

Retail Equity Research

Brigade Enterprises Ltd.

Real Estate

BSE CODE : 532929

NSE CODE: BRIGADE

BLOOMBERG CODE: BRGD:IN

SENSEX : 72,079

SELL

12 Months Investment Period

Rating as per Small Cap

CMP Rs.1,245 TARGET Rs.1,070 RETURN -14% ↓

(Closing: 04-06-24)

KEY CHANGES:

TARGET ↑

RATING ↔

EARNINGS ↑

Strong Pre-sales....Expensive valuation

Brigade Enterprises Ltd. (BRGD) is one of India's leading property developers, with over three decades of expertise. Since its inception, Brigade has completed 280+ buildings, amounting to over 86msf. of developed space across a diverse real estate portfolio.

- In Q4FY24, BRGD reported steady pre-sales growth of ~15%, with booking value increasing ~51% YoY. The average realization stood at Rs.8,243 per sft (+31% YoY).
- In Q4FY24, revenue expanded ~102% YoY, leading to an increase of 234% YoY in PAT with a margin of 12% in the same period.
- The leasing segment reported a growth of ~28% YoY with an incremental leasing of ~1msf in the fiscal. Occupancy was ~97% across SEZ projects and 100% in Non-SEZ projects.
- BRGD outlines a forthcoming launch pipeline of ~13msf in residential, 0.5msf in hospitality, and 3msf in commercials, reinforcing its expansion across diverse segments.
- Brigade is positioned well in the market with robust bookings, strong launches and optimistic conditions in realty sector. However, the stock has priced in these factors and trades at a premium valuation. Hence, we reiterate our SELL rating on the stock with a revised target price of Rs.1,070 based on 5x FY26E BVPS.

Bangalore leading the run....

Brigade clocked a pre-sale of 7.55 msf with a value of Rs. 6,013cr (+46% YoY) aided by its 5.26Msf launches in FY24. Additionally, the company reported the highest ever realisation (+23% YoY) during the same period. Furthermore, the company is planning to launch ~12.6mnsft in the coming year, with 7.5msf is planned in Bangalore, 3msf in Chennai, and the rest in Chennai and Mysore. The upcoming launches with a GDV 130bn, along with the saleable inventory of 2.3msf in ongoing projects, are expected to carry the sales momentum in the coming years as well.

High margin annuity portfolio

Brigade reported a 32% increase in lease income with an improved EBITDA margin of 71%, backed by incremental leasing of ~1msf this year. Company's leasing portfolio of 1.31mnsf retail space and 7.37msf of commercial space operates at an occupancy of 95% with ~0.28msf vacant space. In addition, the company has an upcoming 1.96msf leasable area, which is expected to support the annuity growth in the coming years.

Hospitality...encouraging growth

BRGD's hospitality segment is on a stable footing, with 1,474 keys in operation. The segment reported a growth of 18% (YoY) in revenue on the back of improved Average Revenue per Room (ARR) and occupancy.; ARR stood at INR 6,483 and occupancy at 72% for FY 24, a growth of 8% & 4% YoY, respectively. BRGD's upcoming project (IBIS Styles, Mysore) with a balance capex of ~30% to incur will support growth in the future.

Valuation

Brigade is positioned well in the realty market with a diversified portfolio, robust bookings in residential, and a strong pipeline of launches to capitalize on the robust demand in the Indian realty sector. However, the stock has priced in these factors and currently trades at a premium valuation. Therefore, on a cautious note, we reiterate our SELL rating on the stock with a revised target price of Rs.1,070 based on 5x FY26E BVPS.

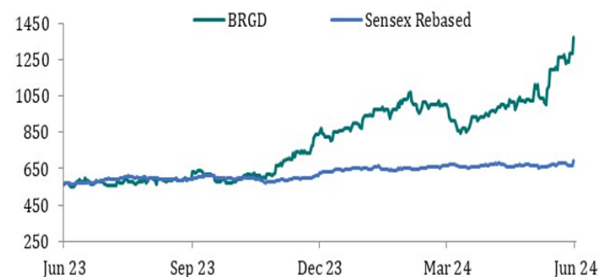
Company Data

Market Cap (Rs.cr)	28,763
Enterprise Value (Rs.cr)	32,091
Outstanding Shares (Rs.cr)	23.1
Free Float	56%
Dividend Yield	0.1%
52 week high (Rs.)	1,386
52 week low (Rs.)	546
6m average volume (Rs.cr)	0.06
Beta	1.0
Face value (Rs.)	10.0

Shareholding (%)	Q4FY24	Q3FY24	Q2FY24
Promoters	43.7	43.8	43.8
FII's	14.9	13.7	13.4
MFs/Institution	23.8	25.0	25.4
Public	17.6	17.5	17.4
Total	100.0	100.0	100.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	40.8%	61.8%	141.7%
Absolute Sensex	3.8%	9.8%	22.3%
Relative Return	37.0%	52.0%	119.5%

*over or under performance to benchmark index



Y.E Mar (cr)	FY24A	FY25E	FY26E
Sales	4,897	5,247	5,736
Growth (%)	42	7	9
EBITDA	1,194	1,384	1,577
EBITDA Margin(%)	24	26	28
PAT Adj.	452	598	728
Growth (%)	53	32	22
Adjusted EPS	20	27	32
Growth (%)	46.1	32.4	21.7
P/E	67.8	51.2	42.0
P/B	8.6	7.4	6.3
EV/EBITDA	28.6	24.6	21.7
ROE (%)	13.5	15.5	16.2
D/E	1.0	0.9	0.8

Quarterly Financials (Consolidated)

	Q4FY24	Q4FY23	YoY Growth %	Q3FY24	QoQ Growth %	FY24	FY23	YoY Growth %
Sales	1,702	843	102	1,174	45	4,897	3,445	42
EBITDA	433	202	114	262	65	1,194	859	39
EBITDA margins(%)	25	24	145bps	22	310bps	24	25	-55bps
Depreciation	76	83	-9	82	-7	302	315	-4
EBIT	417	165	152	214	95	1,060	712	49
Interest	-138	-100	38	-135	2	167	119	41
Other Income	60	30	104	34	75	49	60	-18
Exceptional Items	0	17	-100	0	0	0	45	-100
PBT	279	65	328	79	252	569	278	105
Tax	68	2	3216	24	187	168	56	200
Share of profit from Associate	0	0	0	0	0	0	0	0
Reported PAT	211	63	234	56	279	401	222	80
Adjustments	5	-6	-177	-18	-127	-51	-69	-27
Adj PAT	206	69	198	73	181	451	291	55
No. of Shares (cr)	23	23		23		23	23	
EPS (Rs)	9	3	198	3	181	20	14	46

Change in Estimates

Year / Rs Cr	Old estimates		New estimates		Change %	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	5,025	5,067	5,247	5,736	4.4	13.2
EBITDA	1,317	1,393	1384	1577	5.1	13.2
Margins (%)	26	27	26	28	-18bps	-1bps
Adj. PAT	551	5,479	598	728	8.6	-86.7
EPS	24	26	27	32	11	24

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Sales	2,999	3,445	4,897	5,247	5,736
% change	54	15	42	7	9
EBITDA	766	859	1,194	1,384	1,577
% change	62	12	39	16	14
Depreciation	351	315	302	311	318
EBIT	429	712	1,060	1,257	1,460
Interest	444	434	491	572	601
Other Income	67	119	167	184	201
PBT	-15	278	569	685	859
% change	-88	-1948	105	21	25
Tax	50	53	168	171	215
Tax Rate (%)	-331	19	29	25	25
Reported PAT	-96	-65	225	401	514
Adj.*	-50	-148	-69	-51	-84
Adj. PAT	83	294	452	598	728
% change	-279	256	53	32	22
No. of shares (cr)	23	23	23	23	23
Adj EPS (Rs)	4	14	20	27	32
% change	-264	274	46	32	22
DPS (Rs)	1	1	2	2	2

BALANCE SHEET

Y.E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	945	1,478	1,737	2,063	2,093
Account Receivable	504	462	500	546	597
Inventories	6,223	7,327	7,736	8,295	8,958
Other Cur. Assets	849	445	534	577	616
Investments	631	582	599	644	692
Gross Fixed Assets	6,119	6,160	6,422	6,684	6,946
Net Fixed Assets	4,885	4,644	4,558	4,538	44,84
CWIP	541	740	1,232	1,601	2,001
Intangible Assets	20	37	35	36	35
Other Assets	560	662	956	995	1,036
Total Assets	15,158	16,377	17,886	19,295	20,513
Current Liabilities	7,131	8,388	8,567	9,113	9,395
Provisions	8	11	23	14	15
Debt Funds	4,833	4,549	5,337	5,584	5,797
Other Liabilities	308	287	401	449	476
Equity Capital	230	231	231	231	231
Reserves & Surplus	2,647	2,913	3,327	3,905	4,599
Shareholder's Fund	2,878	3,144	3,558	4,136	4,830
Total Liabilities	15,158	16,377	17,886	19,295	20,513
BVPS	128	136	158	183	214

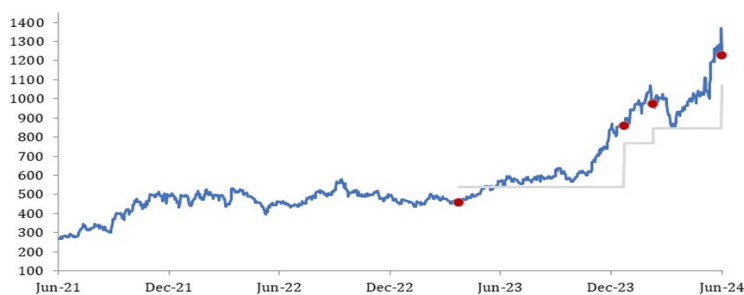
CASH FLOW

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Depn.	433	609	754	909	1,046
Non-cash adj.	396	296	542	656	685
Changes in W.C	404	237	-343	-115	-470
C.F. Operation	1,032	966	902	1,365	1,177
Capital exp.	-208	-266	-705	-660	-664
Change in inv.	-784	-50	-311	-84	-90
Other invest.CF	21	45	0	0	0
C.F - Investment	-971	-271	-1017	-744	-754
Issue of equity	503	8	0	0	0
Issue/repay debt	-83	-282	693	139	192
Dividends paid	-28	-35	-34	-34	-34
Other finance.CF	-359	-386	-282	-417	-552
C.F - Finance	33	-695	378	-312	-394
Chg. in cash	94	1	263	309	29
Closing cash	374	375	570	879	908

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profitab. & Return					
EBITDA margin (%)	26	25	24	26	28
EBIT margin (%)	14	21	22	24	25
Net profit mgn.(%)	3	9	9	11	13
ROE (%)	3	10	13	16	16
ROCE (%)	13	11	17	17	18
W.C & Liquidity					
Receivables (days)	63	51	36	36	36
Inventory (days)	1397	1403	974	1014	1056
Payables (days)	141	143	97	98	98
Current ratio (x)	1.1	1.1	1.2	1.2	1.2
Quick ratio (x)	0.3	0.3	0.3	0.3	0.3
Turnover & Leverage					
Gross asset T.O (x)	0.5	0.6	0.8	0.8	0.8
Total asset T.O (x)	0.2	0.2	0.3	0.3	0.3
Int. covge. ratio (x)	1.0	1.6	2.2	2.2	2.4
Adj. debt/equity (x)	1.3	1.0	1.0	0.9	0.8
Valuation					
EV/Sales (x)	12	10	7	7	6
EV/EBITDA (x)	45	40	29	25	22
P/E (x)	370	99	68	51	42
P/BV (x)	11	10	9	7	6

Recommendation Summary (Last 3 Years)



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
28-03-2023	Accumulate	537
26-12-2023	Sell	767
12-02-2024	Sell	845
04-02-2024	Sell	1,070

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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