

Brigade Enterprises

BUY

INDUSTRY	REAL ESTATE		
CMP (as on 5 Dec 2014)	Rs 159		
Target Price	Rs 253		
Nifty	8,538		
Sensex	28,458		
KEY STOCK DATA			
Bloomberg/Reuters	BRGD IN/BRGD.BO		
No. of Shares (mn)	113		
MCap (Rs bn) / (\$ mn)	18/292		
6m avg traded value (Rs mn)	24		
STOCK PERFORMANCE (%)			
52 Week high / low	Rs 169/50		
	3M	6M	12M
Absolute (%)	19.7	19.4	168.0
Relative (%)	15.5	7.3	132.4
SHAREHOLDING PATTERN (%)			
Promoters	57.67		
FIs & Local MFs	2.83		
FIIIs	4.79		
Public & Others	34.71		
<i>Source : BSE</i>			

Value of operational assets > Current Market Cap

Brigade Enterprises Ltd. (BRGD) is a South India based developer with operations concentrated primarily in Bengaluru along with other cities like Hyderabad, Mysore, Chennai and Kochi. The developer currently has ongoing projects of ~12msf and land bank of 24msf. Additionally, its ready portfolio of marquee rental and hospitality assets in Bengaluru makes BRGD an excellent proxy for a revival in the Bengaluru rental market over the next three years.

We estimate BRGD's EV from rental and hotel projects at Rs 30.0bn (Rs 267/sh). Adjusted for the peak net debt of Rs 10.2bn in FY16E (Rs 8.4bn as of Sep-14), we estimate the equity value of these assets at Rs 19.7bn (Rs 176/sh) that is higher than BRGD's CMP of Rs 159/sh. Meanwhile, BRGD's ongoing residential projects of ~12msf are expected to throw up pre-tax cash flow of Rs 18bn over FY15-18E with NPV (post tax) of Rs 6.6bn (Rs 59/sh). Brigade also has additional land bank of 359 acres that we value at Rs 3.1bn (Rs 28/sh).

We initiate coverage on BRGD with a BUY recommendation and a TP of Rs 253/sh (CMP Rs 159/sh). Key upside triggers are addition of more land parcels through the 50:50 JV tie-up with GIC to cumulatively invest ~Rs 15bn (Rs 7.5bn each) across South India and value accretion from Rs 5bn of committed investment in GIFT City, Gujarat.

Value of operational assets > Current Market Cap

- We estimate the EV of BRGD's rental and hotel projects at Rs 30.0bn (Rs 267/sh). BRGD's rental assets correspond to an EV of Rs 22.9bn (Rs 204/sh) at a cap rate of 9% and BRGD's hotel portfolio is valued at an EV of Rs 7.0bn (Rs 63/sh, 9x FY17E EV/EBITDA). After deducting net debt of Rs 10.2bn in FY16E, we estimate the equity value of these assets at Rs 19.7bn (Rs 176/sh) that is higher than BRGD's CMP of Rs 159/sh.

Rental income to grow to Rs 2.0bn by FY17E

- We expect BRGD's net rental income to grow from Rs 1.3bn in FY14 to Rs 2.1bn in FY17E owing to ramp up in occupancies and renegotiation of rentals across these properties.

Key Risks

- Key downside risks are lower than expected volumes in Bengaluru projects and weakness in leasing activity.

FINANCIAL SUMMARY (CONSOLIDATED)

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	8,227	9,402	11,952	17,438	21,333
EBIDTA	2,088	2,690	3,486	4,653	6,264
APAT	612	879	1,144	1,511	2,415
EPS (Rs.)	5.3	7.9	10.5	13.8	22.0
P/E (x)	29.7	20.0	15.2	11.5	7.2
EV/EBITDA	13.4	9.9	7.9	6.0	4.4
RoE (%)	5.0	7.0	8.7	10.6	15.2

Source : Company, HDFC sec Inst Research

Brigade : Quality South India developer

- **Strong Bengaluru player** : BRGD is a South India based developer with operations concentrated primarily in Bengaluru along with other cities like Hyderabad, Mysore, Chennai and Kochi. The developer currently has ongoing projects of ~12msf and land bank of 24msf. We expect BRGD to clock Rs 44.1bn of bookings over FY15-17E (8.1msf at Rs 5,417/psf). We expect Rs 42bn of cash inflows from these projects and cash outflow of Rs 24bn resulting in pre-tax cash flows of Rs 18bn FY15-18E).
- **Portfolio of marquee rental assets** : BRGD's Gateway project at Malleswaram, Bengaluru has two marquee assets : The World Trade Centre office (1msf, 0.7msf BRGD leasable share with over 90% occupancy) and the Orion Mall (0.8msf with over 90% occupancy). We expect BRGD's net rental

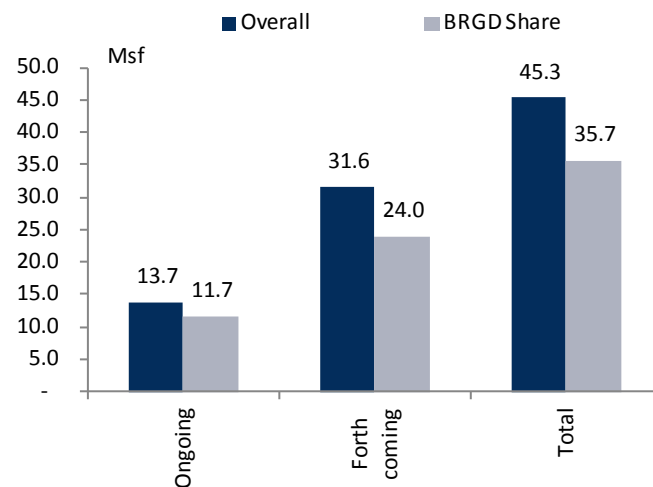
income to grow from Rs 1.3bn in FY14 to Rs 2.1bn in FY17E owing to ramp up in occupancies and renegotiation of rentals across these properties. We value BRGD's rental assets at an EV of Rs 22.9bn (Rs 204/sh) using a cap rate of 9%.

- **Strong operational hotel properties** : Even in a relatively subdued operating environment for the hotels sector in FY14, BRGD's operational hotels : The Sheraton 5 star hotel (230 keys) and Grande Mercure (126 keys) clocked occupancies of over 70% with Gross Operating Profit (GOP) margins of ~40% that is well above the industry average. These two hotels have clocked a combined EBITDA of Rs 0.66bn in FY14 that we expect to scale up to Rs 0.78bn by FY17E. We value BRGD's hotel portfolio at Rs 7.0bn (Rs 63/sh, 9x FY17E EV/EBITDA).

BRGD currently has ongoing projects of ~12msf and land bank of 24msf

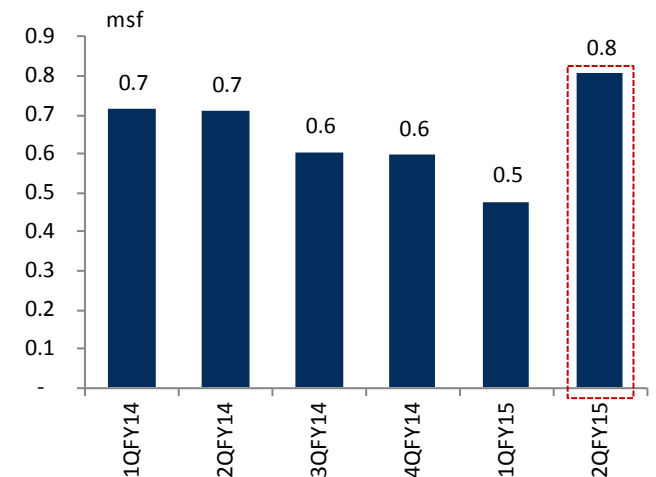
A number of launches over FY12-14 have helped BRGD to register quarterly sales run rate of 0.5-0.8msf over the last six quarters

Brigade : High quality land bank



Source: Company, HDFC sec Inst Research

Brigade : Launches have driven sales volumes



Source: Company, HDFC sec Inst Research

BRGD currently has operational rental assets of 1.62msf which is 95% leased out

BRIGADE'S OPERATIONAL RENTAL ASSETS SUMMARY (AS OF SEP-14)

Project	Leasable Area (msf)	Leased Out (msf)	To be Leased (msf)	Average Rental (Rs/spf/month)
WTC Bengaluru @ Gateway, Bengaluru (World Trade Centre with key occupiers being Amazon, KPMG, Samsung and Toyota)	0.64	0.61	0.03	80
Brigade South Parade, M.G. Road, Bengaluru	0.12	0.12	-	69
Orion Mall @ Gateway, Bengaluru (Marquee tenants such as Zara, Central and Star Bazaar)	0.82	0.78	0.04	90
Brigade Solitaire	0.01	-	0.01	60
Others	0.03	0.03	0.0	60
Total	1.62	1.54	0.08	

Source: HDFC sec Inst Research

BRGD also has a hotel portfolio of 356 keys spread across two properties that are clocking healthy occupancies

BRIGADE'S OPERATIONAL HOSPITALITY ASSETS SUMMARY

Project Details	GRAND MERCURE		SHERATON GATEWAY	
	FY14	1HFY15	FY14	1HFY15
No. of Keys	126	126	230	230
Occupancy	86%	81%	75%	70%
ARR (Rs)	6,558	6,744	7,289	7,222
GOP (Gross Operating Profit Margin)	50.7%	46.1%	40.8%	34.6%

Source: HDFC sec Inst Research

BRGD also has a land bank of 359 acres having total consideration value of Rs 6.3bn

BRIGADE GROUP'S LAND BANK

Location	Land Area (in acres)	Total Cost (Rs mn)	Paid (Rs mn)	Payable (Rs mn)
Bengaluru	221	5,184	3,919	1,265
Chennai	57	750	400	350
Kochi	22	207	207	-
Mangalore	25	45	45	-
Mysore	36	109	94	16
Total	359	6,295	4,664	1,631

Source: HDFC sec Inst Research

BRGD has further outstanding payments of Rs 1.6bn for these land parcels

World Trade Centre @ Gateway, Bengaluru



Source: Company, HDFC sec Inst Research

Sheraton Hotel @ Gateway, Bengaluru



Source: Company, HDFC sec Inst Research

Orion Mall @ Gateway, Bengaluru



Orion Mall's 4-storey atrium

Source: Company, HDFC sec Inst Research

Grand Mercure @ Koramangala, Bengaluru



Source: Company, HDFC sec Inst Research

The World Trade Centre has total leasable area of ~1msf of which BRGD has sold ~0.35msf. The balance 0.64msf is ~95% leased with key occupiers being Amazon, KPMG, Samsung and Toyota

The Orion Mall spread across 0.82msf is also 95% leased and has marquee tenants such as Zara, Central and Star Bazaar

The 230 key 5 star deluxe Sheraton Hotel at Gateway achieved 75% occupancy in FY14 (70% in 1H FY15) with GOP of 41%

The 126 key Grand Mercure at Koramangala achieved 92% occupancy in FY14 (81% occupancy in 1H FY15) with GOP of 51%

Ongoing capex on rental/hotel assets to yield incremental benefits

- Apart from its ongoing rental portfolio, BRGD has also embarked on a Rs 10bn capex programme (spread across Bengaluru, Mysore, Chennai and Kochi) to create a fresh pool of annuity assets. Of this, BRGD has spent Rs 4bn as of Sep-14 with the balance expected to be spent over 2HFY15-FY18E.
- BRGD will have an additional ~1msf of operational office assets by FY17E that can potentially add Rs 0.5bn annually to BRGD's rental income. At the same time, BRGD is also building four new hotels at a moderate capex of Rs 0.5-0.6bn/key.
- Although these assets may result in subdued profits in initial years due to accounting losses (on account of higher depreciation), we believe that BRGD is ideally placed to cash in on a strong leasing environment in Bengaluru over the next three years (FY15-17E).

BRIGADE ENTERPRISES : DETAILS OF ONGOING OFFICE/RETAIL/HOTEL PROJECTS AS ON 30-SEP 2014

Project	Location	Type	Saleable/Leasable Area (msf)	BRGD Share (%)	BRGD Area Share (msf)	Selling Price/Lease Rentals	Project Cost (Rs mn)	Cost Incurred (Rs mn)	Balance Cost (Rs mn)
IRV Centre	Whitefield, Bengaluru	Office – Sale	0.37	60%	0.22	5,500	981	395	585
Magnum	Hebbal, Bengaluru	Office - Sale	0.53	55%	0.29	8,700	1,331	750	582
Nalapad Centre	Mahadevpura, Bengaluru	Office – Lease	0.46	50%	0.23	40	1,234	310	924
Orion East	Banaswadi, Bengaluru	Office – Lease	0.27	56%	0.15	80	915	632	283
Brigade Vantage	Hunsur Road, Mysore	Office – Lease	0.13	50%	0.07	40	243	86	157
Brigade Vantage	OMR, Chennai	Office – Lease	0.13	50%	0.07	50	409	195	213
Bhulwarka Icon	Sadaramangala, Bengaluru	Office – Lease	0.28	50%	0.14	40	756	197	559
Bhuwarka Retail	Sadaramangala, Bengaluru	Retail - Lease	0.08	50%	0.04	40	214	56	158
Brigade Infopark	Kochi	Office - Lease	0.35	100%	0.35	40	1,116	437	679
Holiday Inn	OMR, Chennai	Hotel	0.23	50%	0.11	NA	933	556	377
Orchards Signature Club	Devanahalli, Bengaluru	Hotel - Club	0.09	50%	0.04	NA	458	222	236
Holiday Inn Express	Race Course Rd, Bengaluru	Hotel	0.17	100%	0.17	NA	1,000	64	936
Grand Mercure	Sayaji Rao Rd, Mysore	Hotel	0.11	100%	0.11	NA	881	229	651
Total			3.19	62%	1.99		10,470	4,130	6,339

Source: Company, HDFC sec Inst Research

We build-in devco sales bookings of Rs 44.2bn over FY15-17E

- BRGD has achieved 5.83msf of sales bookings over FY12-14 worth Rs 26.7bn driven by launches of ~12msf over the same period. BRGD's focus on the mid-income segment (average realisation of Rs 4,608/psf over FY12-14) has enabled it to clock a decent pace of sales bookings.
- We believe that BRGD management's guidance for ~Rs 15bn of average annual sales bookings over FY15-17E is an achievable target considering inventory of ~5.5msf in ongoing projects (Rs 29.3bn unsold value) and another 3-4msf of launches in 2HFY15-FY16E.
- Hence, we model for ~8.2msf of sales worth Rs 44.2bn over the next three years. Our average selling price assumption of Rs 5,417/psf is conservative (factors possibly lower rate of growth in property prices across Bengaluru micro-markets).
- The Orchards project at Devanahalli and Cosmopolis project at Whitefield in Bengaluru are expected to be the key volume contributors over FY15-17E along with the recently launched Phase II of Meadows and Exotica projects.

BRIGADE DEVCO BUSINESS : KEY ASSUMPTIONS AND CASH FLOW PROFILE:

(Rs mn)	FY15E	FY16E	FY17E	FY15-17E
BRGD Share :				
Area Sold (msf)	2.39	2.94	2.82	8.15
Transaction Value (Rs mn)	12,178	15,777	16,190	44,146
Rate (Rs/psf)	5,105	5,363	5,739	5,417
Cash Inflow (Rs mn)...(i)	11,770	14,641	17,570	43,981
Cash Outflow (Rs mn)..(ii)	9,090	11,324	12,138	32,551
Net Cash Inflow (Rs mn)..(i)-(ii)	2,681	3,317	5,432	11,430

Source: HDFC sec Inst Research

We model 8.2 msf of pre-sales worth Rs 44.2bn over FY15-17E with annual price escalation of 5%

Our average selling price assumption of Rs 5,417/psf is conservative (factors in a possibly lower rate of growth in property prices across Bengaluru micro-markets)

BRIGADE : Details of ongoing development projects (as of September 2014)

Details	Ongoing Standalone Projects	Ongoing SPV Projects	Stock Sales	Total
In Mnsft				
Total Super Builtup Area launched..(a)	10.36	3.27	0.10	13.73
Less: Land Owner's Share..(b)	2.02	-	-	2.02
BRGD Share of Saleable Area..(c)..(a)-(b)	8.35	3.27	0.10	11.71
Cumulative Sales till date..(d)	4.54	1.65	-	6.19
To be Sold..(c)-(d)	3.81	1.62	0.10	5.53
In Rs mn (BRGD Share)				
Total Estimated Sale Value	40,309	15,651	864	56,824
Value of Sold units	19,822	7,721	-	27,543
Collections till date on Sold Units	12,406	2,215	-	14,621
Value of Unsold Units	20,487	7,931	864	29,281
Balance Collections (Sold + Unsold)..(e)	27,903	13,436	864	42,203
Estimated Projects Costs (incl. Land/NRD)	27,407	12,493	437	40,337
Cost incurred till date	11,303	5,005	437	16,746
Balance Costs..(f)	16,103	7,488	-	23,591
Pre-tax Cash Surplus/(Deficit)..(e)-(f)	11,800	5,948	864	18,612

Source: Company, HDFC sec Inst Research

BRGD's ongoing residential projects of ~12msf are expected to throw up pre-tax cash flow of Rs 18bn over FY15-18E with NPV (post tax) of Rs 6.6bn (Rs 59/sh)

BRGD has unsold inventory of ~5.5msf in ongoing projects (Rs 29.3bn unsold value) and another 3-4msf of launches in 2HFY15-FY16E

BRGD to generate pre capex/land payment free cash flows of Rs 10.1bn over FY15-17E

- We expect BRGD to generate net cash surplus of Rs 10.1bn over FY15-17E on the back of strong customer collections of Rs 43.4bn and rental income of Rs 5.5bn.
- At the same time, we expect a scale up in construction capex towards hotel and annuity assets of Rs 5.0bn and Rs 5.0bn of land payments as BRGD seeks to augment its land bank.
- Consequently, we expect BRGD's net debt to increase by Rs 1.0bn over FY14-17E to Rs 9.8bn by FY17E.

BRIGADE PROFORMA CASH FLOW MODEL FY15-17E

(Rs mn)	FY15E	FY16E	FY17E	FY15-17E
Devco Inflow	11,770	14,641	17,570	43,981
Devco Outflow	9,090	11,324	12,138	32,551
Net Devco Inflow/(Outflow)..(a)	2,681	3,317	5,432	11,430
Rentco Inflow (Net)	1,630	1,819	2,019	5,468
Rentco Outflow	-	-	-	-
Net Rentco Inflow/(Outflow)..(b)	1,630	1,819	2,019	5,468
Hotelco Inflow	1,418	1,479	2,007	4,905
Hotelco Outflow	769	798	1,169	2,736
Net Hotelco Inflow/(Outflow)..(c)	649	681	838	2,169
Total Operational Cash Flow...d = (a+b+c)	4,960	5,817	8,290	19,068
Add : Other Income	250	263	276	788
Less: Admin Expenses	1,158	1,178	1,398	3,734
Less: Interest	1,193	1,279	1,342	3,814
Less: Income tax	503	665	1,056	2,224
Pre Capex Cash Flow..(e)	2,356	2,958	4,770	10,084
Less : Capex	2,260	2,035	785	5,080
Less : Land Payments	2,000	2,000	1,000	5,000
Less : Dividend Payments	262	263	394	919
Net Cash Inflows..(d)-(e)	(2,166)	(1,340)	2,591	(915)

Source: HDFC sec Inst Research

We model for Rs 10.1 of pre capex and land payment cash flow surplus over FY15-17E

However, post capex and land payments of Rs 10.0bn, we expect BRGD's net debt to increase by Rs 1.0bn over FY14-17E to Rs 9.8bn by FY17E

We value BRGD's FY16E NAV at Rs 253/sh with operational annuity and hotel assets contributing 76% to our GAV

We estimate the EV of BRGD's rental and hotel projects at Rs 30.0bn (Rs 267/sh). After deducting the peak net debt of Rs 10.2bn in FY16E (Rs 8.4bn as of Sep-14), we estimate the equity value of these assets at Rs 19.7bn (Rs 176/sh) that is higher than BRGD's CMP of Rs 159/sh

Addition of more land parcels through the 50:50 JV tie-up with GIC to cumulatively invest ~Rs 15bn (Rs 7.5bn each) across South India and value accretion from Rs 5bn of committed investment in GIFT City, Gujarat are potential triggers

Valuation & views

- With a ready portfolio of marquee rental and hospitality assets in Bengaluru, Brigade Enterprises Ltd (BRGD) is well placed to capitalise on the much anticipated revival in the Bengaluru rental market over the next three years.
- We estimate the EV of BRGD's rental and hotel projects at Rs 30.0bn (Rs 267/sh). After deducting the peak net debt of Rs 10.2bn in FY16E (Rs 8.4bn as of Sep-14), we estimate the equity value of these assets at Rs 19.7bn (Rs 176/sh) that is higher than BRGD's CMP of Rs 159/sh.
- Apart from this, BRGD's ongoing residential projects of ~12msf are expected to throw up pre-tax cash flow of Rs 18bn over FY15-18E with NPV (post tax) of Rs 6.6bn (Rs 59/sh). Brigade also has additional land bank of 359 acres that we value at Rs 3.1bn (Rs 28/sh).
- We initiate coverage on BRGD with a BUY recommendation and a TP of Rs 253/sh (CMP Rs 159/sh).
- Key downside risks are lower than expected volumes in Bengaluru projects and weakness in leasing activity in upcoming office and retail projects.
- Key upside risks are addition of more land parcels through the 50:50 JV tie-up with GIC to cumulatively invest ~Rs 15bn (Rs 7.5bn each) across South India and value accretion from Rs 5bn of committed investment in GIFT City, Gujarat.

BRIGADE SOTP VALUATION

Project	Valuation Methodology	FY16E GAV (Rs mn)	Value (Rs/share)	% of GAV
Development properties	DCF	6,611	59	16.6
Land Bank	Market Value	3,122	28	7.9
Rental Assets	2.66msf	22,943	204	57.8
Hospitality	9x FY17 EV/EBITDA	7,036	63	17.7
Total GAV		39,712	354	100.0
Less:				
FY16E net debt		10,245	91	
Unpaid land cost		1,000	9	
FY16E NAV		28,466	253	

Source: HDFC sec Inst Research

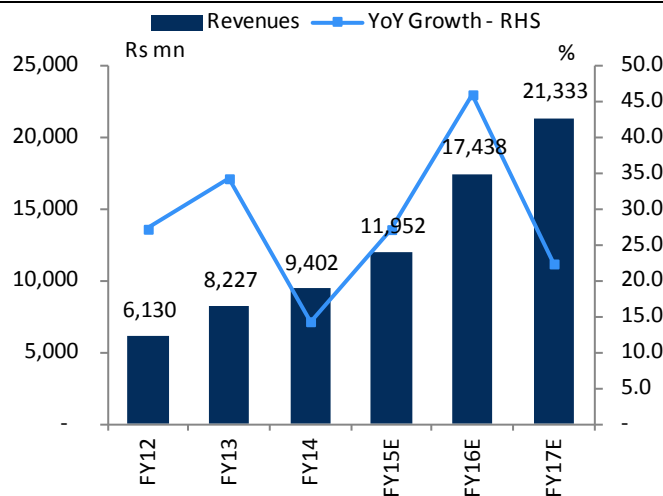
Financial Analysis

- As highlighted earlier, BRGD has a strong pipeline of launches in Bengaluru over the next three years. With ramp up in execution, we expect BRGD’s revenues to grow at 31% CAGR over FY14-17E to Rs 21.3bn.
- The key projects expected to contribute to revenue growth over FY14-17E include Phase II of Brigade Orchards, Cosmopolis, Exotica and Phase II of Meadows. Further, growth in net rental income from Rs 1.3bn to Rs 2.1bn over FY14-17E will also drive revenue growth.
- We estimate EBITDA CAGR of 33% over FY14-17E, in line with revenue CAGR with EBITDA margins to hover ~29% over the same period owing to low historical land cost for the company and higher rental income.
- We expect PAT (post minority interest) to grow from Rs 0.9bn in FY14 to Rs 2.4bn in FY17E at 40% CAGR on the back of revenue and EBITDA growth and keeping interest costs under control.
- As a result, we expect BRGD to achieve RoEs of 10.6% in FY16E and 15.2% in FY17E led by strong sales bookings and execution.

We expect 31% revenue CAGR for BRGD over FY14-17E

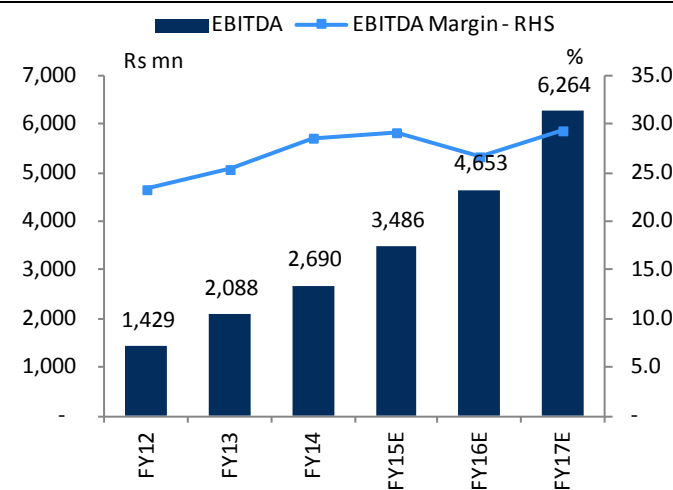
Growth in rental income and new residential projects hitting revenue recognition will be the key revenue drivers

BRGD’s revenues to grow at 31% CAGR over FY14-17E



Source: Company, HDFC sec Inst Research

...EBITDA margins to hover ~29% over FY15-17E

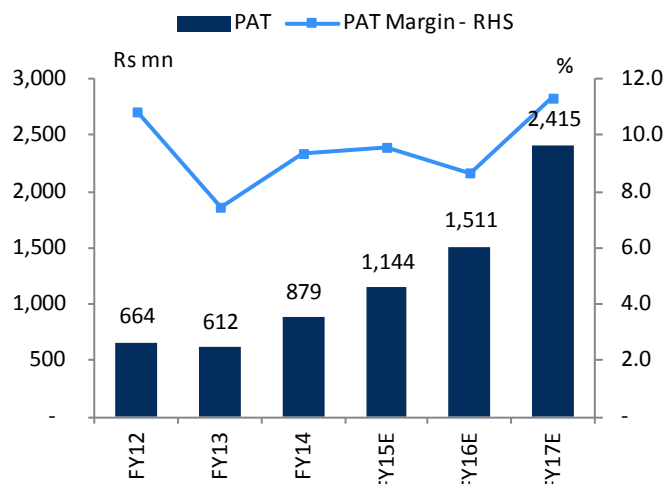


Source: Company, HDFC sec Inst Research

We expect 40% PAT/EPS CAGR for BRGD over FY14-17E

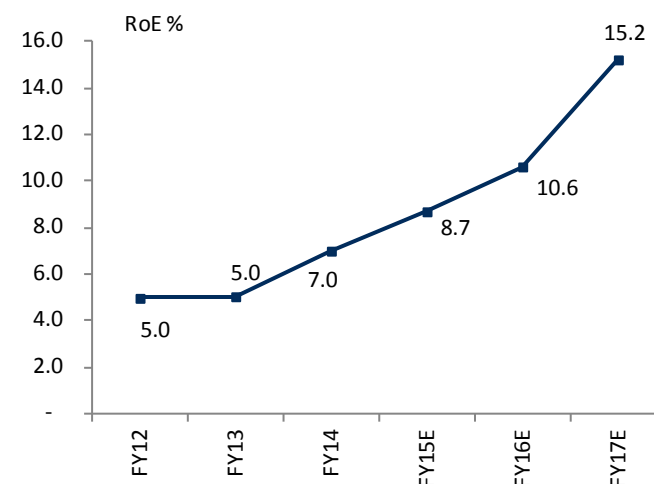
We expect BRGD to achieve RoEs of 10.6% in FY16E and 15.2% in FY17E led by strong sales bookings and execution

BRGD's PAT to grow at 40% CAGR over FY14-17E



Source: Company, HDFC sec Inst Research

...we expect RoEs of 10.6% in FY16E and 15.2% in FY17E



Source: Company, HDFC sec Inst Research

We model 8.2 msf of pre-sales worth Rs 44.2bn over FY15-17E with annual price escalation of 5%

We expect net rental income to grow to Rs 2.1bn in FY17E from Rs 1.3bn in FY14

BRGD : KEY ASSUMPTIONS

Year ending March	FY13	FY14	FY15E	FY16E	FY17E
Development Properties:					
Area sold (msf) (Total)	1.90	2.63	2.39	2.94	2.82
Average rate (Rs/sf)	4,158	5,120	5,105	5,363	5,739
Sales Value (Rs mn)	7,900	13,444	12,178	15,777	16,190
Rental Properties:					
Area under Lease (msf)	1.62	1.62	1.62	2.00	2.32
Rental income (Rs mn)	933	1,300	1,630	1,819	2,053

Source: HDFC sec Inst Research

BRIGADE ENTERPRISES : DETAILS OF ONGOING RESIDENTIAL PROJECTS AS ON 30-SEP 2014

Project	Location	Saleable Area (msf)	BRGD Share (%)	BRGD Area Share (msf)	BRGD Area Sold (msf)	Cumulative BRGD Sales (Rs mn)	Cumulative Collections (Rs mn)	Average Realisation (Rs/psf)
Meadows – Phase I	Kanakpura Rd, Bengaluru	1.80	100%	1.80	1.64	5,064	4,501	3,690
Meadows – Phase II	Kanakpura Rd, Bengaluru	0.44	100%	0.44	0.16	640	122	4,050
Lakefront	Mahadevpura, Bengaluru	1.88	70%	1.32	0.54	3,289	1,281	6,334
Exotica -Phase I	OMR, Bengaluru	0.72	100%	0.72	0.42	1,943	1,314	5,050
Exotica -Phase II	OMR, Bengaluru	0.72	100%	0.72	0.03	138	36	5,300
Rhapsody	Palace Cross Road, Bengaluru	0.04	50%	0.02	0.01	177	103	15,000
Brigade At No.7	Banjara Hills, Hyderabad	0.12	50%	0.06	0.02	231	89	11,300
Golden Triangle - 1	OMR, Bengaluru	0.50	69%	0.35	0.34	1,417	834	4,700
Golden Triangle - 2	OMR, Bengaluru	0.47	71%	0.33	0.24	1,123	465	4,950
Omega Tower A	Thurahalli, Bengaluru	0.31	63%	0.19	0.04	202	44	5,850
Omega Tower B	Thurahalli, Bengaluru	0.30	72%	0.21	0.15	781	408	5,450
Omega Tower C	Thurahalli, Bengaluru	0.24	63%	0.15	0.12	477	375	5,300
Palmgrove Villas	Bogadi Road, Mysore	0.24	70%	0.16	0.05	263	73	5,490
Pinnacle	Derebail, Mangalore	0.51	72%	0.36	0.16	645	412	4,350
Altamount	Arkavathy Layout, Bengaluru	0.32	66%	0.21	0.19	845	630	4,700
Caladium	Hebbal, Bengaluru	0.24	60%	0.15	0.05	426	242	8,500
Serenity	Byepass Road, Chikmangalore	0.09	100%	0.09	0.03	81	33	3,290
Symphony	K.R.S. Road, Mysore	0.53	100%	0.53	0.12	464	181	3,929
Cosmopolis Phase I	Whitefield, Bengaluru	0.84	51%	0.43	0.56	3,706	1,153	6,630
Orchards - Villas	Devanahalli, Bengaluru	0.48	50%	0.24	0.15	942	281	6,125
Orchards - Aspen	Devanahalli, Bengaluru	0.29	50%	0.14	0.29	837	508	2,773
Orchards - Banyan	Devanahalli, Bengaluru	0.30	50%	0.15	0.29	884	198	3,590
Brigade Orchards – Cedar	Devanahalli, Bengaluru	0.54	50%	0.27	0.11	403	19	4,000
Brigade Orchards – Deodar	Devanahalli, Bengaluru	0.63	50%	0.31	0.18	655	27	4,000
Orchards – Parkside	Devanahalli, Bengaluru	0.20	50%	0.10	0.07	293	29	4,200
Total		12.74	74%	9.48	5.95	25,928	8,857	

Source: Company, HDFC sec Inst Research

BRIGADE ENTERPRISES : MASTERPLAN FOR GATEWAY ENCLAVE

BRGD's operating rental and hospitality assets are located at the Brigade Gateway integrated enclave in Malleswaram, Bengaluru

This includes the ~1msf World Trade Centre office, 0.8msf Orion Mall and 230 room Sheraton 5 star hotel. This development also includes 1,200 residential apartments that BRGD has already sold and delivered



Source: Company, HDFC sec Inst Research

INCOME STATEMENT (CONSOLIDATED)

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	8,227	9,402	11,952	17,438	21,333
Growth (%)	34.2	14.3	27.1	45.9	22.3
Material Expenses	4,618	5,035	6,356	10,177	11,833
Employee Expenses	757	778	895	1,029	1,183
Other Operating Expenses	764	900	1,215	1,579	2,053
EBIDTA	2,088	2,690	3,486	4,653	6,264
EBIDTA (%)	25.4	28.6	29.2	26.7	29.4
EBIDTA Growth (%)	46.2	28.8	29.6	33.5	10.0
Other Income	119	225	250	263	276
Depreciation	773	827	1,024	1,528	1,789
EBIT	1,434	2,087	2,712	3,388	4,751
Interest	898	882	1,035	1,173	1,230
Exceptional items	-	(29)	-	-	-
PBT	536	1,235	1,677	2,216	3,521
Tax	(64)	345	503	665	1,056
PAT	600	890	1,174	1,551	2,465
Minority Interest	(12)	11	30	40	50
EO items (net of tax)	-	-	-	-	-
APAT	612	879	1,144	1,511	2,415
APAT Growth (%)	(7.8)	43.6	30.1	32.1	59.8
EPS	5.3	7.9	10.5	13.8	22.0
EPS Growth (%)	5.4	48.2	32.0	32.1	58.9

Source: Company, HDFC sec Inst Research

BALANCE SHEET (CONSOLIDATED)

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Share Capital	1,123	1,123	1,123	1,123	1,123
Reserves	10,999	11,600	12,482	13,730	15,751
Total Shareholders Funds	12,121	12,722	13,604	14,852	16,873
Minority Interest	55	-	30	70	120
Long Term Debt	8,427	7,176	8,233	8,733	9,233
Short Term Debt	2,121	2,146	2,166	2,186	2,206
Total Debt	10,549	9,322	10,399	10,919	11,440
Deferred Taxes	244	342	342	342	342
Long Term Provisions & Others	-	-	-	-	-
TOTAL SOURCES OF FUNDS	22,968	22,387	24,375	26,184	28,775
APPLICATION OF FUNDS					
Net Block	10,495	12,295	13,532	14,040	13,036
CWIP	3,886	2,446	2,446	2,446	2,446
Goodwill	-	-	-	-	-
Investments, LT Loans & Advs	74	825	825	825	825
Inventories	9,099	11,320	12,820	14,320	16,320
Debtors	198	374	378	382	385
Cash & Equivalents	470	507	592	674	1,630
ST Loans & Advances, Others	5,307	5,192	6,239	7,290	8,846
Total Current Assets	15,074	17,393	20,028	22,665	27,181
Creditors	850	1,114	1,337	1,471	1,544
Other Current Liabilities & Provns	5,711	9,458	11,119	12,322	13,169
Total Current Liabilities	6,561	10,573	12,456	13,792	14,713
Net Current Assets	8,513	6,820	7,572	8,873	12,468
Misc Expenses & Others	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	22,968	22,387	24,375	26,184	28,775

Source: Company, HDFC sec Inst Research

CASH FLOW : (CONSOLIDATED)

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Reported PAT	612	879	1,144	1,511	2,415
Non-operating & EO items	(12)	10	30	40	50
PAT from Operations	600	890	1,174	1,551	2,465
Interest expenses	898	882	1,035	1,173	1,230
Depreciation	773	827	1,024	1,528	1,789
Working Capital Change	(2,175)	1,635	(667)	(1,218)	(2,638)
OPERATING CASH FLOW (a)	97	4,234	2,566	3,033	2,845
Capex	(842)	(1,109)	(2,260)	(2,035)	(785)
Free cash flow (FCF)	(745)	3,125	306	998	2,060
Investments & Others	(41)	(738)	0	0	0
INVESTING CASH FLOW (b)	(882)	(1,847)	(2,260)	(2,035)	(785)
Share capital Issuance	41	(80)	0	0	0
Debt Issuance	1,870	(1,122)	1,520	520	520
Interest expenses	(1,270)	(1,354)	(1,035)	(1,173)	(1,230)
Dividend	(196)	(262)	(262)	(263)	(394)
FINANCING CASH FLOW (c)	446	(2,818)	222	(915)	(1,104)
NET CASH FLOW (a+b+c)	(340)	(431)	528	82	957
Non-operating and EO items	321	467	(443)	(0)	(1)
Closing Cash	470	507	592	674	1,630

Source: Company, HDFC sec Inst Research

KEY RATIOS : (CONSOLIDATED)

	FY13	FY14	FY15E	FY16E	FY17E
PROFITABILITY (%)					
GPM	43.9	46.5	46.8	41.6	44.5
EBITDA Margin	25.4	28.6	29.2	26.7	29.4
EBIT Margin	17.4	22.2	22.7	19.4	22.3
APAT Margin	7.4	9.4	9.6	8.7	11.3
RoE	5.0	7.0	8.7	10.6	15.2
RoIC	7.1	10.8	13.4	15.0	19.6
RoCE	6.6	9.4	12.0	13.9	17.8
EFFICIENCY					
Tax Rate (%)	(12.0)	27.9	30.0	30.0	30.0
Asset Turnover (x)	0.4	0.4	0.5	0.7	0.8
Inventory (days)	384	396	369	284	262
Debtors (days)	12	11	11	8	7
Payables (days)	45	38	37	29	26
Cash Conversion Cycle (days)	351	369	343	263	243
Debt/EBITDA (x)	5.1	3.5	3.0	2.3	1.8
Net D/E	0.8	0.7	0.7	0.7	0.6
Interest Coverage	1.6	2.4	2.6	2.9	3.9
PER SHARE DATA					
EPS (Rs/sh)	5.3	7.9	10.5	13.8	22.0
CEPS (Rs/sh)	12.3	15.2	19.3	27.1	37.5
DPS (Rs/sh)	1.5	2.0	2.0	3.0	3.0
BV (Rs/sh)	108.0	113.3	121.2	132.3	150.3
VALUATION					
P/E	29.7	20.0	15.2	11.5	7.2
P/BV	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	13.4	9.9	7.9	6.0	4.4
OCF/EV (%)	0.3	15.9	9.3	10.8	0.1
FCF/EV (%)	(2.7)	11.7	1.1	3.6	7.5
FCFE/Mkt Cap (%)	(0.8)	3.6	4.4	1.9	7.6
Dividend Yield (%)	0.9	1.3	1.3	1.9	1.9

Source: Company, HDFC sec Inst Research

Rating Definitions

BUY	:	Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL	:	Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL	:	Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

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