



“Brigade Enterprises Limited Q4 FY15 Earnings Conference Call”

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LIMITED
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Moderator:

Ladies and gentlemen, good day and welcome to the Q4 FY15 Earnings Conference Call of Brigade Enterprises Limited. We have with us on the call today Mr. Suresh Kris – CFO and Mr. Om Ahuja – CEO of Residential Business. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Suresh Kris. Thank you and over to you Mr. Kris.

Suresh Kris:

Thank you everybody and good afternoon, good evening. Again for this financial year 14-15 Brigade has shown about 38% increase in turnover, that is on a consolidated basis and we have also crossed about 1000 crores mark and then total turnover is around 1330 crores. Profit After Tax is about 1.5 billion that is 150 crores compared to last year it is around 29% higher. We have also launched project about 1.2 million sq. ft. during Q4 and then totally we have launched over about 6 million sq. ft. last year. And on a stand-alone basis it is around 1008 crores and an increase of about 10% over the last year. Again this year one of the SPV also provided some sales like BPPL which is a Cosmopolis project which is a joint venture with GIC, Singapore and also the BCV Developers, they have contributed around 300 crores during this year plus the Brigade standalone this is about 1000 crores totaling around 1300 crores. Profit After Tax or Profit Before Depreciation is after taking EBITDA of around 20 crores towards extra depreciation as per the new Company's Act and then we have also estimated the interest portion which belongs to the future for the current year projects which is around 21 crores otherwise the profit would have been by around 41 crores, this is on standalone basis as well as in consolidated basis.

Then total new bookings, you can say it is pre-sale about 2.8 million sq. ft. for this year as compared to around 2.6 million sq. ft. last year and then see the Q4 result for the pre-sale it is around 0.7 million sq. ft. compared to 0.6 million sq. ft. last year. And then debt has also increased to around 1200 crores compared to around 1000 crores last quarter. Around 200 crores increase is only due to our purchase of land parcel during this quarter and plus some of the CAPEX project to the extent of about 70 crores. On a consolidated basis the total debt is around 1300 crores which is around 150 crores more than the standalone which belongs to BCV Developers as well as for the BPPL. Loans the, our portion of debt it is only about 75 crores.

Then we have totally around 19 million sq. ft. of ongoing projects out of which around 16 million sq. ft. is for the residential. Now going detecting the landowners shares because it is joint development it will be around 14 million sq. ft. out of which we have sold around 8 million sq. ft. balance around 6 million sq. ft. is to be sold over a period of three years. And then total expected revenue out of this 14 million sq. ft. around 6900 crores and we have sold around 3500 crores, this is the value. And then the value of the unsold stock at the....I mean

the current price is around 3400 crores and we have also collected around 2000 crores so far, balance to be collected including the unsold portion is around 4900 crores. So far we have recognized only about 1544 crores and then total revenue to be recognized including the unsold stock is around 5300 crores. And we have the expected construction cost of around 4900 crores out of which so far we have now incurred around 2200 crores.

I now see the net-net cash inflow, it will be around 1600 crores is the cash accrual. And then we are expecting around 30 to 35% increase in the total revenue recognition that is on a consolidated basis that is in the year 15-16. And in terms of sales could be around maybe more than around 3.3 million sq. ft. of pre-sale bookings and we are now expecting around 7.7 million sq. ft. to be launched in the year 15-16 out of which around 6.1 million sq. ft. could be on residential and balance towards commercial and hospitality. And then we have around 1.63 million commercial project which is under the lease out of which more than about 1.56 million has been already list out.

And if you have any other question now you can ask.

Moderator: Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Nitin Idnani from Axis Capital. Please go ahead.

Nitin Idnani: Good afternoon Mr. Suresh. I had a couple of housekeeping questions. First if I can just bring you to your slide 20 and 21, on slide 20 just looking at the real estate portion, the residential real estate portion project area is given as 16.3 million less about 4.3 which is the land owner JV share. If that if I just look at Brigade Orchards and Cosmopolis which is through your SPV, total area is 3.6 odd out of which about 1.8 of half, 50% is land owner share. But if I go to slide 21 and I just look at ongoing SPV projects the total area is 3.64 but there is zero for land owner share. Just wanted to understand what am I missing?

Suresh Kris: Actually when you now see the total 3.64 which has been into the SPV probably we may have to sell into those entity 100% of that and then only the profit will get shared between two parties, normally the partner will not sell. Like in the case of BCV as well as for BPPL that is the Cosmopolis where BEL has to sell the entire portion sales office will at that point of entity, obviously we may have to take 100% of the sales into that. Since we are not showing that whereas in the case of JD only the land owner share has to be deducted which has been shown separately, now you are getting 16.45 which is the Brigade share plus landowner share and then when you see the second line, LO Share about 2.4 has been given in Page #21.

Nitin Idnani: Alright. And also again on slide 20, if you can just help us with the portfolio which makes up the lease portion and the hospitality, what is the total cost and how much has been incurred till date.

- Suresh Kris:** We have about 950 crores total exposure that is in the CAPEX projects which can be bifurcated into two, that is commercial portion which is about 583 crores out of which 315 crores has been already incurred and hospitality 360 crores out of which 137 crores has been incurred, so total is 944 is committed out of which 452 crores has been incurred balance 492 crores will be incurred.
- Nitin Idnani:** Alright, thank you so much, I will get back in the queue.
- Moderator:** Thank you. Next question is from the line of Adhidev Chattopadhyay from Elara Capital. Please go ahead.
- Adhidev Chattopadhyay:** Thanks for taking my questions. Firstly, would you like to give any sort of guidance for our sales volumes for the coming year given the fact that you have got a large portfolio launches and lot of projects where we have still a lot of flats to sell?
- Suresh Kris:** Yeah that is on the pre-sale for '15-16 it would be above 3.5 million sq. ft., this is the guidance we wanted to give on pre-sales whereas revenue to be recognized we have more than about 5700 crores, so again based on the construction cost to be incurred again obviously real estate income will definitely come extra.
- Adhidev Chattopadhyay:** Okay. My second question is again there on the unrecognized revenue around 5300 odd crores, so how much of that would you expect to come in FY16?
- Suresh Kris:** That is again based on the construction cost to be incurred. Definitely you can take around one-third as a minimum.
- Adhidev Chattopadhyay:** My next question is on our land buys for the quarter and for the year. If you could just clarify exactly what is the total land spend we have done during the year and for the deal we had done for HUL, if you could quantify the amount which has gone towards that?
- Suresh Kris:** Land spend during this quarter is around 150 crores and for the year is about 250 crores and we have also incurred the cost for the CAPEX which is around 70 crores for the quarter and 223 crores for the year.
- Adhidev Chattopadhyay:** Okay. Next question is where do we see our debt levels trending over the next few quarters?
- Suresh Kris:** Actually we wanted to keep the debt level by around 1:1 ratio but again considering the CAPEX and our land purchase for future growth I think it may go even up to 1.1 or 1.2 like that and then afterwards again based on the collection as well as for the LRD or something I think it will again go and stabilize at around 1.1.

- Adhidev Chattopadhyay:** Okay. And I'll just squeeze in a final question, sir we have said that many projects in the GIFT city we would be launching in the coming year. This includes the hotel, commercial and residential. So is it assured that we will definitely launch these or is it dependent on what is a sort of demand we see in that space?
- Suresh Kris:** Obviously we want to go in see and what is the demand in that location, afterwards only we wanted to launch. I think Mr. Om Ahuja will be able to elaborate on the launches of this project in GIFT City and other places.
- Om Ahuja:** Sure, thanks Suresh. GIFT City project primarily at this point of time is at the drawing board stage in terms of designs and approvals but we are trying to see if we can get this off the drawing board this year. And in terms of demand primarily it's all driven with the leasing activity is taking in the commercial space there and we see there should be a pickup this fiscal.
- Adhidev Chattopadhyay:** Okay. And just wanted to understand, do we wait to get some pre-leasing commitments like some indicative bids and then we start, just wanted to understand how do you look at the demand coming in because I understand right now there is just two buildings over there and lot of those people are waiting for the guidelines to be formed, formation for the international finance and then only after that lot of people would decide to take up space. Just asking is it a definite thing of is it a calculate spill over to the next year, that is what I just wanted to understand.
- Om Ahuja:** Well, at this point of time we have recently seen some clarification from SEBI in terms of clarity on the formation part or in terms of the companies there and the SEZ part there in terms of financial institutions but we are still awaiting more clarity in terms of operationalizing the commercial space there and that is going to be the guiding factor. At this point of time looks to be a 15-16 part but again it all depends upon the roll out through the government side.
- Adhidev Chattopadhyay:** Okay fine, I will come back in the queue for more questions.
- Moderator:** Thank you. Next question is from the line of Punit Gulati from HSBC. Please go ahead.
- Punit Gulati:** Can you give some color on leasing demand that you are seeing in your projects and probably for competition as well?
- Suresh Kris:** Again on the lease portfolio we have about 1.60 million sq. ft. out of which about 19% has been already leased out and then we have under construction about 2 million sq. ft. out of which our share is around 1.2 million sq. ft. and then which will come under our revenue zone during this year 15-16 maybe around 75 to 80%, balance in subsequent year.
- Punit Gulati:** Do you have any pre-commitments?

- Suresh Kris:** Especially on the Banaswadi Mall, Orion East we have the pre-commitment which has come as well as with the WKC, Kochi also we have which could be around 0.5 million sq. ft. out of this, balance we need to make during this year.
- Punit Gulati:** Okay. And plans of adding any more projects on the commercial space and would you be willing to do it without any pre-commitments?
- Suresh Kris:** Normally Brigade doesn't want to have any pre-commitment during the launch or even during the construction stage, so most probably we want to do only during the completion stage or after completion stage.
- Punit Gulati:** Okay. And some color on residential side would also be useful.
- Om Ahuja:** Well Punit, what we are looking at this year 3.5 million sq. ft. in terms sales on the residential front and considering the market what last year we were looking at launching in Chennai and this year it seems to be happening hopefully this quarter and that's where we see lot more revenue pick up in terms of new area being added to the portfolio and we are looking at Bangalore. We have quite a few launches lined up this year and that will actually bring in lot more traction.
- Punit Gulati:** Okay. And apart from the launches do you expect the projects which are already launched to do better than what they have been doing in the past this year?
- Suresh Kris:** Well we are seeing the inflow in terms of the urban demand at this point of time seems to be picking up and we have seen this already in last 45 days. Of course, we saw the demand picking up last quarter too but considering our Chennai launch got delayed that's the reason we are seeing that spillover this year and we see that trend which is upward trend and with the festival season coming in we will see that uptick further.
- Punit Gulati:** Okay, thank you so much.
- Moderator:** Thank you. Next question is from the line of Vinod Malviya from Florintree. Please go ahead.
- Vinod Malviya:** We are just looking at your consolidated Net Profit, so we see a 29% growth in Profit After Tax but only a 3% growth in Profit After Tax after minority interest. That obviously says that there has been a skew in terms of the SPV projects that you have been executed, I assume that is the reason. Is that the reason or is it because the SPV projects are more profitable, that is one. And two, going forward in the following year do you expect this sort of a skew as well because as a shareholder I am more interested in the Profit After Tax after minority. I understand that this is all based on revenue recognition method and so on but still I just want to understand how the project flow is.

- Suresh Kris:** Yeah, you are right. This is after the minority interest from the SPV it is (Inaudible 18.39)DPPL as well as the DCV. Again going forward obviously the 3% maybe around 10% or again 15% like that because even the DCV will be able to contribute more profit during this year.
- Vinod Malviya:** Okay understand that's right, thanks.
- Moderator:** Thank you. Next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Just wanted to know on this new acquisition the GIC land, GIC and HUL so what is the end use of this land?
- Suresh Kris:** The end use presently it is only commercial. This is our land which is around 25 acres and this is capable of developing around 3 to 3.5 million sq. ft.
- Parikshit Kandpal:** Of commercial?
- Suresh Kris:** Yeah of commercial.
- Parikshit Kandpal:** So in the pending investments for CAPEX is around 412 crores. So this covers this 3.5 million also or this is over and above that?
- Suresh Kris:** Again the CAPEX is only the ongoing project what we have shown. Once this is launched then it will be included in the ongoing project there.
- Parikshit Kandpal:** So how much do we intend to incur on this total development and when is it going to start? So what are the timelines of basically breaking around here and what kind of CAPEX you are looking to incur on this?
- Suresh Kris:** You can expect around Rs. 2500 to 3000 per sq. ft. on that and then normally it will take around one year for us to launch the project for construction.
- Parikshit Kandpal:** 1000 crores you are looking to spend basically one year from here on, so it will be a three to four year development, right?
- Suresh Kris:** Yeah, you are right.
- Parikshit Kandpal:** And how are you looking to fund this? It's a GIC, so how is the arrangement here in terms of funding of this CAPEX?

- Suresh Kris:** Normally construction will be funded by both the parties that is Brigade as well as GIC and if required we will be able to get bank facilities also.
- Parikshit Kandpal:** So 50-50 basically out go from both the sides? So equity will be in 50-50% and balance will be the debt funding basically, so 1:4 ratio?
- Suresh Kris:** You are right.
- Parikshit Kandpal:** Just a little bit extending on this GIC relationship so what will be the strategy going forward? I mean looking at both the residential as well as the commercial or it will largely be commercial or residential, so how this will be split?
- Suresh Kris:** Actually we have a frame of agreement one has to invest into the new land parcel to the tune of about 1500 crores going forward which will be in the period of three years and that is meant for real estate, there is for residential plus the mixed used development may be the recent one could be an exception to that and again maximum could be of the residential.
- Parikshit Kandpal:** Maximum capital out go will be on residential?
- Suresh Kris:** Yeah right.
- Parikshit Kandpal:** Okay. When we talk about debt-equity peaking out at 1.2 so is it standalone debt equity or gross?
- Suresh Kris:** Gross debt about 1200 crores.
- Parikshit Kandpal:** So when we talk about that hitting 1.2-1.1 so is it the standalone debt you are talking about or consolidated debt?
- Suresh Kris:** Even if it is consolidated it will be like that only, we will not go and take more because on this SPV presently we have only basic project and it does not require so much of bank loan and even if it is 1.1-1.2 this is on consolidated basis.
- Moderator:** Thank you. The next question is from the line of Nitin Idnani from Axis Capital. Please go ahead.
- Nitin Idnani:** One last housekeeping question, on slide 14 you give your EBITDA to capital employed ratio, just wanted to understand, this ratio is based on EBITDA from the ongoing projects obviously but the capital employed would it also include the under construction assets or is it also like-to-like just the ongoing assets?

- Suresh Kris:** No it is not ongoing; this is on total assets including the non-operating assets also which are under construction.
- Nitin Idnani:** Understood if I use the percentage let us say for lease rental 13% on a capital employed of 990 crores I will get the EBITDA but that will be only from the ongoing assets.
- Suresh Kris:** Correct.
- Nitin Idnani:** So from that if I subtract the cost incurred on the under construction assets which you shared earlier I will get the residual and therefore the right yield.
- Suresh Kris:** Correct.
- Moderator:** Thank you. The next question is from the line of Sandeepan Pal from Motilal Oswal Securities. Please go ahead.
- Sandeepan Pal:** Hi Sir. Just one question I joined little late, so there have been quite a few projects which got delayed in terms of launching. I mean we have guided for almost 6-7 projects in 4th Quarter but we did only two, so was it because of approval, and if it is so how is the scenario right now? I am just trying to get a certainty for the upcoming launches for next year.
- Suresh Kris:** See, into the last year's launches commitment it was around 6 million sq. ft. or so only from the residential side out of which we have launched around more than 5 million sq. ft. so far that is in the same year and that could be a mixture of reasons, one could be the approval may be in the last stage and another one even though approval is there we wanted to position the product and the market, so obviously there could be a delay. Even in the case of Chennai it is like that. So this is a mixture of all the reasons not only because of approval.
- Sandeepan Pal:** There is nothing in terms of approval which is still holding back in terms of that there could be further delay in the projects or so?
- Suresh Kris:** Yes you are right.
- Moderator:** Thank you. The next question is from the line of Narayan from CholaMS. Please go ahead.
- Narayan:** Sir on the lease rental portfolio what would be the rough split between office tenants and retailers?
- Suresh Kris:** You can say around 50-50 because the total retailers it is around 0.8 million sq. ft. out of 1.63, so obviously the balance is only for office
- Narayan:** Okay. And the yields are similar?

- Suresh Kris:** More or less similar.
- Narayan:** Okay and one more thing some of retail companies have been commenting that they are using the slowdown to negotiate for lower rental rates are you seeing any kind of that pressure in pockets?
- Suresh Kris:** In fact we will be very happy to accept it because the going rate is about 20 to 30% higher than what they have negotiated earlier.
- Narayan:** Okay, so you are already having that cushion built in.
- Suresh Kris:** Yeah.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** I had a follow-up question. This 1500 crores with GIC, it's a total equity investment, right?
- Suresh Kris:** You are right, equity only.
- Parikshit Kandpal:** And how much of that has already been incurred.
- Suresh Kris:** You can say 200 crores whatever we have done into the last deal but they can go and increase it also this is only a framework agreement this is only an understanding 1500 crores and there is no compelling reason for us to go and incur in the same year, it can go up to 3 years even if you are not able to do it in 3 years also it can go and extend. This is only a framework, a facilitating agreement so that it will not take much time to go to the IEC in Singapore or US like that.
- Parikshit Kandpal:** Are you looking to also at computed commercial products through this JV?
- Suresh Kris:** Normally this is for the residential as well as mix use and if the same ratio maintained then there is no need to have different SPV but most probably for each and every project it could be in SPV.
- Moderator:** Thank you. The next question is from the line of Rahul Jain from Syatematix. Please go ahead.
- Rahul Jain:** I just have one question on terms of profitability. Going forward how you see the profitability moving up and if it happens then what could be the levers for the same?
- Suresh Kris:** Profitability as of now the EBITDA range is around 32% to 34%. I think we will be able to maintain this even going forward.

Rahul Jain: And for let's say our PAT margin after MI?

Suresh Kris: PAT margin after this one is at the same level.

Rahul Jain: Same as 15%.

Suresh Kris: Yes 15%.

Rahul Jain: Around 6-7%.

Suresh Kris: Yes.

Rahul Jain: So 6-7 percent is a sustainable PAT margin for us?

Suresh Kris: Presently it is around 9 to 10%

Rahul Jain: Post minority interest?

Suresh Kris: Post minority interest it would be 8% not lesser than that because there is no much difference between PAT and minority interest. Even when you say about 115 crores versus 95 crores only about 10 crores is the difference, 10 crores is 1% on sales.

Rahul Jain: Right now we had about 95 crores of profit?

Suresh Kris: Yes you are right.

Rahul Jain: On the turnover of 1330?

Suresh Kris: 1330.

Rahul Jain: That comes around 7%.

Suresh Kris: Yeah.

Rahul Jain: So this is the number one should expect even going forward?

Suresh Kris: Going forward may be around 1 to 2% definitely it will be more because the BCV will be contributing more profit in 15-16.

Rahul Jain: Okay. What is the new area that may come up for lease in the coming fiscal?

Suresh Kris: Coming fiscal I would say around 1.2 million sq. ft. out of which around 75% will come, about 0.9 million sq. ft. will come during this period.

- Rahul Jain:** This should come in second half or first half?
- Suresh Kris:** Mostly probably second half.
- Rahul Jain:** Okay. What are the expected rentals in this market as of current situation?
- Suresh Kris:** When you see the total portfolio of about 1.2 that will give on a conservative basis around 70 to 80 crores of lease/rental income.
- Rahul Jain:** Okay. This is not the peripheral income, only the rental part, or the total income?
- Suresh Kris:** You are right and then again the CAM and the other charges will be extra from this.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from B&K Securities. Please go ahead.
- Prem Khurana:** Good afternoon sir. Just one question actually I was looking at our land bank sheet and it seems we have added quite a few projects in this quarter, so one would be your HUL property that we have acquired in Whitefield. Which properties would we have acquired during this quarter other than this HUL property and would these be in same micro-markets that we are already present in or these are at some new locations?
- Suresh Kris:** You can say maximum or I would say 100% is in Bangalore only. During this quarter we have acquired some parcel of land near our Golden Triangle, it is in Old Madras Road. That is around 8.60 acres in that location and a lot of JD has been signed that is in various parts in Bangalore that could be around 48 acres of land.
- Prem Khurana:** 48 acres you said?
- Suresh Kris:** Yeah.
- Prem Khurana:** Okay. In which area this would be in, the JDA that you have talked about?
- Suresh Kris:** It is in different locations but in Bangalore.
- Prem Khurana:** How many JDA's would these be in terms of count?
- Suresh Kris:** Could be four.
- Moderator:** Thank you. The next question is from the line of Shubrata Das from AR Insight. Please go ahead.

- Shubrata Das:** Sir I just wanted to have one clarification, this slide number 20 ongoing projects there is a list that has been given and in page number 29 there are projects to be launched, Slide #16, so the difference I think what my assumption is that 20 is deducting the inter-comprehensive lease of whatever the projects is there right now and that 29 is about those projects which are only going to be coming up in FY16, am I on the right line?
- Suresh Kris:** Yes, you are right.
- Moderator:** Thank you. The next question is from the line of Rahul Jain from Syatematix. Please go ahead.
- Rahul Jain:** Given the residential sales volume which we did in Q4 and last year also the Q4 was softer versus the other quarter, so do you see seasonality factor to it or is it in general lesser booking than the trend which we were seeing in an earlier quarters?
- Om Ahuja:** No I would say in Q4 this year we had a Chennai plan that is the reason primarily that's getting this year now in terms of execution. Frankly Q4 lot of action happens in terms of lot of homebuyers want to get their capital gains aspect to be addressed so they come and buy more properties. So Q4 normally is a good quarter but because we had one of the projects getting pushed to this year and that is the reason primarily I would say that is the reason you see that kind of variation.
- Rahul Jain:** Okay, but now we have said for 3.5 million as an expected guidance for the next fiscal, right?
- Om Ahuja:** Right.
- Rahul Jain:** So what gives us confidence of this kind of a growth to happen? You see the demand traction much better than what it was, let us say, six months or one year ago?
- Om Ahuja:** Well, I would say last calendar year to this calendar year the market in terms of confidence it looks to be much more exciting and a lot more new launches which are lined up this year will actually give us that kind of momentum and keeping in mind the inflation levels and urban income aspect we feel the new launches in Bangalore as well as Chennai will give us the momentum.
- Rahul Jain:** And the kind of traction which we saw during the fiscal 15, can you say that this was also driven to a certain extent by the pent-up demand which was there in the past or you would say that it is only added up and that would give further fillip in '16 and onwards?
- Om Ahuja:** If I look back to the commercial leasing which has happened last year in Bangalore city in terms of, it's been a record year last year, 13 odd million sq. ft. net leased area for commercial space, those many new jobs will get generated and we see the demand next 2 to 3 years Bangalore looks to be promising in terms of residential demand, keeping in mind that this year

again Bangalore commercial leasing expected on ground leasing number seems to be 50% of India that is almost you are talking of 15-16 million sq. ft. versus 35 million expected all India leasing in commercial space. So considering the momentum of what we see on ground in commercial leasing that will result into more jobs in Bangalore and that will result into more residential demand. That is how we can actually sum it up in saying that next 2 to 3 years we see that demand on residential seems to be going very good in Bangalore city specifically and that keeps the confidence high.

Rahul Jain: So the 15 million is the new area under lease addition which you expect for the current fiscal on the commercial side?

Om Ahuja: This is a market estimate, various researcher reports suggest. Bangalore is going to see net leased commercial space this year would be 15 to 16 million sq. ft. compared to last year 12-13 million sq. ft.. Some reports talk of 10, some reports talk of 13 we are taking an average of 12. So 12 to 16 is expected and this year Bangalore seems to be taking away almost 45 to 50% of market pie in the commercial leasing space. So keeping that in mind 45 to 50% if Bangalore keeps the stand this year too, last year it almost was 40% so we see every 100 sq. ft. of commercial space resulting into one new job and keeping that in mind we are looking at job creation being the best in Bangalore, residential demand looks to be very exciting.

Rahul Jain: Just an extension to the same question, if you see from the job creation point of view I think e-commerce is the biggest driver right now for the Bangalore market and whatever the salary level have they may be giving right now. And secondly from the point of view of moderate hike in the IT industry in the recent past versus what it used to be earlier, do you think that kind of a proposition leads to 1:10 kind of a fundamental things to happen?

Om Ahuja: It will be very difficult to put a thumb rule there because what happens is e-commerce salary levels and salary levels in IT and IT enabled services vary completely in all spectrums. Primarily what we are looking at is the market Bangalore has seen sustained growth in terms of leasing demand on the commercial space as well as the residential space, in residential space I am referring to in sales. And keeping in mind that Bangalore has already recovered the rental rates primarily the pre-Lehman rental rates, it is the only city which has actually crossed pre-Lehman rental rates in terms of upside in the commercial space. This gives more confidence in terms of saying that Bangalore is a market which is immune to the situation what we see across India in terms of residential demand.

Moderator: Thank you. Next question is from the line of Abhishek Anand from JM Financial. Please go ahead.

Abhishek Anand: A very good afternoon, just wanted to understand, so we have entered into 4 JDs this quarter. Are you witnessing any change in trends whenever you go for joint development agreement?

Are you gaining more negotiating power or is the land owner gaining more negotiating power?
How are you seeing incremental trends on that aspect?

Suresh Kris: Normally what happens is we wanted to have the outright purchase from the land owner and because of the creditability of Brigade they wanted to have the JD. So basically it has been decided by the land owner instead of Brigade in case of land purchases. Those who want to have a desperate sale or something only they used to go and sell it. Of course we have our own stringent process in acquiring the land or the JDA but again going by the trend on the allocation of capital depending on the land owners' desire we may enter into more JDs even during this year.

Abhishek Anand: You mentioned that the retailers are actually signing at 20-30% higher rentals with you. Is it just a Brigade specific trend or in general the market is witnessing a 20-30% higher rentals for retail assets?

Suresh Kris: I am not talking about market I am talking only about the present asset where the current rentals are about 20-30% higher than the previous year only for our assets.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

Om Ahuja: We would like to thank everybody on the call. Last year was an exciting year in terms of topline growth and the bottom line growth on a consolidated basis. We are looking at a much more great momentum this year and we believe the Bangalore city primarily where our major exposure is and other cities like Chennai and Hyderabad where we have significant exposure at this point of time and we have seen the launches lined up, gives us confidence that next fiscal is going to be a quite more exciting in terms of all aspects.

Suresh Kris: Thank you very much.

Om Ahuja: Thank you.

Suresh Kris: Thank you for your participation.

Moderator: Thank you very much members of the management. Ladies and gentlemen on behalf of Brigade Enterprises Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.