

M.R.Jaishankar, Chairman & Managing Director – Brigade Enterprises Ltd –

AGM speech on 30/7/09

Ladies & Gentlemen,

I welcome you all once again. I am happy to see a good gathering of stakeholders for the 2nd AGM of the listed company Brigade Enterprises Ltd.

2. Let me share the good news first. For the 3rd consequent year, a panel of judges comprising of Architects, Realtors, Consultants, Contractors and Building Material Suppliers in a survey conducted by the well known publication Construction World has rated Brigade Enterprises Ltd as amongst India's Top 10 Builders. It is a perception survey and the selection is made taking into account parameters like Best Business Practices, Quality, Brand/Image, Size, Quality of Construction, Innovative Product Offerings, Social Obligations, Goodwill and Use of Technology. Company performance during these difficult economic conditions was also a criterion for the vote. The survey was conducted over a period of 4 months and the respondents were selected from all over India.

2a) In addition to the Top 10 Builders 2009 award, which we came to know only yesterday, last year Forbes Magazine named Brigade amongst the 200 best companies (under a billion \$ turnover) in the Asia Pacific region for the year 2008. What is noteworthy is that of the 22 Indian companies which found a place in the 200 list, Brigade is the only real estate company in the country and the only Bangalore based company to find a place in the list.

Also, Brigade Enterprises received the 'Regional Developer of the Year-South' 2009 Award instituted by Realty Plus, India's leading real estate magazine.

3. The last 10-12 months have been the most challenging in this millennium. Economies world over have been badly affected. Relatively speaking, India is less affected compared to the western economies and countries whose GDP is export dependent. Indian exports comprise less than 20% of our GDP as compared to 40% in case of China & about 60% in case of East Asian economies like Japan. Though, by & large, India is perceived as less dynamic & aggressive during the boom time, in the present circumstances, the country would be classified as conservative, wise and not greedy. Probably, the same rationale is applicable to Brigade Group also.

4. The response by the developed countries to the global recession has been swift & substantial which has helped in not allowing the 'recession' to become 'depression'. Other than reduction of interest rates by 2 - 3%, Indian government hasn't taken many positive steps, as compared to say China, which is pumping in USD 250 billion+ to stimulate their economy. The biggest impetus to the Indian economy seemed to have come from unexpected quarters – parliamentary elections! An estimated Rs.15-25,000 crores is the spend for the elections.

5. If one were to ask, when will the economy recover to its previous glory? In my opinion, not in the immediate future, although one can say with reasonable confidence that the worst is behind us. There are several predictions that in 6 – 18 months, there will be marked improvement in the world economy. A lot will depend on United States which is the world's largest economy with its GDP 14 times bigger than India & with less than 30% of the population of our country.

The major morale boosting development as far as India is concerned is that we have a stable government in the Centre. With a decent performance in this term, the congress government can easily be expected to win the next general elections thereby gaining 10 long years of uninterrupted governance to do something good for the masses. Even business & industry can also start making medium to long term plans once there is stability in governance.

6. Financial Performance

While the Equity Capital of the company remains the same at Rs.112.25 crores, the Debt Equity as on 31st March '09 is at a healthy ratio of 0.43:1. This could probably be the best Debt Equity Ratio for any listed real estate company in the country. Due to downturn in the general economy, and as is the trend, unfortunately, the company's annual turnover decreased by 20% from Rs.491 crores to Rs.394 crores. So also the net profit which has come down by 19.33% from 102.95 crores to Rs.83.05 crores.

7. Keeping in mind the cash flow constraints and the need to conserve resources, your Directors recommend a dividend of Rs.1.20 per share i.e., 12%. The total payout on account of dividend including dividend tax aggregates to Rs.15.76 crores.

8. I am happy to say we have discharged all our obligations to the financial institutions on time without going through any restructuring exercise. We may also be one of the few companies who have not stopped any of the projects under construction and also among the few who have not retrenched staff. In fact we have added more number. If one were to ask what differentiates us from other developers, I have to say that we have stood by the 3 principles on which we do business – they are - Innovation, Quality & Trust. We have always tried to add small or big innovative aspects into our building concepts & design; have always made efforts to improve the quality of our products; and we have worked hard to maintain the trust of our customers, associates & staff. Even then in this highly competitive world of business where there is no place for complacency, we need to work very hard and very smart to progress from where we are. For that matter even to maintain status quo. To meet these increasing challenges, few months back, Brigade Group has taken up the initiative aptly named – Sampoorna Parivarthan, to bring in total transformation in the way we think, we plan, we execute projects, for that matter in all aspects of our business.

9. A significant development is that our 126 key star quality serviced apartments opened on 4th April '09 under the brand name Mercure Homestead Residences under a management contract agreement with the well known international hospitality major – Accor Group. We are satisfied with the response to the project and also the level of occupancy within 4 months of its launch.

10. Very recently we have also completed 2 residential projects in Mysore – Brigade Solitaire & Brigade Citadel. We are in the advanced stages of completion of our flagship integrated enclaves – Brigade Metropolis on Whitefield Road and Brigade Gateway in Malleswaram-Rajajinagar area. We have started handing over apartments at Brigade Metropolis and will start soon at Brigade Gateway. We hope to complete most of our ongoing projects in the next 12-15 months. Therefore, we are gearing up to launch 8-10 million sft. of new construction bulk of it in Residential Sector in which we will have products in all categories – be it affordable segment or middle income or luxury segments.
11. To meet our fresh fund requirements, we have engaged J.PMorgan, to explore possibilities to raise private equity to our hospitality projects and our Special Purpose Vehicle – BCV Developers Pvt Ltd under which we intend to take up Devenahalli integrated township projects.
12. On the Board of Directors front, for those who are not aware, our eminent Independent Director Dr.Kasturirangan has resigned from the Board on 8th July as he joined the National Planning Commission, which is a full time responsibility under the Prime Minister’s leadership.

Lastly, although the times are challenging for the Industry, the outlook is improving. With increasing competition, increasing regulations, tight money market conditions, entry to affordable housing, one has to become more efficient to survive and flourish in the game. Concepts of value engineering, sustainability in design and use of materials, continuous improvement, customer centricity, are the buzz words. Developers have to give increased importance to these aspects. While the residential sector has shown signs of selective improvement, the positive sentiments are yet to be seen in commercial office & retail sectors. But there is optimism that these sectors will also show positive signs in the next calendar year. Without this optimism business cannot succeed. On this optimistic note that tomorrow could be brighter than today, I will end my talk.

Thank you for your patience Ladies & Gentlemen.

Jai Hind.