
Average realization	Rs/sqft	4949
Collections	Rs. Crore	1138
Collections as % of sale value	%	51%
Pending collections from unsold area(a)	Rs. Crore	1132
Total project cost	Rs. Crore	3222
Cost incurred	Rs. Crore	1551
Pending cost(c)	Rs. Crore	1670
Unsold area	million sqft	4.30
Value of unsold area(b)	Rs. Crore	2272
Total receivables(d =a+b)	Rs. Crore	3406
PBT(e =d-c)	Rs. Crore	1735
Corporate tax(f) (at 30%)		521
Net cash inflows(g=e-f)		1215
Loan amount(h)		363.10
Coverage(g/h)		3.35

Source: Company data, ICRA estimates

Moderate exposure to market risk and execution risk

With the group achieving sales for ~52% of the total saleable area in the ongoing projects, the exposure to market risk remains moderate. Out of the total 23 ongoing projects large portion of unsold inventory is mainly in present in three projects – Brigade Lakefront, Brigade Exotica and Brigade Symphony. The unsold portion of these projects constitutes nearly 54% of the total unsold stock of Brigade. While Brigade Lake Front was launched recently, Brigade Exotica and Symphony are in moderate stage of completion. In terms of execution, the group has incurred around 48% of the total project cost till June 2014. With more than 60% of the project cost incurred in many of the projects, the exposure to execution risk remains moderate and is mainly confined to the newly launched projects such as Brigade Meadows – Phase B and Brigade Lakefront. As shown in the table below, for more than 30% of the ongoing development, major portion (>70%) of the project cost has been incurred. Also in these projects majority of the area has been booked and significant advances has been received from the customers. This moderates the exposure to market and execution risk for these projects.

Table 6: Classification of ongoing projects on the basis of cost incurred as on June 2014

Project stage	Project cost incurred (%)	Key Projects	Share of ongoing development	Area booked	Advances/Sale value
Advanced	>70	Meadows –Phase1, Rhapsody	32%	74%	75%
Intermediate	30-70	No.7, Cosmopolis Phase1	36%	50%	39%
New	<30	Meadows-Phase2, Lakefront	32%	34%	36%

Source: Company data, ICRA estimates

Trend of sales volumes and realizations over the quarters

On a year on year basis, there has been substantial improvement in sales volume of Brigade in FY14. The total sales volume for FY2013-14 was 2.24 million sqft as compared to 1.39 million sqft for FY12-13, registering a growth of ~ 64% y-o-y. Also, its average realization has witnessed an increase of ~22% over the previous year on the back of launches of high ticket size projects. The sales momentum has been maintained in Q1FY15 with Brigade registering sales of 0.462 million sqft, growth of 17% over the previous quarters. The quarterly movement in sales trend and realizations for the residential segment is as shown in the table below:

Table 7: Quarterly movement in sales for residential segment

Quarter	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY13	FY14	Q1 FY15
Volume (million sqft)	0.30	0.27	0.29	0.53	1.39	0.71	0.67	0.47	0.39	2.24	0.46
Value(Rs. crore)	108.9	100.2	107.6	232.2	548.9	334.5	336.4	257.9	199.4	1128.2	238.7
Realizations(Rs/ sqft)	3630	3697	3623	4324	3948	4678	4962	5452	5061	5036	5167

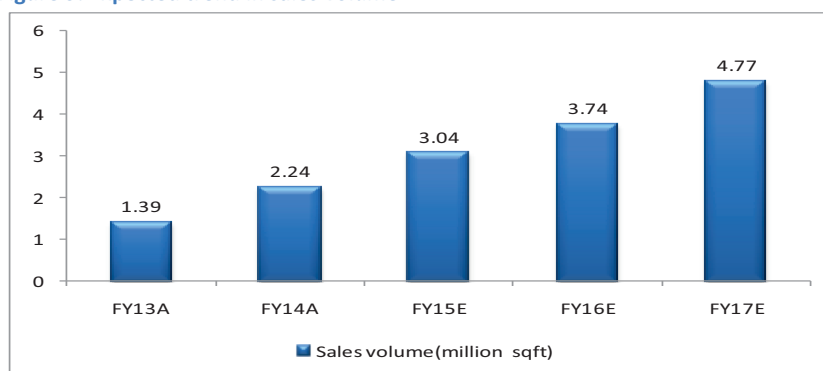
Source: Company data, ICRA estimates

From the above table it is also seen that the realizations have also shown a steady increase over the quarters. For FY14, the realization increased by ~22% compared to the previous year driven by launches in high ticket size projects. The realization continued to show improvement in Q1FY15.

Sales volume expected to increase at steady rate in the medium term

Brigade recorded sales volume of 2.24 million sqft for the residential segment in FY14. The same is expected to increase at a steady pace given the robust demand scenario and significant pipeline of planned launches by the company. The company has plans of launching total area of about 5 million sqft (Brigade's share of saleable area) in FY15 and the trend of new launches is expected to continue at similar level in the medium term. In FY15 sales volume of around 3.04 million sqft is expected to be achieved by the company. Going forward, given the steady rate of new launches and favourable response to the ongoing projects of the group, the sales volume is expected to increase at a steady rate in the medium

Figure 9: Expected trend in sales volume



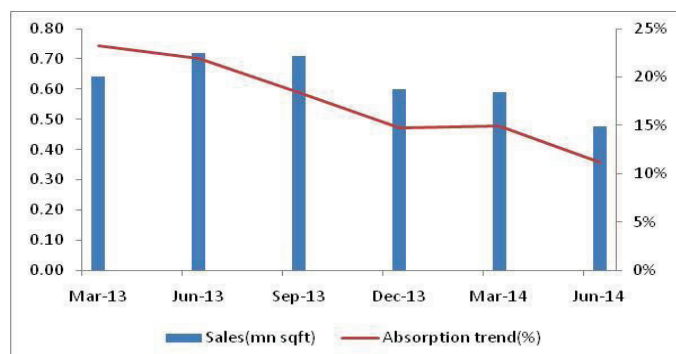
Source: Company data, ICRA estimates

term.

Quarterly absorption trend

The absorption trend of Brigade has remained in the range of 10% to 15% over the recent quarters, moderately higher than some of the other developers in the Bangalore market (in the range of 8% to 12%). However with slight moderation in sales volumes in last two quarters along with increase in new launches, especially in Q1FY15, the absorption rate has moderated for the group. Going forward while the sales velocity is expected to pick up, the new launches is also expected to remain high as the group has significant pipeline of planned projects. Hence the absorption rate is expected to remain at similar levels.

Figure 10: Quarterly absorption trend of Brigade

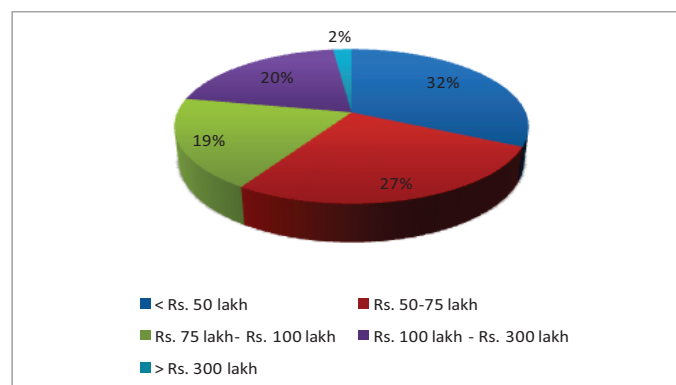


Source: Company data, ICRA estimates (Absorption rate calculated by considering quarterly sales as a % of sum of opening inventory and 50% of new launches)

Majority of the demand for the residential units in the mid to premium segment

In the residential segment, Brigade offers diversified range of products from the mid (Brigade Orchards, Brigade Meadows, Golden Triangle), premium (Brigade Lake front, Brigade Cosmopolis), high end (Brigade Caladium) to ultra luxury range (Brigade Rhapsody, Brigade No. 7). It is seen that majority of the demand of the company is in the mid to premium range with ticket size of products ranging from less than Rs. 50 lakh to Rs. 75 lakh. However it is noted that products in the premium to high end segment also form a sizeable part of product portfolio constituting 39% of the total demand. The presence of diversified product categories helps the company in catering to customers from various segments and reduces dependence on any particular price category, ensuring stable sales volumes.

Figure 11: Demand in terms of ticket size for Brigade



Source: Company data

Significant pipeline of upcoming projects

The group has aggressive pipeline of launches for the current financial year. In FY15, the group plans to launch 13 residential projects with total developable area of 6.96 million sqft and Brigade’s share of saleable area of 5.08 million sqft. Out of the 13 upcoming projects, 10 projects (total developable area of 5.65 million sqft) are located in Bangalore while the rest are located in Chennai and Mysore. Brigade also has significant portfolio of forthcoming projects which it plans to undertake in the next two to three years. This in turn is expected to increase the exposure to marketing and execution risk, however the same is partly mitigated by the stable booking run rate in the past and demonstrated capability of the group for timely execution and delivery.

Memorandum of understanding(MoU) with Government of Singapore to aid in development of larger projects

Brigade has recently signed a memorandum of understanding with Government of Singapore Investment Corporation (GIC) to jointly invest Rs. 1500 cores for development of residential and mixed use projects (office space and retail areas) in select cities of South India. The investment will primarily be towards acquiring land in these cities. Brigade is currently developing a project, ‘Cosmopolis’ in joint development with GIC where in share of Brigade is 51%. The project is located in Whitefield and is being

undertaken in a group entity, Brigade Projects Private Limited. The project is being launched in phases and currently phase 1 of the project with total saleable area of 0.83 million sqft has been launched.

This MoU with GIC will enable Brigade to acquire larger land parcels enabling development of mixed use/integrated projects. Some of the landmark projects developed by the group in the past like Brigade Gateway (Consisting of WTC office, Orion Mall, Sheraton Hotel and Gateway towers) have been integrated projects. Hence with this MoU, the group aims to develop more such mixed use projects. As part of the joint development, Brigade is expected to incur investment of Rs. 750 crore (including internal accruals) towards land acquisition over the next three to four year period.

Key takeaways from site visits of projects:

Under construction projects:

Brigade Cosmopolis: A residential project, located in Whitefield Bangalore, the project is spread over total area of 9.3 acres and will have total of 880 units. The project has good location and is close to the IT/ITES corridors of ITPL and ORR which provide good catchment area. The location also enjoys good connectivity to other parts of the city. Currently the company has launched only phase 1 of the project, however construction has already started for Phase 2 which is expected to be launched in the next couple of months. Work is in progress in all the towers of Phase 1 and structure in lower floors has been completed. The project has received good response and the construction progress is as per schedule. The Phase 1 of the project is expected to be completed by June 2016.

Brigade Magnum: Magnum is a commercial project located in Hebbal, Bangalore. The project has witnessed good progress with the structure largely complete. The company is currently undertaking finishing work and installation of various amenities. The project is expected to be handed over by March 2015. The location of the project is favourable as it is located in the growing economic hub of Hebbal which has good connectivity to other parts of the city as well as proximity to the airport. The project has received good response with significant portion of the area booked including space booked by a leading MNC.

Completed projects:

Brigade Gateway: Brigade gateway is one of the landmark projects of the group consisting of an integrated development with residential apartments, school(Brigade School), commercial(WTC), retail(Orion Mall) and hotel(Sheraton). WTC has seen strong occupancy with currently 95% of the total area leased. Orion Mall currently has footfalls of around 1 million per month and has strong occupancy of 97%. The operation of the hotel is also stable with occupancy of around 75% and ARR of around Rs. 7500. Further, around 1200 families are occupying the residential space.

COMMERCIAL/RETAIL SEGMENT:

In the commercial segment, the group is involved in development of office space, retail malls, IT Parks, etc. The group follows a strategy of developing the projects for both sale as well as lease purpose. While sale of commercial projects enables the company to recover a large part of its capital cost incurred, the lease portfolio provides steady income to the company. The group follows judicious asset light strategy towards commercial projects characterized by strata sales while maintaining sizeable steady cash flows from the leased portion. In the commercial segment, the group has so far completed projects with total developable area of 4.83 million sqft, all of which have been in Bangalore. World Trade Center, Brigade Tech Park, Orion Mall are some of the major completed commercial projects of the group.

Leased Properties:

Strong portfolio of leased commercial properties provides steady cash flows

Brigade has a strong portfolio of leased commercial assets which is a steady contributor to the group's top line and operating profits. The leased portfolio contributed 15% of total revenue and 44% of total operating profitability in FY14. Currently the total leasable area of commercial space being managed by Brigade is around 1.6 million sqft with average occupancy of 94%, thus providing steady annual inflows of Rs. 159 crore. The details of the commercial properties are as shown in the table below:

Table 8: Leased portfolio of leased commercial assets as on June 2014

Project name	Orion Mall	WTC	South Parade	Solitaire	B. Plaza & Others	Total
Location	Malleswaram	Malleswaram	M.G. Road	Ring Road	Bangalore	
Total leasable area(sqft)	817,000	599,000	117,000	10,000	39,000	1,582,000
Area leased(sqft)	797,000	572,000	85,000	10,000	30,000	1,494,000
Occupancy (%)	97%	95%	72%	100%	77%	94%
Expected annual rentals (Rs. crore)	84.0	60.0	10.0	1.0	4.0	159.0
Avg. Rentals(Rs/sqft)	86	80	68	110	82	
Major tenants	PVR, Central, Zara, Westside	Amazon, H&M, High commissioner of Canada	Quintiles, Cisco			

Source: Company data

Low vacancy risk given good asset quality, favourable location and premium client profile

The leased properties of Brigade have favourable location being located in prime commercial districts of Bangalore. Vacancy risk for Orion Mall and WTC is moderate given the good asset quality, vantage location and long lease period of average nine years with a lock in period of three – five years. The leased properties also enjoy good client profile which ensures stable lease rentals and reduces the vacancy risk. Amazon, KPMG, Zara, Cisco, Samsung, etc are some of the clients in the leased properties of Brigade.

Table 9: Locational profile of leased properties of Brigade

Location	Property	Key drivers	Avg. Rentals
Malleswaram(Bangalore West)	Orion Mall, WTC	Saturation of office space in CBD, High density residential areas characterized by developed urban and social infrastructure	Rs. 70 -80 per sqft
M.G. Road(Bangalore Central)	South Parade	CBD of Bangalore consisting of MG road and surrounding areas, original commercial hub of city, proximity to key locations	Rs. 65- 90 per sqft

Source: ICRA Research

For sale properties:

In addition to developing properties on lease basis, the group also develops commercial properties on sale basis. Many of the commercial projects of Brigade are part of the integrated enclave project which consists of residential, commercial and retail portion. Some of the key completed and sold commercial properties of Brigade are as shown in the table below:

Table 10: Key completed commercial projects

Projects	Built-up area(sqft)	Year of completion
Brigade Tech Park	383,920	2006
Brigade Metropolis Arcade	83,520	2010
Brigade Metropolis – Summit	895,190	2010
Brigade Rubix	194,280	2014

Source: Company data

Ongoing commercial projects comprises of significant proportion of “for lease” projects

Owning to the good response received by Brigade to the completed leased properties and the expertise developed by Brigade over the years, the group is undertaking significant developments in the same area. As on June 2014, the group had total of six commercial projects which are intended to be held on lease basis. Though the completed leased projects are all located in Bangalore, the group is now expanding its geographic presence in this segment by developing projects in other southern cities such as Mysore and Chennai. Given the good location and brand name of Brigade, these projects are expected to contribute the top line of the company once completed. In addition to these projects, the group is also developing two commercial projects for sale with total developable area of 0.89 million sqft and Brigade’s share of saleable area being 0.51 million sqft. For the ongoing projects, the company has achieved sales for 31% of the total area till June 2014. Out of the total cost of Rs. 228 crore, Rs. 97.3 crore has been incurred.

Table 11: Ongoing commercial and retail projects as on June 2014

Particular	Leasable projects	Saleable projects
Developable area (sqft)	1,706,228	894,420
No of projects	6	2
Brigade’s share (sqft)	1,042,641	510,486
Location	Bangalore, Mysore, Chennai	Bangalore
Area sold till June 2014	-	160,530
%	-	31%
Total project cost (in Rs. crore)	476.8	228.0
Cost incurred till June 2014	149.5	97.3
%	31%	43%
Pending cost (Rs. crore)	327.3	130.7
Outstanding debt (Rs. crore)	349.55	60.43
Undrawn debt (Rs. crore)	231.44	64.0

Source: Company data, ICRA estimates

More commercial projects to be launched in current year; all developments in Bangalore

In the current financial year, the group plans to launch five more commercial projects with total saleable area (Brigade' share) of 1.52 million sqft. These projects will consist of mix of sale and lease based projects. All the planned developments are in Bangalore and the total cost outflow towards these planned projects is expected to be around Rs. 600 crore.

HOSPITALITY SEGMENT:

In the hospitality segment, the group is focused towards developing serviced apartments, hotels, resorts, spas and recreation clubs. In this segment, the group has so far completed 10 projects with total built-up area of 0.952 million sqft. Many of the completed projects have been sold out by the company to third parties while some are being operated by the group. All the completed projects of the group are located in Bangalore. Major completed projects of the group are as shown in the table below:

Table 12: Major completed projects in the hospitality segment

Name of the Project	Location	Completion year	Built-up Area(Million sqft)
Brigade Millennium Club	J P Nagar, Bangalore	2005	0.065
Grand Mercure	Koramangala, Bangalore	2008	0.11
Homestead IV	Jayanagar, Bangalore	2008	0.02
Galaxy Club - Gateway	Malleswaram, Bangalore	2010	0.03
Sheraton Hotel	Malleswaram, Bangalore	2011	0.32

Source: Company data

Stable performance of the operational hotels aided by premium location

In the hospitality segment, the group has two operational hotels – Grand Mercure and Sheraton. These hotels have demonstrated good occupancy and stable ARR's aided by their premium location and proximity to business districts. Sheraton Hotel is a 230 key property, which is a part of the Brigade Gateway project located in Malleswaram, Bangalore. The hotel commenced operation in May 2011 and has received good response. The hotel recorded occupancy of 75% with an ARR of Rs. 7633 in FY14 compared to occupancy of 63% and ARR of Rs. 7603 in FY13. Grand Mercure comprises of premium serviced apartments and is located in Koramangala area of Bangalore. The hotel is being managed by Accor group. The hotel achieved occupancy of 86% with an ARR of Rs. 6558 in FY14 as compared to occupancy of 82% for FY2013 with an ARR of Rs. 6682 for FY2013.

Table 13: Details of operations hotels of Brigade

	Grand Mercure			Sheraton		
	Q1 FY15	Q1FY14	FY14	Q1FY15	Q1FY14	FY14
No of keys	126	126	126	230	230	230
Occupancy (%)	80%	84%	86%	69%	74%	75%
ARR	6740	6707	6558	7114	7346	7633
GOP	48.5%	49.6%	50.7%	39.9%	43.1%	40.8%

Source: Company data

Geographic presence only in Bangalore; however ongoing projects in other southern cities

All the completed projects of the group in the hospitality segment have been in Bangalore. But going forward, Brigade will expand its geographic presence to other cities in South India. As on June 2014, the group had three ongoing hospitality projects located in Chennai, Mysore and Bangalore. In Chennai, the group is developing a hotel under the brand name of Holiday Inn, the hotel is planned to have 202 keys. The group is developing Grand Mercure in Mysore which is planned to have 130 keys and the third one is Orchards club (part of residential project) in Bangalore. The details of these ongoing hospitality projects of Brigade are as shown in the table below:

Table 14: Ongoing projects of Brigade as on June 2014

Project	Location	Expected completion date	Developable area(sqft)	Expected cost(Rs. crore)
Holiday Inn(202 keys)	Chennai	Mar-16	229,000	93.3
Brigade Orchards Club	Bangalore	May-15	89,000	45.8
Grand Mercure(130 keys)	Mysore	June-16	105,000	88.1

Source: Company data

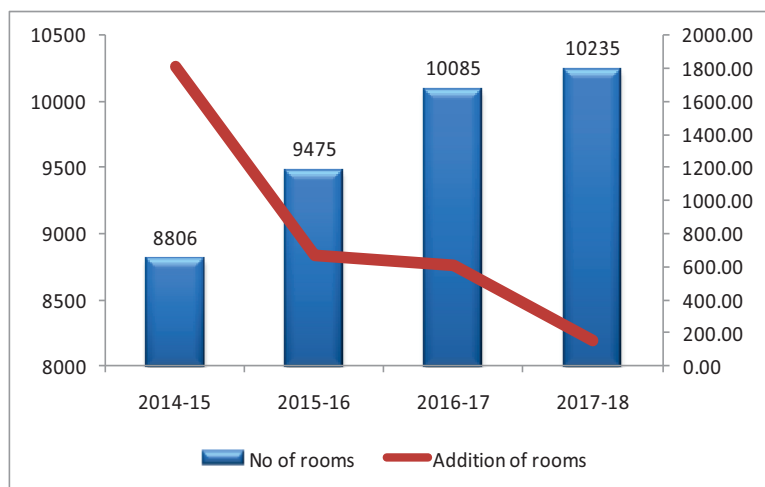
More focus on hospitality segment going forward

In FY14, the hospitality segment contributed ~14% to the total revenues and currently constitutes ~3% of the ongoing development. However, going forward, the management plans to focus more on the hospitality segment. Brigade has partnered with Inter Continental hotels group to develop 10 Holiday Inn Express hotels in South India. The hotels will be developed over the period of next six to seven years. The group is in preliminary stages of construction for one of these hotels in race course road, Bangalore. With the development of these hotels, the capital expenditure of the group is expected to increase significantly going forward. However, the same will be supported by steady operations of the operational hotels which provide financial flexibility to the company.

Large upcoming supply of rooms in Bangalore will offer stiff competition

Being the hub of IT companies and other MNCs, Bangalore witnessed a huge surge in business travelers in the early parts of last decade, resulting in a steep increase in ARR and occupancies. The operating metrics of the hotel witnessed a peak in 2006-07; however, post this upcycle, there has been a steady decline on account of demand slowdown and continued supply additions. While the occupancy of the hotels has stabilized around 55-58% in the last three years, the ARR continues to remain subdued. Moreover, the city is expected to witness significant supply addition in the near to medium term. The city is expected to witness a 10% CAGR supply growth for the next four years (until 2017-18). The city has added six hotels with more than 1200 rooms in 2013-14 alone, which includes JW Marriott, Fairfield, Ritz Carlton, Double Tree and Hilton Bangalore Residency. The future additions are expected to come from major international brands who are increasing their presence in the upscale and luxury segment in the city and include brands like Four Points by Sheraton, Shangri La, etc. The steep supply addition is expected to put pressure on pricing for the incumbent properties as well as new comers, resulting in subdued ARR in the near to medium term as the city takes time to absorb the capacity.

Figure 12: Expected number of rooms in Bangalore market



Source: ICRA Research

Table 15: Snapshot of expected supply in Bangalore

Hotel	No of keys	Expected CoD
Shangri – La, Palace road	397	FY15
Renaissance	277	FY15
Shangri La, Sarjapur ORR	500	FY16
Sheraton, Whitefield	325	FY16
Swissotel	144	FY16
Four points by Sharaton	230	FY17
Four Seasons	230	FY17
Leela Hotel and Convention Centre	250	FY17
Conrad	250	Planning stage

Source: ICRA Research

FINANCIAL OUTLOOK

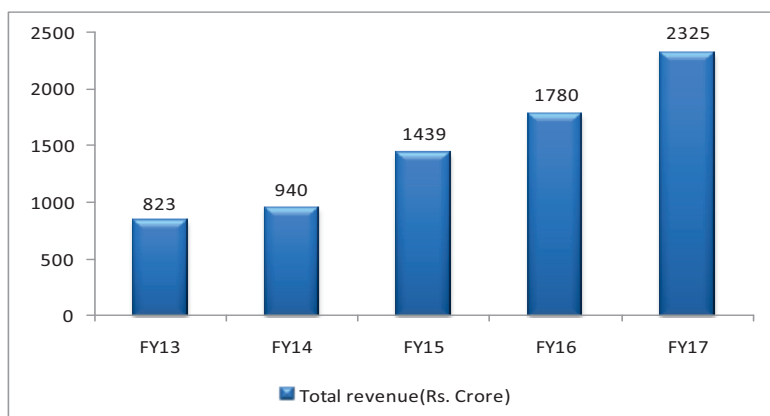
Snapshot of Financial Profile

- Revenue recognition expected to grow at CAGR of 27% during the period between FY15 to FY17 driven by high unrecognized revenue from the ongoing projects
- Return indicators for the group have remained low previously, but with increase in revenue and profit recognition, the same is expected to improve going forward
- Cash flows expected to remain healthy going forward supported by significant pending advances from ongoing projects and stable operations of hospitality and leased portfolio
- Debt and coverage indicators expected to remain comfortable despite the ongoing capital expenditure plans
- High debt raising capacity; ability to leverage on the unencumbered cash flows to provide upside to RoE

Revenues expected to grow at CAGR of 27% during FY15-FY17

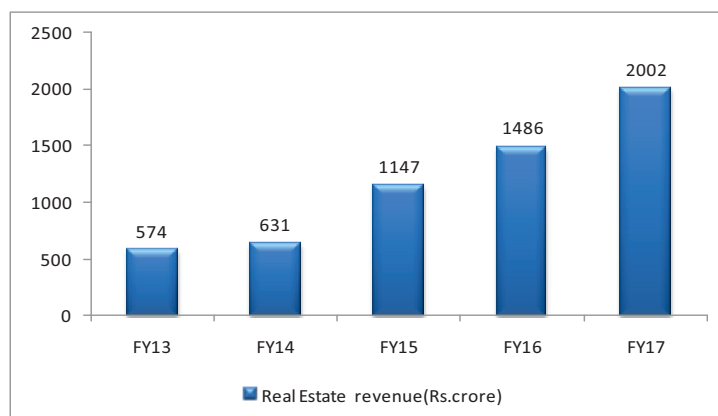
Brigade's revenues are expected to grow at CAGR of 27% during the period from FY15 to FY17 mainly driven by real estate revenues which are expected to grow at a CAGR of 32%. The real estate revenues are expected to increase on account of projects such as Cosmopolis, Lakefront, No.7 etc reaching their recognition threshold. As on June 2014, Brigade had ongoing projects of 9.4 million sqft (Brigade's share of saleable area) with estimated sale value of Rs. 4662.7 crore out of which the company has recognized revenues of only Rs. 672 crore till June 2014. This results in unrecognized revenue of around Rs. 3990 crore which is expected to be recognized over the next three years as the construction and booking in these projects ramps up. In addition the group also has significant pipeline of planned projects for FY15 and future years. As these projects reach their threshold stage they are also expected to contribute to the top line of the group. The revenues are also expected to be supported by the hospitality and leased assets revenue contribution, which is expected to increase in FY17 on account of addition of new properties, which are currently under construction.

Figure 13: Total Revenues expected to grow at CAGR of 29%



Source: Company data, ICRA estimates

Figure 14: Real estate revenues expected to grow at CAGR of 34%



Source: Company data, ICRA estimates

Table 16: Ongoing projects have revenue recognition potential of Rs. 3990 crore

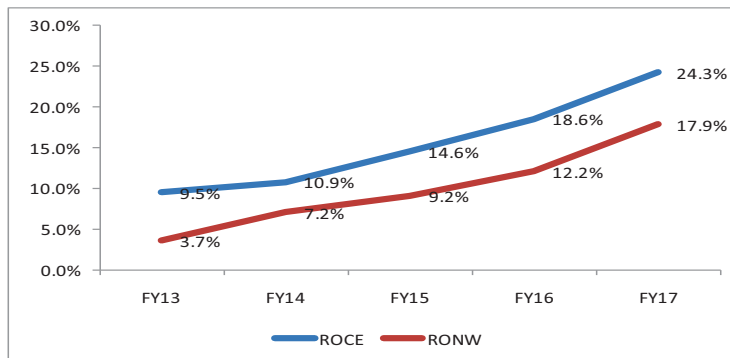
Area under Development	Saleable area (Brigade' share))	Total sale value	Revenue recognize till June 2014	Revenue to be recognize as on June 2014
Million sqft	Million sqft	Rs. crore	Rs. crore	Rs. crore
12.46	9.40	4662.7	672.0	3990

Source: Company data, ICRA estimate

Return indicators expected to improve going forward

Brigade's return indicators have remained low in the previous years on account of low revenue recognition since many projects have not reached their recognition threshold. As on June 2014, the group has unrecognized revenues of Rs. 3990 crore which is expected to be recognized over the next three years. Hence given the higher revenue and profitability recognition over FY15-FY17, Brigade's return indicators is expected to increase sharply. ROCE is expected to improve from 10.9% in FY14 to 14.6% in FY15 while RONW is expected to improve from 7.2% in FY14 to 9.2% in FY15.

Figure 13: Return indicators expected to improve going forward

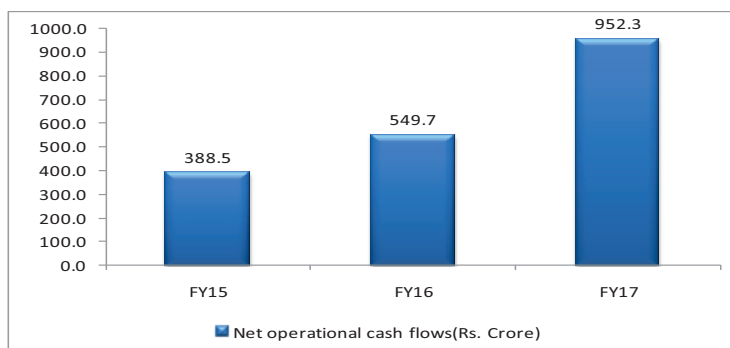


Source: Company data, ICRA estimates

Cash flows expected to remain healthy going forward

As on June 2014, Brigade had total ongoing development of 9.4 million sqft (Brigade' share of saleable area). The total sale value of these ongoing projects is around Rs. 4600 crore, out of which the company has received advances of around Rs. 1130 crore till March 14, hence advances of Rs. 3400 crore are yet to be received from the customers. This is expected to be realized over the next three to four year horizon as the construction and booking ramps up in these projects. In addition the company also has significant pipeline of planned projects; in FY15 the group plans to launch projects with total saleable area (Brigade' share) of around 5 million sqft. The planned launches are expected to continue at similar level in the coming years. Advances from these new launches are also expected to contribute to cash flows of the group. The operations of the hospitality and leased portfolio continue to remain stable with annual inflows of around Rs. 300 crore respectively from them. The same is expected to support the overall cash flows of the group. In addition, some of the under construction hospitality and leased properties are expected to become operational by FY17 which will contribute to the overall cash flows of the group.

Figure 14: Net operational cash flows to remain healthy

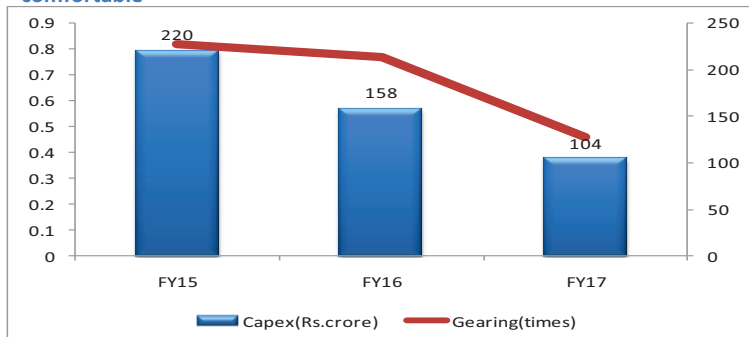


Source: Company data, ICRA estimates

Debt coverage and capital structure to remain comfortable despite the ongoing capital expenditure plans

Despite the relatively large committed capital expenditure plans of the company for construction of hotel and commercial properties totalling Rs.480 crore over FY15-FY17, we expect the capital structure and coverage indicators of the company to remain comfortable due to strong net worth base and healthy cash accruals. Gearing is expected to remain comfortable at ~0.6 times over FY15-FY17. Other coverage indicators are also expected to remain comfortable for Brigade. Nevertheless, these coverage indicators will remain sensitive to company's future plans of expansion in hospitality and commercial leasing segment. Further, the extent of land investments will also drive the funding requirements for the company going forward.

Figure 15: Debt coverage and capital structure expected to remain comfortable



Source: Company data, ICRA estimates

High debt raising capacity; ability to leverage on unencumbered cash flows to provide upside to ROE

The operational leased and hospitality properties of the company besides providing a stable stream of cash flows also extend significant financial flexibility to the company to raise lease rental discounting loans(LRD). In FY14, the total income from the leased commercial portfolio of the group was Rs. 159 crore and the operating profit from the hospitality segment was Rs. 57.4 crore. Considering a factor of 5.5, the total capacity of the company to raise LRD loans is Rs. 1190 crore. As on March 14, the group had availed LRD loans of Rs. 780 crore, hence Brigade has additional financial flexibility to raise additional LRD loans of Rs. 410 crore. In addition, the company can also avail loans for the construction of its ongoing residential and commercial projects. Thus ability to leverage on these unencumbered cash flows provides an upside to the return on equity of the company.

Comparison of Brigade with other listed players in Bangalore market

	Brigade	Sobha	Prestige	Puravankara	Nitesh
Business profile					
Operational segments	Residential Commercial Hospitality	Residential development Contractual orders	Residential Commercial Hospitality	Residential Commercial	Residential Commercial Hospitality
Product type	Mid to luxury	Mid to luxury	Mid to luxury	Mid to luxury	Mid to luxury
Geographic presence	Bangalore Mysore Chennai Hyderabad Kochi	Bangalore Thrissur Coimbatore Pune NCR Chennai Mysore	Bangalore Mysore Mangalore Chennai Ooty Hyderabad Goa	Bangalore Chennai Kochi Coimbatore Hyderabad Mysore Mangalore	Bangalore Goa Kochi Chennai
Land Bank(acres)	374	2548	347	~1850	230.5
Track record					
Years of operation	20	19	28	26	8
Completed development(msqft)	~20	~65.18	57.14	22.33	2.23
Management profile					
Shareholding of promoters	57.7%	60.5%	75%	75%	46.2%
Ongoing development					
No. of projects	26	48 real estate 29 contractual orders	62	29	15
Total developable area(Million sqft)	14.59	29.41	60.26	25.51	11.52
Financials – FY14					
Revenue(Rs. crore)	940.18	2173.43	2549.19	1313.4	297.57
PAT(Rs. crore)	88.95	233.69	321.48	160.0	23.56
ROCE(%)	10.86%	14.82%	14.39%	12.49%	12.58%
RONW(%)	7.15%	10.54%	10.23%		7.28%
Operating margin (%)	28.61%	27.73%	28.26%	36.46%	19.30%
Net Margin (%)	9.46%	10.75%	12.61%	12.18%	7.92%
Gearing	0.73	0.61	0.96	0.78	1.11
Market Cap(As on 22 nd September)(Rs. crore)	1651	4334	8786	2561	225
P/E	19	18.4	27.9	16.0	42.7
P/BV	1.3	1.8	2.9	1.1	0.6
EV/EBITDA	9.42	9.3	16.4	8.5	9.5

Comparison of Brigade with other listed national players

	Brigade	DLF Limited	Mahindra Lifespace	Godrej Properties
Business profile				
Operational segments	Residential Commercial Hospitality	Residential Commercial	Residential Commercial Hospitality	Residential Commercial
Product type	Mid to luxury	Mid to luxury	Diversified	Diversified
Geographic presence	Bangalore Mysore Chennai Hyderabad Kochi	NCR Bangalore Chennai	NCR Mumbai Chennai Pune Jaipur Nagpur	Mumbai NCR Bangalore Pune Chennai Hyderabad Kolkata Chandigarh
Land Bank	374 acres	~7000 acres	900 acres	~1900 acres
Track record				
Years of operation	20	62	14	24
Completed development (million sqft)	20.0	~238.0	7.70	15 projects
Management profile				
Shareholding of promoters	57.7%	79.0%	51%	75%
Ongoing development				
No. of projects	26	25	8	27
Total developable area(million sqft)	14.59	56.8	4.85	48.39
Financials – FY14				
Revenue(Rs. crore)	940.18	8417.87	705.26	1179.21
PAT(Rs. crore)	88.95	604.38	100.63	159.44
Return on capital (%)	10.86%	6.61%	6.08%	10.01%
Return on common equity(%)	7.15%	2.11%	7.88%	9.90%
Operating margin	28.61%	30.95%	24.31%	23.97%
Net Margin(%)	9.46%	7.18%	14.27%	13.52%
Gearing	0.73	0.76	1.04	1.29
Market Cap(Rs. crore) (As on 22 nd September 2014)	1651	30774	2246	4846
P/E	19	46.6	22.3	30.4
P/BV	1.3	1.1	1.8	2.7
EV/EBITDA	9.4	19.8	21.5	26.7

KEY CONCERNS

Large capital expenditure on commercial and hospitality projects to put pressure on cash flows

The operational commercial and hospitality properties of the group have witnessed stable performance and steady cash flows. However the group is now expanding its portfolio of commercial and hospitality assets. This would entail significant capital expenditure. In addition, given the long gestation period of these assets, the liquidity and profitability of the company might get impacted in the medium term. Moreover in case of weak operational metrics of these new projects, further stress can be created on the cash flows.

High reliance of Bangalore market; Stabilization of political scenario in Hyderabad might result in increased competition and market risk for the real estate market in Bangalore

Being based in Bangalore, majority of Brigade's completed, ongoing and planned projects are in Bangalore. In the recent past, the Hyderabad market witnessed stagnant real estate prices and subdued demand owing to uncertain political scenario. However with the same being resolved now, real estate activity is expected to pick up pace in the city. Moreover Hyderabad also benefits from having well developed civic and social infrastructure. Hence in the medium term, the city might see increased investments and real estate demand which might in turn result in higher competition for the Bangalore real estate market.

Property prices may witness correction due to oversupply in the southern market

Brigade's operations are concentrated in South India – mainly in the cities of Bangalore, Mysore, Hyderabad and Chennai. Recent quarters have seen aggressive launches by many south based real estate developers. These aggressive launches can result in a oversupply situation leading to correction in prices.

COMPANY PROFILE AND CORPORATE STRUCTURE

Exhibit 1 - Company Fact Sheet

Name of the Company	Brigade Enterprises Limited
Date of Incorporation	July 20 th , 2007
Corporate Status	Public Limited Company
Registered Office	Pent House, Brigade Towers, 135 Brigade Road, Bangalore
Nature of Business	Real Estate Development – Residential, Commercial and Hospitality
Geographic Presence	Bangalore, Mysore, Mangalore, Kochi, Chennai, Chickmagalur
Auditors	S.R. Batliboi & Co

	Name	Designation
Board of Directors	Mr. M.R. Jaishankar	Chairman and MD
	Ms. Githa Shankar	Wholetime Director
	Mr. M.R. Gurumurthy	Non Executive Director
	Mr. M.R. Shivram	Non Executive Director
	Mr. P.M. Thampi	Independent Director
	Mr. P.V. Maiya	Independent Director
	Dr. Aroon Raman	Independent Director
	Dr. K.R.S. Murthy	Independent Director

	Company Name	% Shareholding
Key Subsidiaries	Brigade Hospitality Services Limited	100%
	Brigade Estates and Projects Private Limited	100%
	Brigade Tetrarch Private Limited	100%
	Brigade Infrastructure and Power Private Limited	100%
	WTC Trades and Projects Private Limited	100%
	Orion Mall Management Company Limited	100%
	Brigade Properties Private Limited	51%
	Prosperita Hotel Ventures Limited	100%

	Company Name	% Shareholding
Joint Ventures	BCV Developers Private Limited	50%
	BCV Estate Private Limited	50%
	CV Properties Private Limited	50%

Key takeaways from management meeting

Well structured team ensures steady and timely execution

At Brigade we have a well structured execution team who are involved in all aspects of the project right from conception to execution to final delivery. This ensures steady and timely completion. Though we primarily use external contractors for the project execution, our team of engineers and designers coordinate with them to ensure Brigade's standards and delivery timelines are maintained. We have over 300 personnel in execution team including engineers, architects and interior designers. In addition, we also have key personnel handling other functions like procurement of raw material, quality control, cost and budget control, etc. We also conduct regular review meeting between the various functions to ensure that the progress of the project in terms of budget as well as the timelines is within the planned estimates.

Established brand equity ensures good response to projects

The Brigade brand stands for Transparency, Trust and Quality. Our good track record and quality of delivery helps in generating interest and in turn sales for our projects. A significant portion of our sales is through referrals from existing customers and from NRIs. We have an in house marketing and sales team who take care of the sales of the projects. We also conduct various road shows in India and abroad which help in generating customer interest.

MoU with GIC, Singapore to enable development of larger projects

We are already undertaking one project with GIC, i.e. Cosmopolis in Bangalore. Going forward we plan to jointly invest around Rs. 1500 crore towards acquiring land in southern cities for project development. This agreement with GIC is a big positive step for us as we will be able to acquire bigger and better land parcels enabling development of larger projects. The share of Brigade in these investments will be Rs. 750 crore which we plan to incur over the next three years

Capex for the hospitality segment to be easily managed

Going forward we will be undertaking significant capital expenditure for the hotel segment as we plan to develop 10 holiday express hotels in South India. However the capital expenditure for this planned development will easily be supported by the steady operation of the existing hotels – Sheraton and Grand Mercure which gives us financial flexibility to raise LRD loans. Also our debt portfolio in the hotel segment is very limited, which gives us the flexibility to raise construction loans.

Significant increase in revenue in next two to three years

The revenue of the group is expected to increase significantly in FY15 and FY16. As on June 2014, the total sale value of the ongoing projects stood at Rs. 5202.7 crore out of which we have recognized Rs. 685.7 crore. Hence balance Rs. 4517 crore will be recognized over the next three year period leading to significant increase in revenue. The same is expected to drive other return indicators like ROCE, EPS, etc.

Land banking strategy

We keep our land bank requirement to about five years and are not into speculative buying of land. Rather we prefer to invest in building commercial and residential projects which brings steady income and also gives us price appreciation.

Corporate Governance & Accounting policies

Brigade has good corporate governance practices with adequate levels of transparency and disclosures. The corporate governance policy of the firm is supported by its independent board and various independent committees.

Board composition: The Board of directors of the company comprises of eight directors as on 31st March 2014. Out of the eight, four directors are independent. The Board of Directors of the company have significant experience in the industry and the company has an experienced management team. Each of the business functions are headed by experienced professionals, who manage the operations under the guidance of the top management and the Board of Directors.

Audit Committee: The Company has an independent audit committee which was constituted on 20th July 2007. The members of the committee possess accounting and financial expertise. Apart from these, the company has independent committees for Compensation, Investor Grievance, Share transfer.

VALUATION GRADING

In assessing a company's valuation, various parameters are looked at including the company's earnings and growth prospects; its ability to generate free cash flows and its capacity to generate returns from the capital invested. The valuation is also benchmarked against an appropriate peer set or index. The opinion on a company's relative valuation is expressed using the following five-point scale as provided below:

Table 17: ICRA Research service - Valuation grades

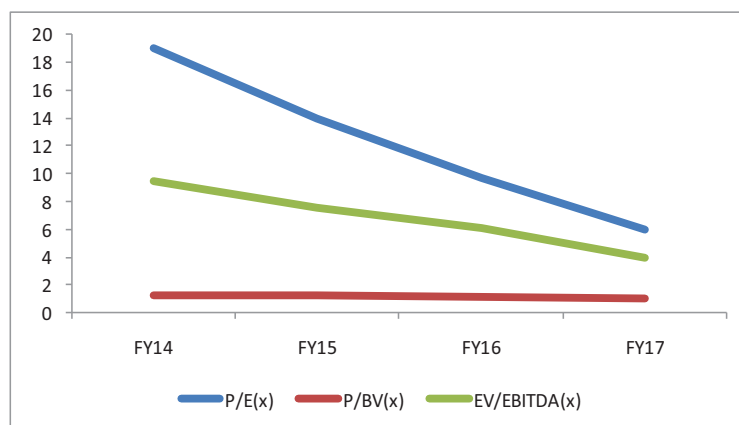
Valuation Grade	Grade Implication
A	Significantly Undervalued
B	Moderately Undervalued
C	Fairly Valued
D	Moderately Overvalued
E	Significantly Overvalued

Valuation methodology: We have valued Brigade using the SoTP valuation methodology. For the real estate segment(outright sale of residential and commercial projects) of the group we have used the discounted cash flow model where in we have factored in the cash flows from the ongoing development of residential and commercial projects as well as the cash inflows from the planned future launches to find the NAV. The hospitality segment of the group has also been valued using the discounted cash flow method. Here also we have considered the cash flows from the operational properties of the group as well as ongoing development which is expected to become operational in the medium term. For the leased properties of the group, we have done the valuation using capitalization rates to derive the NAV. The NAV of the different segments have been summed to arrive at the NAV of the company. From the NAV we have deducted the net debt and pending land payments to arrive at the valuation of the company. The key assumptions to our valuations are as given below:

- Cost of equity has been assumed at 18.2% and WACC has been assumed at 15.0%
- For the operational leased properties of the group, we have assumed capitalization rate of 8.5% while for the upcoming leased properties of the group we have assumed capitalization rate of 11%

Based on the above methodology, ICRA has assigned the fundamental grade '4' and valuation grade 'A' to Brigade Enterprises Limited (BEL). The fundamental grade "4" assigned to BEL implies that the company has strong fundamentals. The valuation grade "A" assigned implies that the company is significantly undervalued on a relative basis (as on date of the grading assigned). We find that at the current price, Brigade is undervalued and has strong upside potential. The same can be attributed to robust cash flows expected from the ongoing projects of the group, which have seen healthy bookings and construction progress as well as inflows from the future launches of the company. The cash flows of the company are further supplemented by the stable operations of the leased portfolio which is expected to continue to have high occupancies and rentals. The hospitality segment of the group is also expected to continue to witness high occupancies and ARR. Further the ongoing hospitality and leased portfolio is expected to supplement the cash flows of the company.

Figure 16: Expected movement in valuation ratios



Source: Company data, ICRA estimates

Table 18: Comparison of Brigade with peers

Company	Market Cap	P/E(x)			P/B(x)			EV/EBITDA(x)		
	Rs. Crore	FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E
Brigade	1651.0	19.0	14.0	9.7	1.3	1.2	1.1	9.4	7.5	6.1
Sobha	4334.0	18.4	13.8	10.7	1.9	1.7	1.5	9.4	7.7	6.3
Prestige	8786.0	28.0	19.5	15.1	2.9	2.5	2.2	16.5	12.3	10.0
Puravankara	2561.0	16.0	12.8	9.3	1.2	1.1	1.0	8.5	8.3	6.6

Source: ICRA estimates, Bloomberg

ANNEXURES

Table 19: Brigade Enterprises Limited -P&L Estimates (Consolidated)

Particulars	Units	FY13A	FY14A	FY15E	FY16E	FY17E
Operating income	Rs. Cr.	823	940	1,439	1,780	2,325
<i>OI Growth</i>	%	35.00%	14.28%	53.08%	23.68%	30.62%
EBITDA	Rs. Cr.	209	269	360	448	595
EBITDA Margin		25%	29%	25%	25%	26%
Depreciation	Rs. Cr.	77	83	88	90	103
EBIT	Rs. Cr.	143	209	294	380	514
Interest expenses	Rs. Cr.	89.82	88.21	122.77	134.58	113.76
Other income/expense	Rs. Cr.	11.92	22.51	22.51	22.51	22.51
PBT (before extraordinary)	Rs. Cr.	54	123	172	246	400
Extraordinary Gain/Loss	Rs. Cr.	-0.08	2.89	0	0	0
PAT	Rs. Cr.	44	89	120	172	280
Minority interest	Rs. Cr.	0	2	2	2	2
PAT (concern share)	Rs. Cr.	44	87	118	170	278
NCA	Rs. Cr.	101	145	172	210	299

Source: Company annual report, ICRA Estimates

Table 20: Brigade Enterprises Limited - Balance sheet estimates (consolidated)

Liabilities	Units	FY13A	FY14A	FY15E	FY16E	FY17E
Net worth	Rs. Cr.	1,209	1,272	1,354	1,473	1,667
Minority interest	Rs. Cr.	5.45	0.00	0.00	0.00	0.00
Total Debt	Rs. Cr.	1,055	932	1,114	1,129	767
Deferred Tax Liability	Rs. Cr.	24	34	34	34	34
Trade Creditors	Rs. Cr.	85	111	111	111	111
Other Current Liabilities and Prov.	Rs. Cr.	639	1,035	1,157	1,347	1,783
Total liabilities	Rs. Cr.	2,953	3,300	3,695	4,035	4,336
Assets	Units	FY13A	FY14A	FY15E	FY16E	FY17E
Gross Assets	Rs. Cr.	1,208	1,472	1,472	1,517	1,912
Capital Work in Progress	Rs. Cr.	389	245	466	578	287
Total Net Fixed Assets	Rs. Cr.	1,442	1,478	1,611	1,679	1,680
Total Long-Term Investments	Rs. Cr.	3	82	82	82	82
Cash and Bank Balances	Rs. Cr.	51.08	50.68	54.18	66.29	61.36
Inventories	Rs. Cr.	909	1,132	1,429	1,888	2,293
Loans & Advances	Rs. Cr.	522	508	470	270	170
Other Current Assets	Rs. Cr.	26	48	48	48	48
Total Current Assets	Rs. Cr.	1,507	1,739	2,002	2,273	2,573
Total Assets	Rs. Cr.	2,953	3,300	3,695	4,035	4,336

Source: Company annual report, ICRA estimates

Table 21: Brigade Enterprises Limited - Cash flow estimates (consolidated)

Particulars	Units	FY13A	FY14A	FY15E	FY16E	FY17E
PBT	Rs. Cr.	54	123	172	246	400
Less: Taxes	Rs. Cr.	10	34	52	74	120
Depreciation	Rs. Cr.	77	83	88	90	103
Changes in Net Working Capital	Rs. Cr.	-255.51	155.56	-136.85	-68.93	131.55
<i>Cash flow from operating activities</i>	<i>Rs. Cr.</i>	<i>-134</i>	<i>327</i>	<i>72</i>	<i>193</i>	<i>515</i>
Investments	Rs. Cr.	(1.56)	(79.08)	0.00	0.00	0.00
Capital expenditures	Rs. Cr.	-88	-120	-222	-158	-104
<i>Cash flow from investing activities</i>	<i>Rs. Cr.</i>	<i>-89</i>	<i>-199</i>	<i>-222</i>	<i>-158</i>	<i>-104</i>
Equity Raised / (Buyback)	Rs. Cr.	8.29	(4.68)	0.00	0.00	0.00
Loans Raised / (Repaid)	Rs. Cr.	204	-123	182	15	-362
Others (Including Extra-ordinaries)	Rs. Cr.	31	19	-2	-2	-2
Dividend	Rs. Cr.	-17	-20	-26	-36	-52
<i>Cash Flow from Financing activities</i>	<i>Rs. Cr.</i>	<i>206</i>	<i>-125</i>	<i>153</i>	<i>-23</i>	<i>-416</i>
Cumulative cash flow	Rs. Cr.	-18	2	4	12	-5
<i>Opening Cash Balance</i>	<i>Rs. Cr.</i>	<i>49</i>	<i>51</i>	<i>51</i>	<i>54</i>	<i>66</i>
<i>Closing Cash Balance</i>	<i>Rs. Cr.</i>	<i>51</i>	<i>51</i>	<i>54</i>	<i>66</i>	<i>61</i>

Source: Company annual reports, ICRA estimates

Table 22: Brigade Enterprises Limited - Growth indicators (Consolidated)

Growth Indicators	Units	FY13A	FY14A	FY15E	FY16E	FY17E
Sales Growth	%	34.82%	14.28%	53.08%	23.68%	30.62%
EBITDA Growth	%	49.12%	28.77%	33.93%	24.23%	32.86%
EPS Growth	%	-23.32%	99.08%	35.93%	43.91%	63.68%
EBITDA Margin	%	25.39%	28.61%	25.03%	25.14%	25.57%
PAT Margin	%	5.32%	9.46%	8.35%	9.67%	12.06%
RoNW	%	3.69%	7.15%	9.15%	12.17%	17.86%
ROCE	%	9.52%	10.86%	14.61%	18.58%	24.27%
Total Debt/(Equity + MI)	Times	0.87	0.73	0.82	0.77	0.46
Interest Coverage	Times	2.33	3.05	2.93	3.33	5.23
Total Debt/EBITDA	Times	5.05	3.47	3.09	2.52	1.29
Price/Sales	Times	2.01	1.76	1.15	0.93	0.71
Price/Earnings	Times	37.81	18.99	13.97	9.71	5.93
Price/Book Value	Times	1.36	1.30	1.22	1.12	0.99
EV/EBITDA	Times	12.74	9.42	7.52	6.06	3.96
Price/Cash Flows	Times	13.63	9.62	7.92	6.31	4.31



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