



ENAM Securities
India Research

Rs 125

Target Price: Rs 110

Potential Upside: -12%

Sector avg. upside: 0% to 10%
(mkt cap wtd)

Brigade Enterprises Ltd

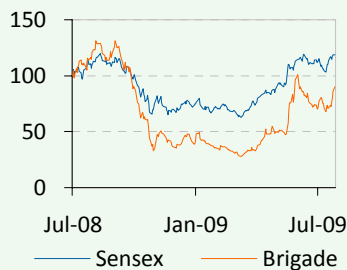
Relative to sector: **Underperformer**

Analyst: **Chirag Negandhi**
Email: chirag.negandhi@enam.com
Tel: 9122 6754 7618

Analyst: **Nitin Idnani**
Email: nitin.idnani@enam.com
Tel: 9122 6754 7655

Gaurang Shah
Email: gaurang.shah@enam.com

Relative Performance



Source: Bloomberg, ENAM Research

Stock data

No. of shares	: 112mn
Market cap	: Rs 14 bn
52 week high/low	: Rs 146/ Rs 28
Avg. daily vol. (6mth)	: 570,600 shares
Bloomberg code	: BRGD IB
Reuters code	: BRIG.BO

Shareholding (%) Sep-09 QoQ chg

Promoters	: 57.5	0.0
FIs	: 4.6	(0.2)
MFs / UTI	: 0.2	(0.9)
Banks / FIs	: 1.0	(0.0)
Others	: 36.7	1.2

Financial Summary

Y/E Mar	Sales (Rs mn)	PAT (Rs mn)	EPS (Rs)	Change YoY (%)	Valuation	(Rs)
2008	4,891	1,022	9.1	43	NAV	110
2009	3,907	384	3.4	(62)	P/ NAV (x)	1.14
2010E	3,697	245	2.2	(36)		
2011E	5,536	709	6.3	190		

Source: Company, ENAM estimates; Note: Full year figures are on a consolidated basis

RESIDENTIAL VOLUMES KEEP PACE

Brigade Enterprises Ltd (BEL) declared revenue of Rs 840 mn (↓ 20% YoY), operating profit of Rs 115 mn (↓ 30% YoY) and net profit of Rs 52 mn (↓ 74% YoY) on a standalone basis during Q2FY10. The company was able to sell 137 apartments during the quarter, ↑ 43% QoQ (96 in Q1FY10) in line with the volume increase in Bangalore.

Q2FY10 Highlights

- Q2FY10 Revenue break-up: Brigade Gateway ~Rs 167 mn, Brigade Metropolis ~Rs 344 mn, Other Bangalore projects Rs 236 mn and Mysore projects ~Rs 27 mn. Other operating income is mainly from rent and hospitality.
- Residential component of both the flagship projects - Brigade Gateway & Metropolis – is 69% and 85% complete respectively.
- Debt increased by Rs 880 mn on account of continued construction activity taking the Net Debt: Equity to 0.53x.
- Brigade also saw a significant increase in inquiries for commercial space, however, it is yet to sign any leases.
- New launches in Nov'09 include 2 projects in Mysore – 1 residential (237 units) project totaling 0.24 mn sq. ft. and 1 commercial/ retail project of 0.15 mn sq. ft.
- Extraordinary expense of Rs 7 mn was on account of short tax provisioning for the year ended FY09.
- Margins remained subdued (~14%) due to lower realizations and greater contribution from low-margin projects, including the Brigade Metropolis project (~44%).

Valuations

While residential volumes have started to gain momentum, we continue to monitor Brigade's ability to lease/ sell its commercial space in its flagship projects. At CMP of Rs 125, the stock is currently trading **at a 14% premium to our NAV of Rs 110**. We maintain our sector **Underperformer** rating with a revised price target of **Rs 110**.

Results Update

(Rs mn)	Quarter ended (Standalone)					12 months ended (Consol.)		
	Sep-09	Sep-08	% Chg	Jun-09	% Chg	Mar-10E	Mar-09	% Chg
Net Sales	840	1,055	(20.4)	657	27.9	3,697	3,907	(5.4)
EBIDTA	115	164	(29.7)	104	10.9	564	641	(11.9)
Other income	15	31	(51.9)	6	-	40	98	(58.9)
PBIDT	130	195	(33.2)	110	17.9	605	739	(18.1)
Depreciation	43	51	(15.0)	45	(4.3)	193	151	27.8
Interest	19	(1)	-	22	(11.4)	85	31	-
PBT	68	146	(53.5)	44	55.5	326	557	(41.4)
Tax	16	(54)	-	9	71.9	82	174	(53.2)
Adjusted PAT	52	200	(74.0)	34	51.1	245	384	(36.3)
Extra ordinary income/ (exp.)	(7)	187	-	4	-	(3)	484	-
Reported PAT	45	386	(88.4)	39	16.1	242	868	(72.1)
No. of shares (mn)	112	112	-	112	-	112	112	-
EBIDTA margin (%)	13.7	15.6	-	15.8	-	15.3	16.4	-
PBIDT margin (%)	15.5	18.5	-	16.8	-	16.4	18.9	-
EPS - annualized (Rs.)	1.8	7.1	(74.0)	1.2	51.1	2.2	3.4	(36.3)

Source: Company, ENAM Research; Full year figures are on a consolidated basis

Key financials as on 30th September 2009

(Rs mn)	30 th June 2009	30 th Sep 2009
Inventory	5,025	5,131
Sundry Debtors	66	92
Customer Advances	1,301	1,242
Loans & Advances	3,686	3,506
Debt	4,882	5,758
Cash & Equivalents	136	403

Source: Company, ENAM estimates

This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Nothing in this document should be construed as investment or financial advice, and nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. The intent of this document is not in recommendatory nature

Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors

Enam Securities Private Limited has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval

Enam securities Private Limited, its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document

This report has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of ENAM Securities Private Limited. The views expressed are those of analyst and the Company may or may not subscribe to all the views expressed therein

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Copyright in this document vests exclusively with ENAM Securities Private Limited.