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 F: +91 80 2221 0784
E: enquiry@brigadegroup.com www.brigadegroup.com

BRIGADE
Building Positive Experiences

Ref: BEL/NSE/BSE/13022019

13th February, 2019

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

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

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

Dear Sir,

Sub.: Transcript of Conference Call on the Company's Q3 FY-19 Earnings - 6th February, 2019

We are enclosing herewith the transcript of the Conference Call on the Company's Q3 financial results for the financial year 2018-19 held on Wednesday, 6th February, 2019.

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 Q3 FY-19 Earnings Conference Call"

February 6, 2019

MANAGEMENT: **MR. M. R. JAISHANKAR – CHAIRMAN & MANAGING DIRECTOR, BRIGADE ENTERPRISES LIMITED**
MR. ATUL GOYAL – CHIEF FINANCIAL OFFICER, BRIGADE ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY19 Earnings conference call of Brigade Enterprises Limited. We have with us on the call today Mr. M. R. Jaishankar – Chairman & Managing Director and Mr. Atul Goyal – Chief Financial Officer.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. M. R. Jaishankar. Thank you and over to you, sir.

M. R. Jaishankar: Good evening to all of you. This is Jaishankar. Firstly, wish you all a Very Happy New Year 2019 and it is going to be quite a momentous period with elections looming large and there are lot of interesting and not so interesting things happening. As you know the sector has absorbed quite a few shocks in the last two, three years that of demo and GST though it is a good thing it did create some shock. And RERA though it a positive thing people are in the process of settling down.

So while as if this is not enough the NBFC crisis has hit the entire financial sector maybe in particular real estate. The shock of NBFC crisis will also be absorbed gradually and the sector will become resilient. So in this background I must say Brigade has done reasonably well and as mentioned in the press release and in the investor presentation the sales in the quarter in the third quarter is under AS115 is about Rs. 700 crores with an EBITDA of Rs. 186 crores.

Our EBITDA margin is more or less in the same range of 27%, 28% with a PBT of Rs. 85 crores and PAT after minority interest of about Rs. 49 crores. For the nine-months consolidated also the revenue stood at Rs. 2,250 crores but as I said EBITDA margin is still at 27% and the PAT after minority interest of Rs. 180 crores.

The sales have been reasonably good, we have done about 0.78 million square feet with a total value of Rs. 446 crores during this quarter, average realization is marginally up to Rs. 5,740. The nine-months sale is about 2 million square feet versus 1.14 million for the previous nine-months of FY18, so that is a healthy growth of about 76%.

We have also launched in this year overall about 5million square feet and we have on the anvil about 9 million square feet in the next five quarters of which about 1.5 million we should be able to launch in Q4. And I am happy to say our Hotel Four Points by Sheraton is formally opening on Monday and is being inaugurated on Monday by the Chief Minister of Kerala in Info Park, Kochi.

So with this our number of operating rooms will reach about 1,200 rooms in our hospitality segment and the hospitality revenue has also gone up by 30% during the nine-months to Rs. 218 crores versus Rs. 166 crores in the same period. Leasing side, we have about 5 million square feet of leasing to be done in our joint venture with GIC, 3 million in Bangalore and 2 million in Chennai.

The projects are coming up well, towards the construction of Bangalore Brigade Tech Gardens of 3 million, we have completed and received occupancy certificate for about 1.1 million ahead of schedule by almost seven, eight months and that leasing is just started happening and typically during the last two months leasing enquiries are muted because of year end scenario in the Western Countries and the enquiries for leasing has been quite robust.

If all goes well, we should do about 700,000 square feet or so in Q4 and we are targeting another 4 million to-5 million square feet in two, three cities in the next financial year. Overall the outlook we expect FY20 to be much better for Brigade than FY19 and at the same time we do have stock of completed project which we are aggressively trying to sell.

So it is a combination of completed projects, ongoing projects and new launches, we havea right mix of projects to take care of all different kinds of requirements i.e.those who want immediate occupation, those who want after six months to one year and those who want after two to three years . I will be happy to answer more questions as time goes by before that our CFO Atul Goyal will give a bit more detailed report. Thank you.

Atul Goyal: Thank you, sir. Good afternoon everybody. On behalf of the company we would like to welcome you on our earnings call for Q3 FY 2019. We start with the sales performance for the last nine-months ending December 2018. We have achieved sales of 2 million which is 76% more than 1.14 million sold during the same financial year last financial year the sales value area sold during the last nine-months during this nine-month was Rs. 1,124 crores, an increase of 70% compared to sales value of Rs. 662 crores for the respective period in the previous financial year.

The average price realization was Rs. 5,600 per square feet for the area sold during nine-months ending December 2018. Quarter-on-quarter basis the growth in sales booking have been almost steady with 0.78 million square feet sold in Q3 FY 2019 as against 0.80 million in the previous quarter. We have achieved sale value of Rs. 446 crores in Q3 versus Rs. 460 crores in Q2 FY19.

Coming to the performance of Q3, the consolidated revenue was at three months ended December 2018 stood at Rs. 698 crores versus Rs. 843 crores in the previous quarter. The real estate segment clocked a turnover of Rs. 542 crores and an EBITDA of 22% in Q3 versus a turnover of Rs. 683 crores and an EBITDA of 23% in Q2 FY 2019. The hospitality segment clocked a turnover of Rs. 80 crores and an EBITDA of 22% in Q3 versus a turnover of Rs. 74 crores and an EBITDA of 28% in Q2 FY 2019.

The leasing segment clocked a turnover of Rs. 76.5 crores and an EBITDA of 63% in Q3 versus a turnover of Rs. 87 crores and an EBITDA of 67% in Q2 FY 2019. The consolidated EBITDA including other income for Q3 FY19 stood at Rs. 186 crores versus Rs. 236 crores in Q2 FY19.

EBITDA margin including other income stood at 27% in this quarter versus 28% the previous quarter.

The interest and finance charges for the quarter stood at Rs. 70 crores. Consolidated profit before tax for the quarter is Rs. 84.5 crores compared to Rs. 133 crores in the previous quarter. The consolidated profit after tax after minority interest is Rs. 48.9 crores for the quarter compared to Rs. 68.3 crores during the previous quarter.

Now coming to the consolidated performance, we have not compared with the last year because these are Ind-AS 115 figures. The consolidated revenue for the nine-months stood at Rs. 2,249 crores the consolidated EBITDA including other income for the nine-months was Rs. 611 crores. The real estate segment posted a nine-month revenue of Rs. 1,791 crores and an EBITDA margin of 23%. The hospitality segment posted a nine-month revenue of Rs. 218 crores and an EBITDA margin of 23%.

The leasing segment posted a nine-month revenue of Rs. 240 crores and an EBITDA margin of 66%. The consolidated EBITDA margin stood at 27% for the nine-months. The intervening finance charges for the nine-months was range bound and stood at Rs. 202 crores. The consolidated profit before tax for the nine-months stood at Rs. 311 crores the consolidated profit after tax and after minority interest for nine-month was Rs. 180 crores.

Now coming to the debt position and its breakup, Rs. 664 crores in the real estate segment debt, Rs. 477 crores in the hospitality segment debt in which Rs. 331 crores is GOP securitized loan and Rs. 146 crores is CAPEX loan and Rs. 2,039 crores in the leasing segment debt in which Rs. 1,265 crores is securitized leased rental loans and Rs. 774 crores is CAPEX loans.

The cash and cash equivalent stand at Rs. 347 crores as on December 31, 2018 considering the company's net debt standing as on December 31, 2018 is Rs. 2,834 crores. The company's effective cost of debt as on 31st December 2018 is 9.45% per annum as against 9.28% per annum for the corresponding period as on 31st December 2017.

We have a credit rating of A which has been assigned by both CRISIL and ICRA. I also wanted to share some leverage ratios that we track on trailing nine-month basis. Interest coverage ratio stood at 3.02x at in nine-month FY 2019 and net debt to equity stood at 1.03x for nine-months FY 2019. The net debt to EBITDA including other income stood at 3.5x for nine-month FY 2019. The return on equity stood at 10.07% for the same period.

To give you a brief business update we have launched ten real estate projects aggregating to around 5.1 million square feet during the last nine-months out of which four projects are in the affordable housing segment and 1.6 million caters to mid housing income, mid income housing. Revenue contributed by hospitality segment for the last nine-months of the current financial stood at Rs. 218 crores which is 31% increase over the revenue for the corresponding period for the last financial year Rs. 166.6 crores.

Further launches to the extent of 9.04 million square feet were planned of which the residential space is around 5.8 million square feet, commercial sale is around 1.02 million square feet l and leasing is around 2 million square feet and in hospitality 1 hotel with 149 keys coming up near to Bangalore International Airport. I will hand over it back to the moderator for any questions which can be posted on.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

We have the first question from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: I have a few questions. So firstly on the hotel business what is the status of the divestment of stake to the PE partner over there?

M. R. Jaishankar: See the discussions are still happening. But we have not been able to conclude as yet. You know we have engaged Kotak Securities for that. We have maybe shortlisted a few people three people but it may be premature to say who are the three people at this stage and if all goes well valuation, then it should happen soon. Otherwise much against our wishes I am not sure whether it will happen before Q4 or not. So we are trying to make it happen in Q4.

Adhidev Chattopadhyay: So you mean like people have submitted bids and you are evaluating the best bid, is it where it has struck or it means is it something which is given or you may not go ahead also?

M.R. Jaishankar: No, they have submitted bids, it is under evaluation stage and the final discussions we need to start but whether we will go ahead or not go ahead will purely depend on the valuation that we mutually agree.

Adhidev Chattopadhyay: Fine sir. Second question is on our Tech Gardens and Chennai SEZ. So when do you see the other projects becoming fully completed any timelines on that?

M. R. Jaishankar: See the Tech Garden we are quite hopeful in this year before FY20 it should get completed. Chennai also that is our intention. That should also hopefully should get completed before FY 2020. That is the reason we know the sunset clause of the SEZ, so we are all working hard towards reaching that goal.

And I did mention to you about the 1 million square feet of Brigade Tech Garden is completed and occupancy certificate received and it may be good for occupation in the next three to four months.

Adhidev Chattopadhyay: Okay and sir do you expect like substantial leases to be announced like is it in the last leg of discussions or it is just started now talks with the tenants if you could share something on that?

M.R. Jaishankar: See we have recently concluded about 100,000 square feet in Chennai and for Brigade Tech Garden we have already concluded about 150,000 square feet. And as mentioned in my initial remarks our team is trying to and reasonably hopeful of concluding anywhere between 500,000 square feet to 700,000 square feet new leases in Q4.

Adhidev Chattopadhyay: Okay in this current quarter itself you are saying we should hear quite a bit of news in the coming months okay?

M.R. Jaishankar: Sometimes things get concluded but may not be inked so what we announce is only what is inked.

Adhidev Chattopadhyay: Sure. Sir next on the SABMiller land parcel and I believe you have bought another acre also next to Brigade Gateway from Kirloskar, so all these projects so when do we see the CAPEX starting on all these projects and are we looking for some PE partner also over there to fund this?

M.R. **Jaishankar**: Yes, in case of SABMiller that is totally about 2 million square feet development. We have received I would say 80% plus approvals some time back itself. The last 20% approval is taking little bit of time due to maybe uncertainties, movement of people etcetera at the government level and we hope to get the approvals definitely in this quarter and the work will almost start immediately. And as far as small acreage of just one acre adjacent to Brigade Gateway is something which goes very well with our entire Brigade Gateway project.

It is not a large project by any standard, ultimately, we will be adding only about 150,000 square feet of leasable area or so or slightly less than that to be precise. That will take maybe it may happen in another eight, nine-months only not earlier.

Moderator: Thank you. We have the next question from the line of Chintan Modi from Motilal Oswal. Thank you. Please go ahead.

Chintan Modi: So first question is on Brigade Tech Gardens and WTC Chennai. I can see that we do a run rate of around Rs. 140 crores, Rs. 150 crores on both the assets in terms of CAPEX spend every quarter. The balance amount to be spent stands at like Rs. 1,250 crores, so considering that we have a deadline of 2020, March 2020 and we should be able to complete the asset by this year end. How do you see this CAPEX progress happening over the year because logically if I stick to that same run rate and I think we should be able to spend like Rs. 600 crores to Rs. 700 crores by the year end?

M.R. Jaishankar: No, everything will not happen in the way you have assumed because there will be lot of capital expenditure in the final stages of the project by way of equipment etcetera whereas the civil construction cost is what is happening in a big way now. So the bulk of the money's requirements will I would say I expect it to happen in Q3, Q4 of FY20.

And there will be certain amount of spillover also in terms of a few capital equipment and probably final bill certifications etcetera and so we definitely need to increase the funding but in addition to that there is equity I would say inflow to the projects will also be there. In the case of Brigade Tech Gardens with the same joint venture with GIC we also have another project called Brigade Cosmopolis which is about 1.2 million square feet which is completed and within the same project we have Phase 3 about 350,000 square feet has to happen though we have the TDR and the bulk of the permissions there are some delay in approval of plans wherever TDR is involved.

I am hoping that will also see the light in Q4 subject to few government approvals and that will bring in quite a bit of equity the surplus in that which will be brought in as equity. Similarly in World Trade Center Chennai, we have 600,000 square feet of residential which is also in advanced stages of approvals now.

When that is launched it will release the sales will release the investment in land and also few other funds it will get released in that. That will also help. And once wherever the leases happen, it can easily get converted to lease rent discounting so from a debt angle it is a much more better.

Chintan Modi: Sure. Second is on if you look at pre-sales quarter-on-quarter we have remained mostly at the same level but if I look at the collection it has come down a little. So one thing that I would like to understand and secondly within that question out of the Rs. 552 crores of cash flow total collection how much would be from rentals?

Atul Goyal: So see since these are all new sales so it will take time to have the collections coming in and plus we have large amount of registration still to happen where 10% collection will be there. So that is why it is a marginal lower collection from last quarter. If you see the breakup around real estate it is around Rs. 393 crores, leasing is around Rs. 115 crores and hospitality is around Rs. 43 crores, this is the breakup for Rs. 552 crores of collection.

Chintan Modi: Okay so Rs. 393 crores you mentioned for residential and essentially the expenses that we have within the operating activities would be pertaining to residential only because I think the CAPEX for the projects is in the investment. So is it that we are spending almost equal to what we are collecting in residential or maybe higher?

M.R. Jaishankar: See because all these projects are under completion so construction rate spend rate has been higher and yeah right now whatever the collection is there is going into construction cost and also we have taken construction loans against the same residential construction which is also contributing to the financing of the construction.

Chintan Modi: Okay sure. And just one last question, out of the total sales volume we did for the quarter how much would have been contributed from new launches and how much would have been from previous launches or the sustained sale?

Atul Goyal: See around out of 0.77 million around 30% should be from the new launches and rest of all is from the old launches which is there.

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

Prem Khurana: My question was with respect to our GIFT SEZ**,** it is already delivered but we hardly have any area leased out, I mean it has gone up this quarter but only 20,000 square feet of area is what we have been able to incrementally lease during this quarter, so if you can share your thoughts and when you say that we are looking at almost 0.5 or 0.7 million square feet of new leases in Q4, would that include Gift City or is it only for the two SEZ projects that we have one in Bangalore and one in Chennai?

M. R. Jaishankar: Substantially we have in mind our SEZ projects and others. Gift City yes it has been a challenge much more than what we thought. It is also a function of various I would say things outside our control maybe political, maybe IL&FS and all that so there is a certain amount of uncertainty exists in Gift City. We are keeping our fingers crossed that things will be better.

We have also you can say sub-leasing or selling some areas for the rest of the period of our lease which is somewhere in the range of 90 years or so. Some areas will also be sold on a 90 years lease basis. Few discussions something have been concluded and few moreare under discussion. But our frank response is, yes it has been a challenge, it is a wonderful project but somehow the response is much less than one expects it to be.

Prem Khurana: And sir, when you say 0.5 to 0.7 million square feet you have incremental leasing in Q4. How is the split between the various projects that we have I mean let us say likes of Tech Gardens or Chennai?

M.R. Jaishankar: Naturally since 5 million square feet is between Tech Gardens and Chennai, substantial leasing will also be in the same project. The non-Tech Gardens and Chennai may be out of if everything happens as we anticipate. Only about 150,000, 500,000 may be between these two projects and about 150,000 to 200,000 may be other projects.

Prem Khurana: And for Gift City we have been facing these kind of issues so how would it impact our future development plan for the part of the project may be we were supposed to have hospitality which is already under construction I understand and you are planning a retail as well as a residential development there so would it make us to go a little low?

M.R. Jaishankar: No, I will tell you. Residential and retail we have withdrawn from that sometime back itself and the hotel is under construction and it should happen in two to three quarters. In three quarters it should happen and the hotel will notissues, bulk of the business will have to come from Gift City. Currently there may be about probably about 2 million square feet is operational in Gift City but Gift City itself is well located.

It is equi distant from in Ahmedabad Airport, Gandhi Nagar and Ahmedabad City. It is between 25 to 30 minutes from all these places considering Gandhi Nagar does not the capital city does not have many hotels. So our hotel which is now branded as Grand Mercure Gift City should get some business. But like any other hotel project the first one year will be not as great as one would like it to be.

Prem Khurana: Sure and residential side last two quarters you have been doing well in terms of booking. So what do you attribute this to I mean there is a sudden jump in the kind of volumes that you have been able to do. I mean Q2 I understand we have these activations from which the incremental numbers came from. What would explain this Q3 number or do you believe this number to be sustainable?

M.R. Jaishankar: Yeah, one is I can assure you the number will sustain, and also why it is happened in Q2 and Q3 means see in spite of all the negativities that is perceived in the market we still believe at least in the Bangalore market things are looking up, or beginning to look up. like the good times cannot be permanent, even the bad times cannot be permanent.

So things should look up and we also have as I said there is some new launches in affordable segment also have happened. That has helped and bit more aggressive sales efforts which has also contributed I would say that is the reason.

Prem Khurana: On the new launches I think in your opening remarks somewhere you mentioned that 40% of new launches are in your affordable housing category, right? So all these projects should be kind of eligible for LTI/API benefits or how do we classify affordable?

M.R. Jaishankar: Affordable our classification is the same as government classification which is 60 square meters and generally about Rs. 65 lakhs sale value.

Prem Khurana: Sure and just a last question on the hospitality transaction that we are targeting. The transaction is for the existing room inventory 976 or it would include the development potential which is already under construction?

M.R. Jaishankar: It will include the development potential with the Four Point Sheraton becoming operational the number of case will be 1,200 and what is under current construction the Gift City and the one in Holiday Inn Express in Old Madras Road, Bangalore and we should add about 300 more keys in the FY20.

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

Parikshit Kandpal: Today in a media interview I think you have guided for next pre-sales growth of 25% to 30% so the benefit for the analyst if you reiterate what will be your guidance for next year in terms of pre sales growth?

M.R. Jaishankar: No, see generally we do not give guidance. I did mention in the interview like we expect or we are working hard towards increasing our business by about 25% to 30% is what I said for our next financial year.

Parikshit Kandpal: And this year you said we will be ending close to 3 million square feet of pre-sales, right?

M.R. Jaishankar: We are hoping and we wish to sell around 3 million square feet and next year we are working to reach about 4 million square feet.

Parikshit Kandpal: Sir, any progress on the HDFC platform?

M.R. Jaishankar: Discussions are at a preliminary stage, it takes two to tango.

Parikshit Kandpal: Okay, but as of now we are still in discussion and the deal is on?

M.R. Jaishankar: Yeah.

Moderator: Thank you. As we have no further questions, I would like to hand the conference over to Mr. M. R. Jaishankar for closing comments. Please go ahead, sir.

M. R. Jaishankar: Thank you. I think the questions ended much faster than what we expected. Normally it takes about 60 minutes, this time I think it is about may be 40 minutes or so. Probably it means the answers have been very correct and satisfactory. And the doubts etcetera may be minimal. But as I said in the opening remarks, we expect the current year to be better than last year and the next year to be better than this financial year in all segments be it residential, be it hospitality, be it leasing; all three segments our business units in our organization are expected to be better in spite of all the challenges that this sector is I would say facing.

So I can only hope and request you all to support this sector much more than what you have been doing so far. Thank you and wish you all the best.

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