

Brigade Enterprises Ltd

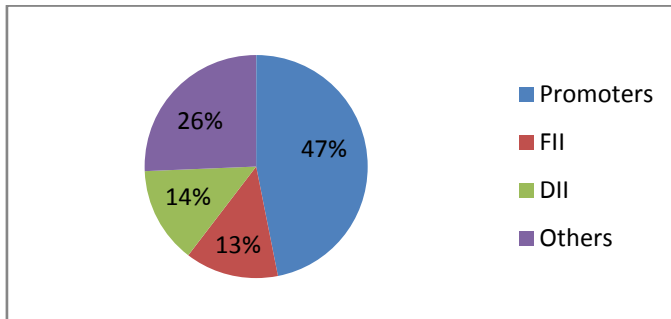
Accumulate

Target Price: Rs 350

Value Parameters

BSE Code	532929
NSE Symbol	BRIGADE
CMP (As on 4 th Dec, 2017)	Rs 302
Face Value	Rs 10
52 Week High/Low	322/145
Market Cap (Rs cr)	4068
EPS (TTM)	13.71
PE ratio (x)	22.97

Shareholding Pattern % (SEP'17)



Company Overview

Brigade enterprises ltd has a diverse and mature portfolio of real estate, lease rental and hospitality businesses and successfully expanded footprints beyond Bengaluru and Mysuru to other high-growth potential cities like Chennai, Hyderabad, Kochi and GIFT City, Gujarat. It has an in-house, fully integrated property development team comprising engineers and architects who oversee the development of properties from inception to completion. Its land bank strategy includes outright purchase of land parcels as well as entering into joint development its product mix consist of premium residential apartments, mixed use developments and affordable homes.

As a part of diversification strategy, company aims to increase revenues from the leasing business.

Investment Rationale

Strong portfolio of ongoing and planned development projects located in attractive south India property markets with Robust Bangalore market fundamentals and preference for organized players post RERA should aid BEL's well-balanced portfolio and currently in the process of developing 30 million square feet across seven cities over the next five years. As per management statement in Annual report of FY17 BEL will be launching 11.53 mn. sq. ft. during the FY17-18. This will comprise of 5.02 mn. sq. ft. of real estate space, 5.76 mn. sq. ft. of Commercial Space and 0.13 mn. sq. ft. of Hospitality space. BEL entered into an MOU with Intercontinental Hotels to initially set up 10 Holiday Inn Express hotels out of total 20 hotel properties planned across by 2020.

Outlook & Valuation

Brigade, September Quarter sales were up 8% YoY to Rs 484 Cr and PAT was up by 38% YoY to Rs 41.62 Cr. Company plans to increase focus on hospitality and leasing business and is expected to improve on its sales with diversified portfolio.

BEL highlighted the fact that sales for Q2FY18 were slow because of RERA-related compliance. Going forward sales are expected to pick up from Q4FY18, as BEL is launching 2.4 mn sq ft under both residential and commercial project, 2mn sq ft of commercial-lease project and building 0.43 mn sq ft of two IBIS Hotels in the second half of FY17-18.

Our Conservative SOTP valuation for BEL comes to 350/ Share considering projects that have visibility over next year. We have '**ACCUMULATE**' rating on this stock.

Research Analyst Registration No.

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