

Brigade Enterprises

Robust turnaround

BRGD reported operationally a robust quarter as residential pre-sales grew to 1.53msf (+41%/+55% YoY/QoQ). Sales value jumped to Rs 9.2bn (+53%/+60% YoY/QoQ), as realisation grew by +8%/+3.5% YoY/QoQ. Collection from the resi. sales also increased by 29% sequentially to Rs 5.1bn. While leasing activity remained tepid, rental collection from existing portfolio continued to be healthy at 99% in 3QFY21. While mall consumption reached 65% of pre-COVID level, hospitality business surpassed the break-even mark during the quarter. Consolidated net debt decreased marginally to Rs 29.5bn (BRGD's share) from Rs 29.5bn on Sep-20. Despite the mid-term challenges in hospitality and retail business, maintain ADD with an unchanged TP of Rs 288, given the strong momentum in residential business. We have tweaked our est. marginally. Pick-up in commercial leasing would lead to further re-rating.

- Revenue misses estimates:** Revenue for the quarter came in at Rs 6.5bn (+17%/+107% YoY/QoQ), 6% below our estimates. EBITDA declined by 5% YoY as margin contracted by 514bps. Adjusting for the exception item (write-off of Rs 400mn investment in Laxmi Vilas Bank), APAT came in at Rs 239mn, 52% decline YoY and inline with our estimate. With improving labour availability, increasing occupancy in hotels and rising footfalls at malls, we expect revenue to recover from next fiscal.
- Residential sales at record high; leasing pick-up awaited:** BRGD registered record pre-sales of 1.53msf on good response to a newly-launched project in Hyderabad (0.45msf). However, Brigade continues to face headwinds in the commercial business as new leasing remained tepid at 0.12msf in 3QFY21. Basis management commentary, BRGD has ~1msf leasing pipeline but closures are getting delayed due to prevailing market condition.
- Balance sheet remains stable:** Consolidated net debt decreased marginally to Rs 38.1bn (vs Rs 38.3bn on Sep-20), of which Rs 21.4bn is LRD/GOP securitised debt. With Rs 4.8bn of cash, net D/E stood at 1.27x. Total collections improved to Rs 6.8bn during the quarter from Rs 5.4bn in 2QFY21 as collections from residential segment increased to Rs 5.2bn (vs Rs 4bn in 2QFY21). BRGD generated positive OCF of Rs 2.5bn during 3QFY21.

Consolidated Quarterly/Annual Financial summary

YE March (Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	FY20	FY21E	FY22E	FY23E
Net Sales	6,446	5,523	16.7	3,108	107.4	26,322	19,813	29,842	33,433
EBITDA	1,484	1,556	(4.6)	874	69.9	6,633	4,795	8,762	10,602
APAT	239	493	(51.6)	(171)	NA	1,511	(108)	1,839	2,878
Diluted EPS (Rs)	1.2	2.4	(51.6)	(0.8)	NA	6	(1)	9	14
P/E (x)						42	(511)	30	19
EV / EBITDA (x)						14	21	12	10
RoE (%)						6	(1)	8	12

Estimate change summary

Consolidated Rs mn	FY21E			FY22E			FY23E		
	New	Old	Chg. %	New	Old	Chg. %	New	Old	Chg. %
Revenues	19,813	20,769	(4.6)	29,842	29,842	-	33,433	33,433	-
EBITDA	4,795	4,990	(3.9)	8,762	8,855	(1.0)	10,602	10,645	(0.4)
Margins (%)	24.2	24.0	17	29.4	29.7	(31)	31.7	31.8	(13)
APAT	(108)	(120)	NA	1,839	1,841	(0.1)	2,878	2,789	3.2
Adj. EPS (Rs)	(0.5)	(0.6)	NA	9.0	9.0	(0.1)	14.1	13.6	3.2

Source: Company, HSIE Research

ADD

CMP (as on 5 Feb'21)	Rs 270
Target Price	Rs 288
NIFTY	14,924

KEY CHANGES	OLD	NEW	
Rating	ADD	ADD	
Price Target	Rs 288	Rs 288	
	FY21E	FY22E	FY23E
EPS %	NA	-0.1	3.2

KEY STOCK DATA

Bloomberg code	BRGD IN
No. of Shares (mn)	208
MCap (Rs bn) / (\$ mn)	56/773
6m avg traded value (Rs mn)	64
52 Week high / low	Rs 281/91

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	32.8	95.8	16.5
Relative (%)	10.1	61.1	(6.8)

SHAREHOLDING PATTERN (%)

	Sep-20	Dec-20
Promoters	47.33	47.79
FIs & Local MFs	20.55	20.89
FPIs	11.36	11.68
Public & Others	20.76	19.64

Pledged Shares - -

Source : BSE

Pledged shares as % of total shares

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Disclosure:

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