

Expect growth rebound post weak Q3...

About the stock: Brigade Enterprises (BEL) is one of the leading property developers in South India. Its offerings include Grade-A commercial property, affordable to ultra-premium housing in real estate business and operational marquee hotel assets in hospitality segment (listed entity). Given the healthy end user demand, strong launches, it has reported a robust sales value CAGR of 27% over FY20-25 to ₹ 6013 crore

Q3FY26 performance: Brigade Enterprises reported weak pre-sales of ₹ 1750 crore (down 30% YoY, down 14% QoQ) for Q3FY26 led by lower sales volumes (down 39% YoY, down 30% QoQ) while realisations stayed strong (up 16% YoY, up 23% QoQ at ₹ 13,142/sft). Collections were down 1% YoY (down 12% QoQ) at ₹ 1760 crore. On reported basis, consolidated sales were up 8% YoY at ₹ 1575 crore, EBITDA margins were lower 217 bps YoY at 26.1% while net profit was up 21% YoY at ₹ 187 crore (aided by higher effective tax rate). In leasing, the portfolio occupancy stood at 93% from the overall operating lease portfolio of 9.29 msf in Q3FY26. Leasing revenue in Q3FY26 stood at ₹ 325 Crores (up 16% YoY) and EBITDA stood at ₹ 231 Crores (up 36% YoY). Hospitality revenue in Q3FY26 stood at ₹ 165 Crores (up 12% YoY) and EBITDA stood at ₹ 58 Crores (up 10% YoY).

Investment Rationale

- **Approval delays lead to flattish FY26 pre-sales guidance; To revert to 15% CAGR in FY27:** Post weak 9MFY26 pre-sales (down 9% YoY at ₹ 4902 crore) owing to weak Q3FY26 (launches affected by approval related delays), the management now aims to breach FY25 pre-sales as against its earlier guidance of 15% YoY growth. It remains fairly confident on 4.3 msf (GDV of ~₹ 5400 crore) planned launches for Q4FY26 with one-third projects being on the verge of receiving RERA approvals. As of now, it continues to maintain a healthy launch pipeline of ~12 msf over the next four quarters while it intends to grow its pre-sales by 15% in FY27.
- **Commercial and hospitality to remain firm:** In commercial office space, ~2.5 msf will get into operations this year (to be leased out over four quarters thereafter), while it launched ~1.2 msf in 9MFY26 and has ~4.2 msf upcoming launches in next four quarters. Consequently, its rental leasing income is projected to rise to ₹ 2000 crore over the five year period once the assets gets completely leased and stabilised. Additionally, it hospitality segment continues to do well (9MFY26 revenue/EBITDA were up 15%/ 13% YoY at ₹ 444 crore/ ₹ 147 crore). It plans to add 1700 keys (doubling its portfolio of hotels to 18 hotels) over the next 4-5 years.

Rating and Target Price

- BEL's residential segment is expected to revert to growth trajectory from FY27 while commercial and hospitality continue to show healthy growth.
- We retain our BUY rating with our revised SOTP based Target Price of ₹ 1060/-.

Key Financial Summary

Particulars (Rs. In crore)	FY23	FY24	FY25	2 yr CAGR (FY23-25)	FY26E	FY27E	FY28E	3 yr CAGR (FY25-28E)
Net Sales	3445	4897	5074	21.4%	5803	7214	9763	24.4%
EBITDA	859	1194	1414	28.3%	1503	1919	2652	23.3%
EBITDA Margin(%)	24.9	24.4	27.9		25.9	26.6	27.2	
Net Profit	291	452	686	53.4%	762	1019	1547	31.1%
EPS (₹)	12.6	19.5	28.1		31.2	41.7	63.3	
P/E(x)	61.6	39.8	27.7		24.9	18.7	12.3	
EV/EBITDA(x)	25.6	18.9	14.8		14.6	10.5	5.9	
RoE(%)	9.0	12.7	11.6		11.6	13.7	17.5	
RoCE(%)	8.5	11.9	12.2		12.5	14.5	18.0	

Source: Company, ICICI Direct Research



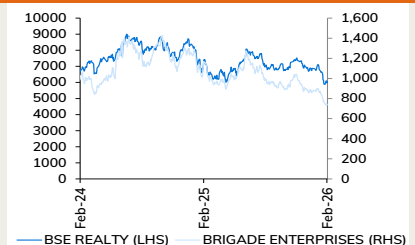
Particulars

Particulars	(Rs. in crore)
Market Cap	19,084
Total Debt FY25	5,274
Cash FY25	3,261
EV	21,097
52 week H/L (Rs.)	1333/ 711
Equity capital	244.4
Face value (Rs.)	10.0

Shareholding pattern

Particular	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	41.1	41.1	41.1	41.1
FIIIs	20.2	19.3	18.7	18.1
DIIIs	22.9	23.4	23.3	23.6
Others	15.8	16.1	16.9	17.2

Price Chart



Key risks

- Slowdown in demand especially in its core Bengaluru market.
- Inability to scale up its leasing and hospitality portfolio.

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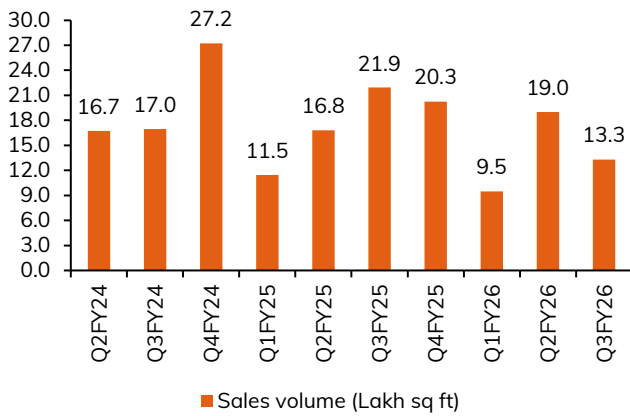
Recent earnings call highlights:

- **Guidance:** The company has revised its pre-sales guidance for FY26 on account of delay in launches. For FY26, it expects to breach FY25 pre-sales of ₹7850 crore (₹ 4902 crore sales bookings in 9MFY26). Post FY26, it intends to grow pre-sales at 15% YoY. It expects average price realization growth of 5-7% YoY. As per management, Bengaluru remains net-net positive in terms of job creations offsetting job losses.
- **Launches:** The company has a launch pipeline of ~12 msf for the next four quarters. In 9MFY26, it had launched 4.3 msf projects having a GDV of ₹ 4800 crore. For Q4FY26, it targets to launch 4.3msf having GDV of ₹ 5400 crore. It launched tower 2 of Brigade Gateway, Hyderabad project in Q3FY26 and achieved ₹ 550 crore pre-sales.
- **Q3FY26 key highlights:** Pre-sales booking decline 30% YoY and 14% QoQ to ₹ 1750 crore led by lower sales volume of 1.33 msf down 39% YoY and 30% QoQ. Collections were down 1% YoY to ₹ 1706 crore (real estate - ₹ 1258 crore, leasing - ₹ 325 crore, hospitality - ₹ 177 crore). Net cash flow from operating activities stood at ₹ 278 crore.
- **Leasing:** Portfolio of 9.29 msf witnessed 93% occupancy (8.61 msf) in Q3FY26. Retail segment saw 5% YoY growth in footfalls while consumption growth was up 16% YoY. Leasing revenues stood at ₹ 325 crore (up 16% YoY). It launched 1.2msf office space and has upcoming launch pipeline of 4.2 msf over next 4 quarters. The lease rental income for FY26 is estimated at ₹ 1300 crore while it is expected to grow substantially in FY27.
- **Hospitality:** Hospitality SBU revenues grew 14% YoY to ₹ 165 crore with 76% portfolio occupancy and ARR of ₹ 7852 (up 17% YoY) in Q3FY26. EBITDA also grew 17% YoY to ₹ 57 crore.
- **Business development:** During 9MFY26, it added 14 msf with potential GDV of ₹ 16,000 crore which includes (~₹ 8640 crore in Bengaluru, ₹ 4800 crore in Hyderabad).
- **Debt:** The gross debt of the group stood at ₹ 4504 crore, cash ₹ 2617 crore and net debt at ₹ 1887 crore (company's share ₹ 1273 crore). 92% of the debt comprises for commercial portion which is backed by lease rentals. Average cost of debt reduced 20 bps QoQ to 8.05%.

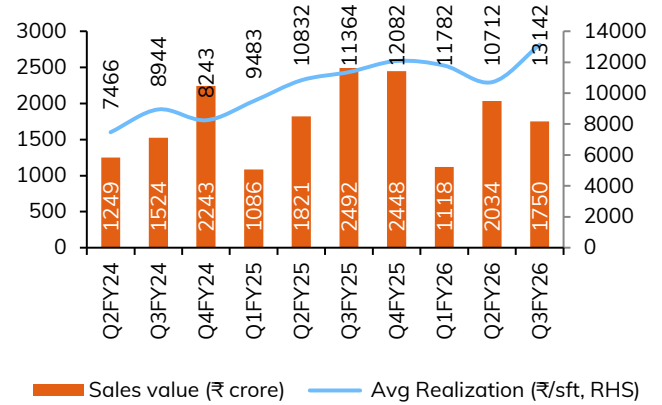
Exhibit 1: Quarterly Analysis

Particulars	Q3FY26	Q3FY25	YoY (Chg %)	Q2FY26	QoQ (Chg %)	Comments
Income from Operation	1,575.1	1,463.9	7.6	1,383.4	13.9	Leasing/hospitality revenues grew by 16%/12% YoY to ₹ 325 crore/₹ 165 crore respectively
Other Income	48.1	65.7	-26.9	46.5	3.4	
Total Income	1,623.2	1,529.7	6.1	1,429.9	13.5	
Total Operating Cost	590.8	519.2	13.8	735.2	-19.6	Sequential improvement in margins across residential, office and hotels
Employee cost	123.0	107.0	14.9	117.8	4.4	
Other expenditure	237.6	259.5	-8.4	291.5	-18.5	
EBITDA	410.9	413.7	-0.7	328.1	25.3	Sequential improvement in margins across residential, office and hotels
EBITDA Margin (%)	26.1	28.3	-217 bps	23.7	237 bps	
Depreciation	80.1	76.3	5.0	76.5	4.7	
Interest	89.9	114.3	-21.4	102.3	-12.1	Lower interest expense gets offset by higher effective tax
PBT	289.0	288.8	0.1	195.8	47.6	
Total Tax	63.8	53.3	19.7	25.3	152.5	
Pat after Minority Interest	186.5	236.2	-21.0	162.5	14.8	

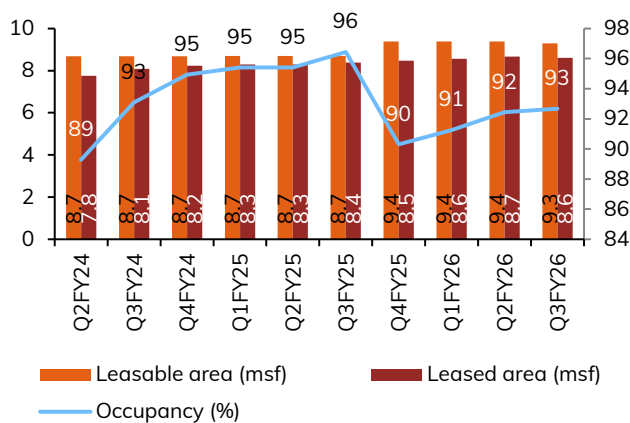
Source: Company, ICICI Direct Research

Exhibit 2: Residential sales volume trend


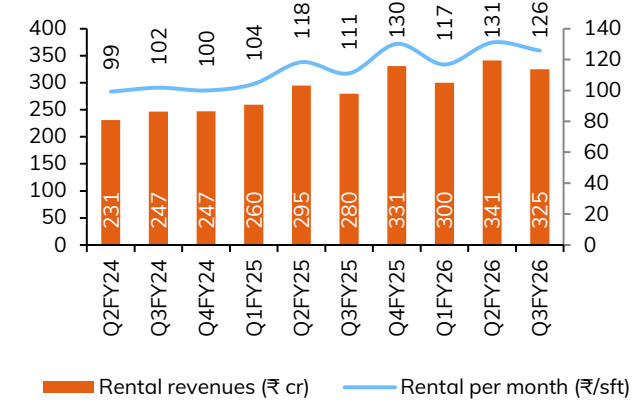
Source: Company, ICICI Direct Research

Exhibit 3: Residential sales value/realisation trend


Source: Company, ICICI Direct Research

Exhibit 4: Leasing/Occupancy trend


Source: Company, ICICI Direct Research

Exhibit 5: Rental revenues trend


Source: Company, ICICI Direct Research

Exhibit 6: Valuation table

Particulars	Value	NAV/share	Remarks
Residential NAV	14410	590	
Leasing Portfolio Total	11018	451	
Hospitality Portfolio	1737	71	At Mcap of Brigade Hotel Ventures
Total Gross Asset Valuation	27165	1112	
Less: Net Debt (Brigade share)	1273	52	Brigade's effective net debt
Valuation	25892	1060	

Source: ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement

₹ crore

Year-End-March	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	4,896.7	5,074.2	5,803.0	7,214.5	9,763.5
Other Income	167.5	239.3	196.3	206.1	216.4
Total revenues	5,064.2	5,313.5	5,999.2	7,420.5	9,979.8
Cost of Materials Sold	2,738.3	2,316.8	2,781.0	3,471.1	4,766.6
Employee Cost	319.9	404.7	445.2	489.7	538.7
Other Expenditure	644.2	938.5	1,073.3	1,334.3	1,805.7
Total Operating Exp.	3,702.3	3,660.0	4,299.5	5,295.1	7,111.0
EBITDA	1,194.4	1,414.2	1,503.5	1,919.4	2,652.4
Interest	491.0	495.5	369.1	385.6	402.1
Depreciation	302.1	288.8	323.7	364.0	404.2
PBT	568.7	869.3	987.7	1,375.8	2,062.4
Tax	167.6	188.8	197.5	302.7	453.7
Profit before MI	401.0	680.5	790.2	1,073.1	1,608.7
Minority Interests	(50.6)	(5.3)	46.9	54.3	61.8
PAT	451.6	685.8	762.4	1,018.8	1,546.9
EPS (₹)	19.5	28.1	31.2	41.7	63.3

Source: Company, ICICI Direct Research

Exhibit 8: Cash Flow Statement

₹ crore

Year-End-March	FY24	FY25	FY26E	FY27E	FY28E
Profit before Tax	569	869	988	1,376	2,062
Depreciation	302	289	324	364	404
Interest paid	491	495	369	386	402
CF before wc changes	1,255	1,472	1,437	1,865	2,591
Net Increase in CA	(1,046)	(1,667)	849	(602)	(1,301)
Net Increase in CL	367	1,510	(1,277)	2,833	6,123
Net CF from op. activities	334	995	696	3,516	6,360
Purchase of Fixed Assets	(269)	(639)	(1,400)	(1,400)	(1,400)
(Purchase)/Sale of Inv.	8	12	-	-	-
Interest received	99	161	196	206	216
Others	(155)	134	(47)	(54)	(62)
Net CF from inv. activities	(315)	(331)	(1,251)	(1,248)	(1,245)
Equity Raised	-	-	-	-	-
Proceeds from Borrowing	882	(92)	(800)	200	200
Interest Paid	(580)	(467)	(369)	(386)	(402)
Dividend Paid	(46)	(46)	(73)	(86)	(86)
Net CF from fin. activities	241	860	(1,242)	(271)	(288)
Net Cash flow	259	1,524	(1,797)	1,997	4,827
Opening Cash	1,478	1,737	3,261	1,464	3,461
Closing Cash	1,737	3,261	1,464	3,461	8,288

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet

₹ crore

Year-End-March	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	231	244	244	244	244
Reserves & Surplus	3,285	5,394	6,083	7,016	8,478
Networth	3,558	5,915	6,558	7,436	8,836
Total Debt	5,337	5,274	4,474	4,674	4,874
Deferred Tax Liability	27	14	14	14	14
Source of Funds	8,921	11,204	11,046	12,125	13,725
Gross Block	1,465	1,612	1,662	1,712	1,762
Less: Accumulated Dep	564	620	695	772	851
Net Block	901	992	968	940	911
Capital WIP	1,232	1,929	2,279	2,629	2,979
Total Fixed Assets	2,132	2,921	3,246	3,569	3,890
Investments	50	43	43	43	43
Inventories	7,736	8,869	7,791	7,847	7,969
Trade Receivables	500	629	718	931	1,390
Loans & Advances	523	475	542	702	1,049
Cash & Bank Balances	1,737	3,261	1,464	3,461	8,288
Other Current Assets	388	512	585	758	1,132
Total Current Assets	11,657	14,566	12,036	14,911	21,638
Trade Payable	760	786	897	1,162	1,736
Provisions	23	33	33	33	33
Other Current Liabilities	7,168	8,858	7,299	9,458	14,125
Total Current Liabilities	7,951	9,677	8,229	10,654	15,895
Net Current Assets	2,692	3,680	2,427	2,470	3,073
Application of Funds	8,921	11,204	11,046	12,125	13,725

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

Year-End-March	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
Reported EPS	19.5	28.1	31.2	41.7	63.3
Cash EPS	32.6	39.9	44.4	56.6	79.8
BVPS	154.0	242.1	268.3	304.3	361.6
Operating Ratios					
EBITDA / Net Sales	24.4	27.9	25.9	26.6	27.2
PAT / Net Sales	9.2	13.5	13.1	14.1	15.8
Return Ratios					
RoE	12.7	11.6	11.6	13.7	17.5
RoCE	11.9	12.2	12.5	14.5	18.0
Valuation Ratios					
EV / EBITDA	18.9	14.8	14.6	10.5	5.9
P/E	39.8	27.7	24.9	18.7	12.3
EV / Net Sales	4.6	4.1	3.8	2.8	1.6
Market Cap / Sales	3.9	3.7	3.3	2.6	1.9
Price to Book Value	5.1	3.2	2.9	2.6	2.2
Turnover Ratios					
Asset turnover	0.5	0.5	0.5	0.6	0.7
Gross Block Turnover	3.3	3.1	3.5	4.2	5.5
Solvency Ratios					
Net Debt / Equity	1.0	0.3	0.5	0.2	(0.4)
Current Ratio	1.0	1.0	1.0	0.8	0.6
Quick Ratio	0.2	0.1	0.2	0.2	0.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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