

Brigade Enterprises

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BRGD IN
Equity Shares (m)	231
M.Cap.(INRb)/(USDb)	271.7 / 3.2
52-Week Range (INR)	1453 / 551
1, 6, 12 Rel. Per (%)	-12/-1/76
12M Avg Val (INR M)	467

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	49.0	49.7	49.8
EBITDA	11.9	15.8	17.5
EBITDA (%)	24.4	31.8	35.2
PAT	4.5	7.6	8.6
EPS (INR)	22.1	37.1	42.0
EPS Gr. (%)	82.6	67.9	13.2
BV/Sh. (INR)	178.5	213.6	253.6

Ratios

Net D/E	1.0	0.6	0.3
RoE (%)	13.1	18.9	18.0
RoCE (%)	8.9	11.6	12.1
Payout (%)	9.1	5.4	4.8

Valuations

P/E (x)	52	31	28
P/BV (x)	6.5	5.4	4.6
EV/EBITDA (x)	22.8	16.7	14.5
Div Yield (%)	0.2	0.2	0.2

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	43.7	43.7	43.8
DII	22.9	23.8	25.5
FII	16.2	14.9	13.7
Others	17.3	17.6	17.1

CMP: INR1,176 **TP: INR1,525 (+30%)** **Buy**

A mixed bag quarter; Residential segment muted, while Annuity fares well

Subdued pre-sales growth on account of lower launches

- Brigade Enterprise (BEL) reported bookings of INR10.9b in 1QFY25, up 9% YoY (16% below estimate). Sales volume stood at 2.7msf, down 21% YoY.
- Aided by the launch of a premium project in Bengaluru, BEL recorded the highest ever quarterly realization of INR9,440 psf, up 38% YoY.
- Towards the end of 1Q, the company also launched its much awaited luxury project 'Brigade Icon' in Chennai. The project's contribution to total bookings has spilled over to 2QFY25. In FY25, BEL is aiming to launch 12.6msf of projects with a GDV value of ~INR130b across the three markets of Bengaluru, Chennai, and Hyderabad.
- With scale-up in Chennai and Hyderabad, we expect the company to deliver 32% CAGR in pre-sales over FY24-26E to INR105b.
- **P&L performance:** Revenue increased 65% YoY to INR11b (6% below estimate). EBITDA stood at INR2.9b, up 67% YoY with a margin of 27% (up 40bp YoY). Adj. PAT surged 2x YoY to INR837m, clocking a margin of 8%.

Annuity business reports healthy growth

- Leasing revenue grew 23% YoY to INR2.6b, and the hotel business reported a revenue of INR1.2b, up 12% YoY.
- Over the last four quarters, the company has made healthy progress on the commercial portfolio occupancy, which rose to 97% by 4QFY24 from 86% in 1QFY24. BEL currently has ~2.4msf of office and retail assets under-construction and aims to launch 1.5msf of commercial projects soon.
- Despite seasonality, the hospitality vertical maintained steady occupancy of 75%, up 800bp YoY/flat QoQ. Hence, while the ARR was flat YoY at INR6,233, the segment's revenue increased 12% YoY to INR1.2b.

Highlights from the management commentary

- **New launches:** Launches during the quarter contributed 35% to total pre-sales during 1QFY25. The company maintained its 13msf launch guidance but it will be tilted towards the second half, with 2QFY25 launches to be similar to 1Q.
- **Leasing portfolio growth:** BEL is currently awaiting OC for the 1.3msf Twin Towers in Bengaluru, and should get it in a couple of quarters. BEL has commenced construction of Brigade Tech Boulevard, Chennai (0.8msf) and Brigade Padmini Tech Valley Block B (0.7msf). Over the next nine months, the company will commence construction on 1.5msf of assets across Bengaluru, Kochi, and the GIFT City.
- **Hospitality:** Focus was on improving the occupancy during 1QFY25, which resulted into 800bp improvement. Despite sluggishness related to general elections, events like ISL, IPL, and MICE drove occupancy. While ARR was flat YoY, BEL reiterated its 10% ARR growth target for FY25.

Pritesh Sheth – Research Analyst (pritesh.sheth@MotilalOswal.com)

Sourabh Gilda – Research Analyst (sourabh.gilda@MotilalOswal.com)

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- BEL reported a steady quarter due to limited launches across its core markets. However, it has a strong pipeline of ~13msf which should enable it to sustain the growth traction going ahead.
- Management intends to keep assessing growth opportunities in the residential segment and expects to spend higher on business development over the next two years. This will provide growth visibility in the residential segment and lead to further re-rating. **We reiterate our BUY rating with a TP of INR1,525, implying 32% potential upside.**

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	(%)
Gross Sales	6,540	13,666	11,738	17,024	10,777	12,169	12,914	13,809	48,967	49,668	11,424	-6%
YoY Change (%)	-27.5	55.4	43.1	102.0	64.8	-11.0	10.0	-18.9	42.1	1.4	74.7	
Total Expenditure	4,792	10,418	9,117	12,696	7,851	8,394	8,781	8,860	37,023	33,887	8,245	
EBITDA	1,748	3,248	2,620	4,327	2,926	3,775	4,132	4,949	11,944	15,782	3,179	-8%
Margins (%)	26.7	23.8	22.3	25.4	27.1	31.0	32.0	35.8	24.4	31.8	27.8	-68bps
Depreciation	681	757	821	762	679	747	784	987	3,021	3,197	777	
Interest	1,081	1,100	1,349	1,380	1,519	1,216	1,094	862	4,910	4,690	1,352	
Other Income	315	413	344	603	357	434	361	606	1,674	1,758	330	
PBT before EO expense	300	1,803	795	2,788	1,084	2,246	2,615	3,707	5,687	9,652	1,380	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	300	1,803	795	2,788	1,084	2,246	2,615	3,707	5,687	9,652	1,380	
Tax	82	679	237	680	279	565	658	927	1,676	2,430	347	
Rate (%)	27.1	37.6	29.8	24.4	25.7	25.2	25.2	25.0	29.5	19.4	25.2	
MI & Profit/Loss of Asso. Cos.	-166	-210	-177	48	-32	-88	-94	-147	-506	-361	-83	
Reported PAT	385	1,335	735	2,061	837	1,769	2,051	2,927	4,516	7,584	1,116	-25%
Adj PAT	385	1,335	735	2,061	837	1,769	2,051	2,927	4,516	7,584	1,116	-25%
YoY Change (%)	-52.0	103.0	29.2	289.1	117.3	32.5	179.1	42.0	79.6	67.9	141.5	
Margins (%)	5.9	9.8	6.3	12.1	7.8	14.5	15.9	21.2	9.2	15.3	9.8	

E: MOFSL Estimates

Operational Performance

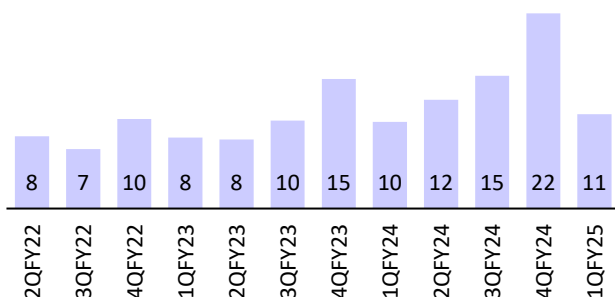
Pre Sales (msf)	1.5	1.7	1.7	2.7	1.2	1.5	2.2	4.2	7.5	7.2	1.6	-27%
Booking Value (INRb)	10.0	12.5	15.2	22.4	10.9	17.0	20.0	37.5	60.1	61.0	13	-16%
Avg rate/sf (INR)	6,822	7,466	8,994	8,246	9,442	11,000	9,000	8,933	7966	8431	8250	14%

E: MOFSL Estimates

Key exhibits

Exhibit 1: New bookings increased 9% YoY

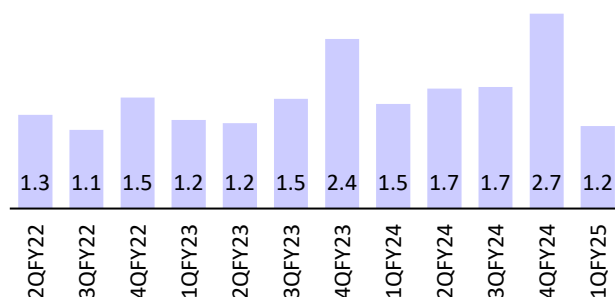
Booking Value (INRb)



Source: Company, MOFSL

Exhibit 2: Volume dropped 21% YoY

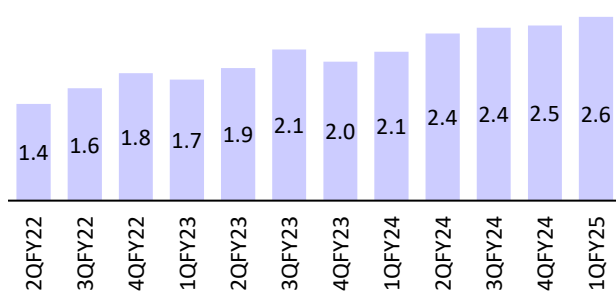
Pre Sales (msf)



Source: Company, MOFSL

Exhibit 3: Rental income increased 23% YoY to INR2.6b

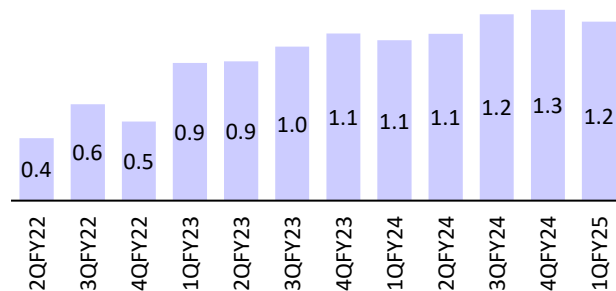
Rental Income (INRb)



Source: Company, MOFSL

Exhibit 4: Hotel portfolio is benefitting from the sustained momentum...

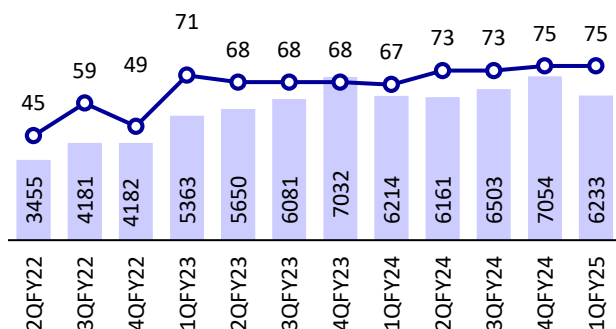
Hospitality Income (INRb)



Source: Company, MOFSL

Exhibit 5: Occupancy steady despite seasonality

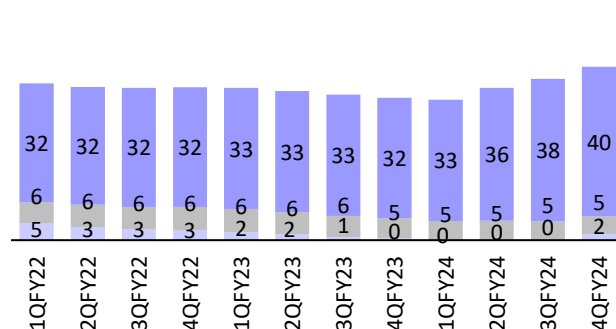
ARR — Occupancy %



Source: MOFSL, Company

Exhibit 6: Residential segment was debt free, while debt on office assets remained steady

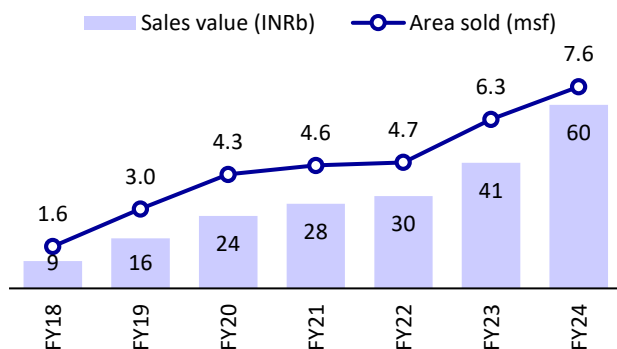
Residential Hospitality Leasing



Source: MOFSL, Company

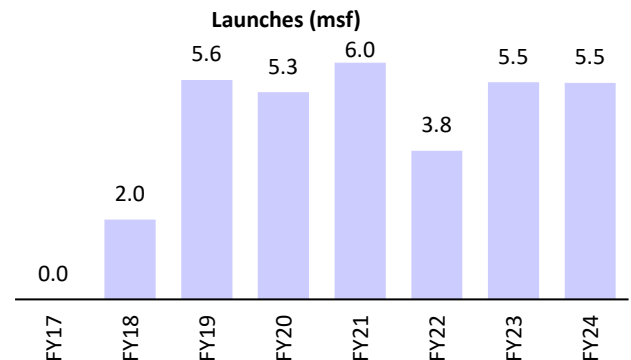
Story in charts

Exhibit 7: Scaled up the residential business and clocked the highest ever sales of 7.6msf in FY24



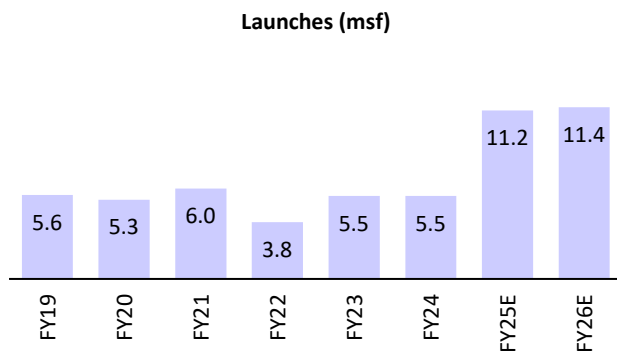
Source: Company, MOFSL

Exhibit 8: Pre-sales reported 21% CAGR over FY19-24, led by an acceleration in launches



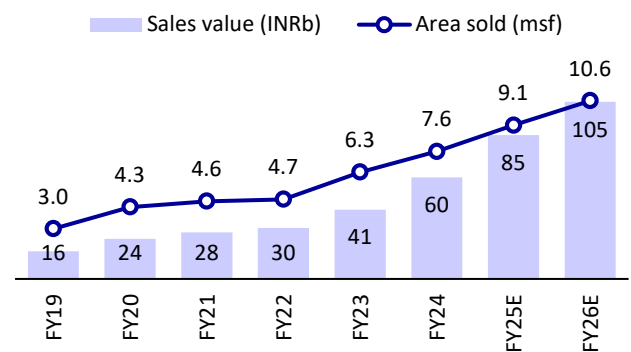
Source: Company, MOFSL

Exhibit 9: New launches to increase to 10msf+



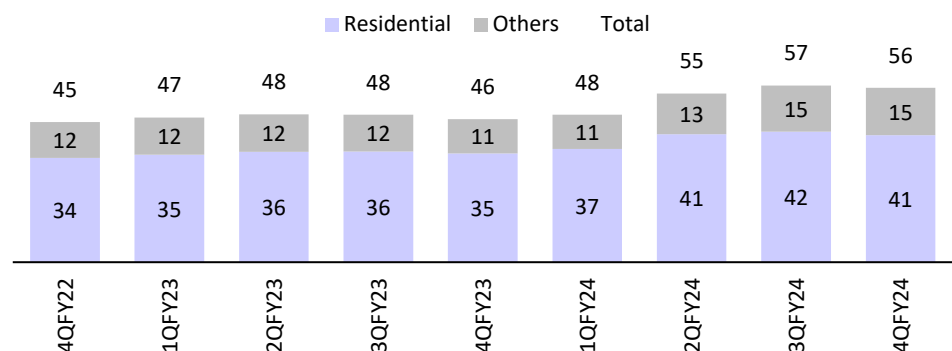
Source: Company, MOFSL

Exhibit 10: Expect bookings to touch INR105b by FY26...

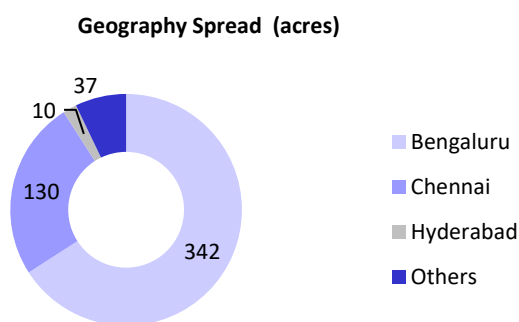


Source: Company, MOFSL

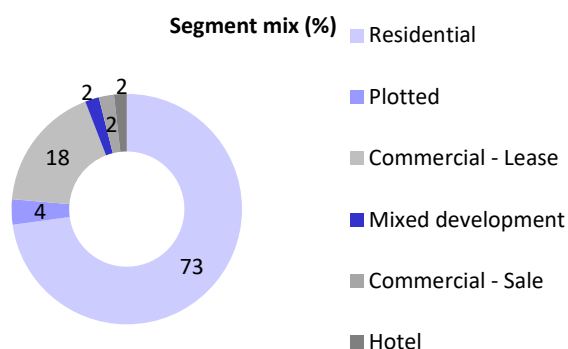
Exhibit 11:aided by a large project pipeline



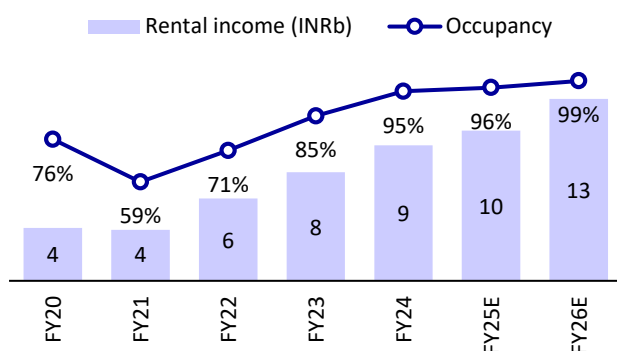
Source: Company, MOSL

Exhibit 12: Major share of land bank is located in Bengaluru and Chennai...

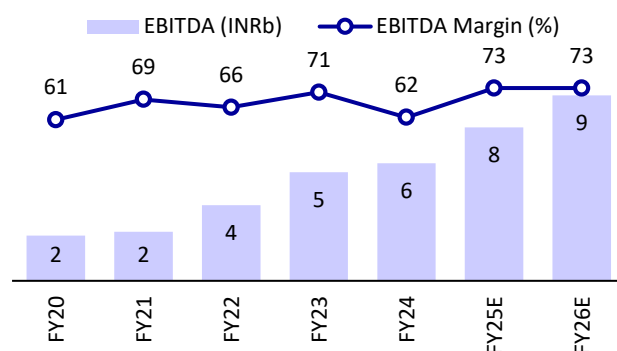
Source: Company, MOFSL

Exhibit 13: ...and ~75% of the same is meant for residential development

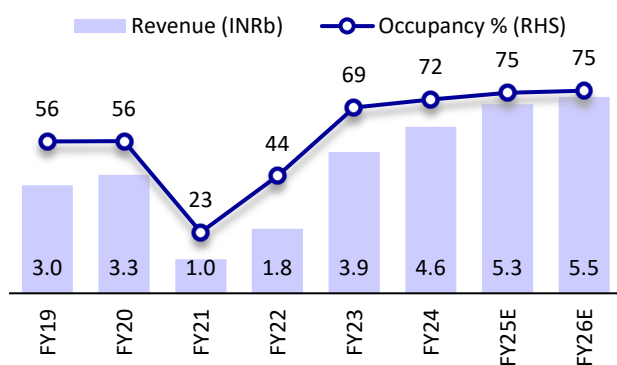
Source: Company, MOFSL

Exhibit 14: Expect occupancy in Annuity assets to gradually improve

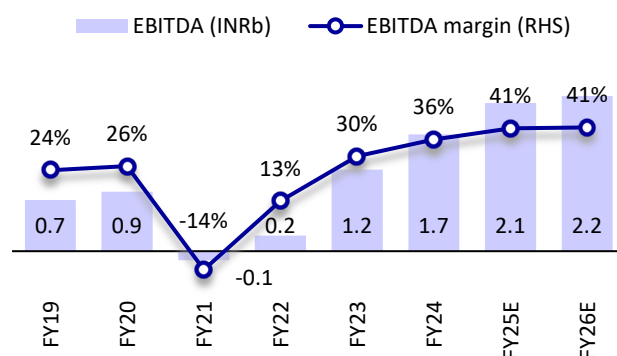
Source: MOFSL, Company

Exhibit 15: Expect BEL's commercial portfolio to report INR9b EBITDA

Source: MOFSL, Company

Exhibit 16: The Hospitality portfolio witnessed a sharp rise in occupancy over the last two years

Source: Company, MOFSL

Exhibit 17: It can report an EBITDA of INR1.8b by FY26E

Source: Company, MOFSL

Exhibit 18: Our earnings revisions

(INR b)	Old		New		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	50	50	50	50	0%	0%
EBITDA	16	18	16	18	0%	0%
Adj. PAT	8	9	8	9	0%	0%
Pre-sales	85	105	85	105	0%	0%
Collections	56	78	56	78	0%	0%

Source: MOFSL, Company

Valuation and view

- **We value BEL based on our DCF approach:**
 - Its Residential business is valued using the DCF method, considering expected cash flows over the next four years, a WACC of 11.3%, and a terminal value using a perpetual growth rate of 5%;
 - Its operational Commercial assets are valued at an 8.5% cap rate on a Mar'26 basis and ongoing and upcoming projects using DCF; and
 - Its Hospitality business is valued at 15x EV/EBITDA on a FY26E basis.
- Based on the above approach, we arrive at a GAV of INR368b. Netting-off FY25E net debt of INR17b, we derive at a NAV of INR351b, or INR1,525 per share, indicating a potential upside of 32%.

Exhibit 19: Our SoTP-based approach denotes 32% upside potential for BEL; reiterate BUY

Segment	Valuation metric	Value (INR b)	Per share	As a percentage of NAV
Residential	❖ DCF of three-year cash flow at a WACC of 11.3% and terminal value assuming cash flow sustain in FY24-26	252	1,095	72%
Commercial	❖ Based on the cap rate of 8.5% for Office and Retail assets on Mar'25E EBITDA	83	359	24%
Hotel	❖ FY24E EV/EBITDA of 15x	34	146	10%
Gross asset value		368	1,600	105%
Net debt (BRGD's share)		(17)	(76)	-5%
Net asset value		351	1,524	100%
No. of shares		230		
Target price		1525		
CMP		1157		
Upside		32%		

Source: MOFSL

Financials and Valuation

Consolidated Profit & Loss

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	26,322	19,500	29,988	34,446	48,967	49,668	49,758
Change (%)	-11.5	-25.9	53.8	14.9	42.2	1.4	0.2
Total Expenditure	19,689	14,780	22,325	25,856	37,023	33,887	32,222
% of Sales	74.8	75.8	74.4	75.1	75.6	68.2	64.8
EBITDA	6,632	4,719	7,663	8,590	11,944	15,782	17,536
Margin (%)	25.2	24.2	25.6	24.9	24.4	31.8	35.2
Depreciation	1,920	2,369	3,505	3,146	3,021	3,197	3,644
EBIT	4,712	2,350	4,158	5,444	8,923	12,585	13,892
Int. and Finance Charges	3,403	3,468	4,436	4,342	4,910	4,690	4,465
Other Income	494	604	667	1,186	1,675	1,758	1,846
PBT bef. EO Exp.	1,803	-514	389	2,289	5,687	9,652	11,273
EO Items	-205	-763	-567	450	0	0	0
PBT after EO Exp.	1,598	-1,277	-177	2,739	5,687	9,652	11,273
Total Tax	474	-287	497	558	1,676	2,430	2,837
Tax Rate (%)	29.6	22.5	-280.3	20.4	29.5	25.2	25.2
Minority Interest	-150	-475	-1,448	-651	-506	-361	-150
Reported PAT	1,274	-515	774	2,832	4,516	7,584	8,586
Adjusted PAT	1,418	77	1,739	2,474	4,516	7,584	8,586
Change (%)	-40.9	-94.6	2,165.4	42.2	82.6	67.9	13.2
Margin (%)	5.4	0.4	5.8	7.2	9.2	15.3	17.3

Consolidated Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	2,044	2,109	2,303	2,303	2,303	2,303	2,303
Total Reserves	20,768	21,368	26,797	30,143	34,181	41,356	49,533
Net Worth	22,811	23,477	29,099	32,445	36,484	43,659	51,836
Minority Interest	1,659	1,156	-323	-1,013	-914	-1,275	-1,426
Total Loans	44,218	43,897	48,327	45,488	53,366	50,866	48,366
Deferred Tax Liabilities	0	-2,155	-2,642	-3,317	266	266	266
Capital Employed	68,688	66,374	74,461	73,604	89,202	93,516	99,043
Gross Block	36,874	59,464	61,822	62,567	64,710	74,309	84,131
Less: Accum. Deprn.	6,939	9,308	12,814	15,960	18,980	22,178	25,822
Net Fixed Assets	29,935	50,156	49,008	46,608	45,729	52,131	58,309
Goodwill on Consolidation	43	43	43	203	203	203	203
Capital WIP	20,975	4,949	5,407	7,405	12,315	13,456	13,456
Total Investments	721	890	5,086	617	497	497	497
Curr. Assets, Loans&Adv.	70,935	79,942	88,825	1,05,500	1,20,118	1,36,950	1,43,868
Inventory	52,094	59,020	62,228	73,273	77,359	84,368	84,521
Account Receivables	4,306	5,272	5,042	4,616	4,997	8,165	8,179
Cash and Bank Balance	3,049	5,594	9,448	14,781	17,373	24,363	31,078
Loans and Advances	11,486	10,056	12,108	12,830	20,389	20,054	20,090
Curr. Liability & Prov.	53,921	69,606	73,908	86,729	89,660	1,01,721	1,01,290
Account Payables	5,005	5,770	6,491	7,347	7,601	12,069	11,476
Other Current Liabilities	48,811	63,747	67,333	79,278	81,826	89,403	89,565
Provisions	105	89	83	105	234	248	249
Net Current Assets	17,014	10,336	14,917	18,770	30,457	35,229	42,578
Appl. of Funds	68,688	66,374	74,462	73,603	89,202	93,516	99,043

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	6.9	0.4	8.5	12.1	22.1	37.1	42.0
Cash EPS	16.3	12.0	25.7	27.5	36.9	52.8	59.8
BV/Share	111.6	114.9	142.4	158.8	178.5	213.6	253.6
DPS	1.0	0.0	1.0	3.0	2.0	2.0	2.0
Payout (%)	19.3	0.0	26.4	21.6	9.1	5.4	4.8
Valuation (x)							
P/E	100.7	1,860.6	82.1	57.8	55.9	33.3	29.4
Cash P/E	42.8	58.4	27.2	25.4	33.5	23.4	20.6
P/BV	6.3	6.1	4.9	4.4	6.9	5.8	4.9
EV/Sales	7.0	9.3	6.1	5.0	5.9	5.6	5.4
EV/EBITDA	27.7	38.4	23.7	20.2	24.1	17.7	15.4
Dividend Yield (%)	0.1	0.0	0.1	0.4	0.2	0.2	0.2
FCF per share	-13.1	16.4	40.3	29.9	-11.4	62.8	59.9
Return Ratios (%)							
RoE	6.4	0.3	6.6	8.0	13.1	18.9	18.0
RoCE	5.9	3.4	25.3	6.8	8.9	11.6	12.1
RoIC	8.2	3.7	28.9	8.2	11.5	16.5	19.0
Working Capital Ratios							
Fixed Asset Turnover (x)	0.7	0.3	0.5	0.6	0.8	0.7	0.6
Asset Turnover (x)	0.4	0.3	0.4	0.5	0.5	0.5	0.5
Inventory (Days)	722	1,105	757	776	577	620	620
Debtor (Days)	60	99	61	49	37	60	60
Creditor (Days)	69	108	79	78	57	89	84
Leverage Ratio (x)							
Current Ratio	1.3	1.1	1.2	1.2	1.3	1.3	1.4
Interest Cover Ratio	1.4	0.7	0.9	1.3	1.8	2.7	3.1
Net Debt/Equity	1.8	1.6	1.3	0.9	1.0	0.6	0.3

Consolidated Cash flow

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	1,614	-1,251	-150	2,780	5,687	9,652	11,273
Depreciation	1,920	2,369	3,505	3,146	3,021	3,197	3,644
Interest & Finance Charges	3,403	3,468	4,436	4,342	4,910	4,690	4,465
Direct Taxes Paid	-642	-536	-1,039	-558	-1,676	-2,430	-2,837
(Inc)/Dec in WC	-1,643	3,814	4,047	1,480	-9,095	2,219	-634
CF from Operations	4,652	7,864	10,799	11,189	2,847	17,329	15,911
Others	-4	165	-478	-1,186	-1,675	-1,758	-1,846
CF from Operating incl EO	4,649	8,029	10,321	10,003	1,172	15,571	14,065
(Inc)/Dec in FA	-7,328	-4,670	-2,084	-3,887	-3,506	-2,740	-1,822
Free Cash Flow	-2,679	3,359	8,237	6,116	-2,334	12,831	12,243
(Pur)/Sale of Investments	237	-342	-4,036	4,469	120	0	0
Others	-75	-2,473	-3,594	1,186	1,675	1,758	1,846
CF from Investments	-7,166	-7,484	-9,714	1,768	-1,711	-981	24
Issue of Shares	320	883	5,028	0	0	0	0
Inc/(Dec) in Debt	7,406	3,032	-831	-2,839	7,878	-2,500	-2,500
Interest Paid	-3,859	-3,943	-3,511	-4,342	-4,910	-4,690	-4,465
Dividend Paid	-575	0	-276	-613	-409	-409	-409
Others	52	2,029	-78	0	0	0	0
CF from Fin. Activity	3,344	2,000	333	-7,793	2,559	-7,599	-7,374
Inc/Dec of Cash	827	2,545	940	3,978	2,020	6,990	6,715
Opening Balance	2,222	3,049	2,804	3,745	7,723	9,743	16,733
Closing Balance	3,049	5,594	3,745	7,723	9,743	16,733	23,448

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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