

"Oberoi Realty Limited Q2 FY15 Earnings Conference Call" October 20, 2014





MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN & MANAGING DIRECTOR MR. SAUMIL DARU – DIRECTOR FINANCE



Moderator:

Ladies and Gentlemen, Good Day and Welcome to the Oberoi Realty's Earnings Conference Call for the Q2 Financial Year 2015 that ended on September 30, 2014. We have with us on the call today, Mr. Oberoi – the Chairman and Managing Director of the company and Mr. Saumil Daru – the Director- Finance of the company. Please note that this call will be for 60 minutes and for the duration of this conference call all participant lines will be in the listen-only mode. The conference is being recorded and the transcript for the same may be put on the website of the company. After the management discussion there will be an opportunity for you to ask questions. Should you need assistance during this conference call, you may signal an operator by pressing '*' and '0' on your touchtone telephone.

Before I hand the conference over to the management I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and may be forward-looking statements including those relating to general business statements, plans and strategy of the company, its future financial condition and growth prospects. These forward-looking statements are based on the expectations and projections and may involve a number or risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by such statements.

I would now like to hand the conference over to Mr. Oberoi – the Chairman & Managing Director of the company. Thank you. And over to you, sir.

Vikas Oberoi:

Good Morning, Good Afternoon, Good Evening to all of you from whichever time zone you guys have logged in. Welcome to the Second Quarter Financial Year '15 Results. I would firstly like to thank you for taking the time out to attend this call.

Quickly, we have successfully concluded the Borivali transaction. We have also registered and got conveyance of the property and also got approval to convert the land from industrial to residential use. You are also aware that the Government of Maharashtra has taken a decision to withdraw their review of the Supreme Court order under the forest matter. There is an additional



development that the court has also rejected the review petition. So in a way this matter has now seen its last.

I will ask Saumil to take you through the details of the business and also the numbers for the quarter, and then we will get on a question-and-answer session and please feel free to ask any. Thank you.

Saumil Daru:

Thank you, Mr. Oberoi. I guess most of you must have received the 'Presentation' by e-mail from the IR team. If not, it is already present on the website and also the 'Results' are available on the website of the stock exchanges.

In terms of consolidated financials, the total revenue for Q2 was about Rs.189 crores, this is as against Rs.181 crores for Q1 FY15. The consolidated PBT was Rs.104 crores for the quarter against Rs.93 crores for the immediately preceding quarter. The similar numbers for the consolidated PAT was Rs.70 crores for this quarter as against Rs.64 crores for the immediately preceding quarter.

Quickly moving to the asset level performance: As usual, we will begin with the investment properties which have continued their steady and strong performance.

Mall which is the Retail asset contributed about Rs.23 crores to the operating revenue for this quarter as against Rs.22 crores for the first quarter. As usual, the EBITDA margins in this vertical continue to be in excess of 95%. The other interesting thing as far as the Mall is also concerned is that it has gone well over 99% in terms of occupancy.

Commerz, the office space asset contributed about Rs.11 crores to the top line for Q2 FY15, as against Rs.12 crores for the first quarter. EBITDA margins in this vertical again continue to be in excess of 95%.

The Westin Mumbai Garden City continues its strong performance; it contributed about Rs.29 crores to the operating revenue for the second quarter



as against Rs.27 crores for the first quarter. The EBITDA margins in this quarter were healthier at about 27%.

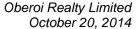
Ouickly to the 'Development Properties.' In Esquire we booked about 6,600 sq.ft. in this quarter, totaling to about 10.4 lakh sq.ft.till date. The total booking value for this quarter was about Rs.11 crores and the cumulative booking value till date is about Rs.1400 crores. As you all know there has been no revenue recognition in this project since we have yet to achieve the threshold level of construction completion. As far as Exquisite is concerned, you would start seeing the turnaround in sentiment. Out of the total project area of about nearly 15.5 lakh sq.ft., we have booked about 35,000 sq.ft. of sales in this quarter, and cumulatively for the project it is about 11 lakh sq.ft. till date, which is about 71% of the inventory in this project. In terms of booking values, in this quarter, it was about Rs.86 crores of bookings and the cumulative booking value till date is about Rs.1558 crores. In terms of revenue recognition the total revenue recognized in Q2 FY15 was Rs.105 crores and cumulative revenue recognition till date is about Rs.1522 crores, we are slightly in excess of 97% of project completion. In case of Worli, the work on this project continues at a good pace.

To conclude with there are some key financial parameters: EBITDA margins overall for Q2 FY15 were at about 61% and for H1 FY15 at about 59%; PAT margins were 37% for this quarter and 36% for the half year. As I had mentioned earlier, the EBITDA margins for the Mall and Commerz are much higher than the average, as usual. Excluding them, the margins for our pure residential business is about 57% for the first half.

With this we would now like to open the floor for Q&A. Thank you.

Moderator:

Thank you very much, Mr. Oberoi and Mr. Daru. Ladies and Gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. Participants are requested to use only handsets while asking a question. Participants are also requested to limit their questions to two per participant. The first question comes from the line of Puneet Jain from Goldman Sachs. Please go ahead.



OBEROI R E A L T Y

Puneet Jain:

My question is actually with respect to launches. The quarter basically starting from October was supposedly quite busy for the next six months in terms of launches coming from Mulund, the next phase of your Splendor Grande as well as Oasis launch. Any update on the same would be very helpful.

Vikas Oberoi:

We are launching Mulund in this quarter, and we will hopefully launch Borivali in this financial year itself. Within this quarter we will also be launching Prisma, which is part of the same layout as Splendor Grande project.

Puneet Jain:

And Oasis?

Vikas Oberoi:

As you know that we have signed with Ritz-Carlton andwe are now in the process of making our collaterals and some other stuff. As a public launch, again, we will do it in this quarter, but we are also waiting for our show flat to be done which is when we will extensively start marketing.

Puneet Jain:

What will be the risk to say, which can get it pushed from this quarter Mulund and Borivali in fourth quarter?

Vikas Oberoi:

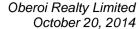
I do not see any external risk now with Mulund, because like I said that the Supreme Court has anyway rejected the review petition of the Government of Maharashtra and the government within itself has also like decided to take that off. So that should not be an issue. As far as Borivali is concerned, again, we have got our conversion done from I to R. We have also registered, taken conveyance of the property. So even that is pretty much now lined up. So we do not see any challenge there as well.

Puneet Jain:

Can a change in government lead to the decision making gettingdelayed for some time?

Vikas Oberoi:

From all what we see, the new government at the center is taking steps to work on the ease of doing business in the country. So, it will be highly improbable to have a tate government that kind of puts spokes in the wheel of development.





Puneet Jain:

Which means that the activity level for the next two quarters....

Vikas Oberoi:

Will be massive, we also want to virtually go an overdrive now. And even though you have not asked, but let me tell you that we want to bring in 2.5 bed room apartments in Mulund which will have like area of about 1375 sq.ft. and stuff like that such that the offtake is faster. So if you really look at historically, we have always had projects which have been cash flow positive projects, barring the Worli project where we have larger apartments and where we are pumping in our own money to kind of build the project. Of course, it will pay, but it will pay us once we start the booking officially and when people see that it has reached a particular level. Butin Mulund & Borivali we want to change the strategy, we want to come in with the smaller ticket size apartments which will beanywhere less than the 2 croresticket size. So both Mulund and Borivali we will see a lot of apartments which will be within this price range. So we want to really get aggressive and do that.

Moderator:

Thank you. The next question is from the line of Shashikiran Rao from Standard Chartered Securities. Please go ahead.

Shashikiran Rao:

My question is regarding your presentation. You have not mentioned Splendor Grande anywhere in this presentation. So could you update on what has happened in this project in this quarter?

Saumil Daru:

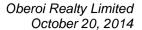
Earlier, when we used to present you the information about Splendor Grande it was about this building called Splendor Grande. This quarter you do not see it in the presentations because we have finished selling all the inventory as far as Splendor Grande is concerned. We are now moving to a new phase in the same development – called Prisma. So for Prisma, once we are in the launch phase, and as Vikas also just mentioned that that is something which we are looking at in this quarter, and once we have all those numbers, then you will see that coming up in the presentation for the next quarter.

Shashikiran Rao:

But as of last quarter, I guess, you had some bit of inventory in Splendor Grande or...?

Saumil Daru:

No, our last apartment in Grande was sold in Q4FY14, so that was last year.





Shashikiran Rao: All the cash has been received for that project?

Saumil Daru: Absolutely, that is why we took it out because there was no further statistics

coming in into it.

Shashikiran Rao: With respect to your other launches, on Oasis, what is your confidence level

on being able to recognize more revenue in this project in this financial year?

Saumil Daru: Oasis, the revenue recognition anyway is not likely to be there this year, it

will be next year only. If you go by the Institute guidance note, there are two

prongs of test to be satisfied to commence revenue recognition – the first is

your construction cost threshold. There I do not see any problems, because

we are well past that even now and that is in terms of incurring 25% of the

construction cost. The second test which the Institute guidance note wants

you to meet is that you should have also sold more than 25% of the area. Now, considering our present level of approvals and everything and

where we expect the building to finally go to, that is not happening this

year.Of course, I would love it if we were able to complete those kinds of

sales in the next couple of quarters, but with the launch schedule and

everything which we have in mind, we believe that we should be able to hit

revenue recognition for that only in the next financial year.

Shashikiran Rao: What is the constraint on doing a full fledged launch on this project right

now, because you had been delaying the full fledged launch because of lack

of hospitality partner?

Vikas Oberoi: Firstly, the clientele who probably will want to buy an apartment like

that will want the project to be at a particular level since these are big ticket

items. Even today if you really look at it, we are in 2014, and the possession

of this is only in 2016 end, so you are looking at 2-1/2 years away. So that is

one thing. The other one thing to consider is that we also want our show flat

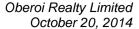
to be ready, then people will like really appreciate and understand what

exactly we are doing, but that of course has not stopped us from doing a soft

launch, since we continue to still talkto people and show them what we are

really doing and stuff like that. So the idea is to kind of bring it to a particular

shape and then only present it to the world. Today, as it stands, we have not





done an external show flat and it may look like a half-cooked thing. Until and unless we are able to show people what exactly they will get and what exactly they are paying for, we do not want to really take it into the open market. The other big thing is that basically we also wanted this project to be personally marketed, it is not something that is open to all, it is virtually by invitation, and those invitations will start going in this quarter, but again like I said, we want to ramp it only once we are ready with the entire product.

Moderator:

The next question is from the line of A Chattopadhyay from HDFC Securities, please go ahead.

A Chattopadhyay:

I had a couple of questions; firstly with regard to the Mulund project, in terms of what is the phasing you are looking at in the project – is it across two or three phases? And secondly prior to the launch what is the sort of approval cost you have to pin down, FSI and TDR that you need to spend before you launch?

Vikas Oberoi:

Obviously, the phasing of sales will be based on incremental approvals that we will get, I mean, obviously today we have the base area approval and all that.But as far as work goes, we want to start the entire work at one go, the entire 3.3 million odd square feet.The work will start at one-go andwe donot want to phase that bit out.And to kind of not create over supply, we will have separate products, like we may have 2.5 bedroom, 3 bedroom, and 4 bedroom apartments.So we will be trying to target all segments of society and create that buzz.

Saumil Daru:

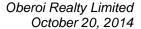
And also our advantage over there is that we have two separate plots. So all that also gives us a lot of flexibility in terms of working on both plots in parallel also.

A Chattopadhyay:

Any guidance on the sort of cost you will be incurring prior to launch for the project?

Vikas Oberoi:

Prior to launch, nothing significant, it is just whatever small bit that is required for regular approvals, like some of the regular premiums that we need to pay.





Saumil Daru: The additional TDR and stuff can come along the way also, that is not

significant right now.

A Chattopadhyay: Secondly, the question was on the Esquire project now. Just clarifying, will it

definitely hit the revenue recognition this year? And when it does what is the sort of percentage you are expecting? Obviously, you will be including some land and TDR cost also in calculating the POCM. Any rough ball park as to

the percentage completion, which would come into the booking?

Saumil Daru: It will all depend on the speed at which things go and presently we are hoping

that there is a good chance that we will hit the revenue recognition in the last quarter. And when it will hit then we believe that 35% to 40% will be the

revenue recognition in the first stage when we will do the revenue recognition, because as you rightly pointed out, we will now have to go under

the new method and include land and everything.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from

Morgan Stanley.Please go ahead.

Sameer Baisiwala: A question on Exquisite pre sales. With 18 units or so it looks like the highest

that we have sold in the last six quarters and probably at the highest price as

well.So any thoughts on this?

Vikas Oberoi: We always maintain that the sales momentum here will increase because now

the product is almost ready, people can actually walk into their apartment, see

the apartment, see the views, and so on. And the other bit is that that inventory

we now have is on the higher floors, so if you add the floor rise, and stuff like that, the realization of the rest of the apartments will also tend to go up

higher. Also the last quarter had a short period like the shraad period and so it

was pretty inactive, but yet we were able to sell that sort of thing. Our target

is to do something to ramp up the sales number this quarter to probably a

double/tripleof what we did in the previous quarter and we are pretty

confident that we will be able to do it.

Sameer Baisiwala: Of the 200 pending, I think, units to be sold, you think you can double or

triple this quarter's run rate, right?



Vikas Oberoi

Yes.

Sameer Baisiwala:

I am looking at your Slide #5, just a quick thought, what is driving the operating cash flows Rs.(-122) crores and also financing cash flows, it is about Rs.(-59) crores, I think your debt here is about Rs.700 odd crores so?

Saumil Daru:

The financing cash flows take into account the drawdowns that we do for the Worli project, so that is one, and that is from the bank. And if you look at the operating cash flows, there was some component of cost that was incurred for the Borivali project like when we did the conveyance and all, we had paid the stamp duty etc. So when one considers that, that is what is contributing majorly to this particular thing. Because if you look at Exquisite and Esquire, these projects churn enough cash to support all of their own activities. So our negative cash flows are basically only coming in from the Worli as well as the Borivali project.

Moderator:

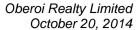
Thank you. The next question is from the line of Abhishek Kiran Gupta from Bank of America. Please go ahead.

Abhishek Kiran Gupta:

Vikas, if I heard you right, you spoke about a 2-bedroom and 2.5-bedroom at Mulund, and if I remember right, we were earlier discussing 3 and 4, so that sounds amazing to me, but if you could also just help me the size of the 2 and how does that come into the Rs.1.7 crores because that is a positive news the way I see it?

Vikas Oberoi:

We intend to do something like about 1375 square feet 2.5-bedroom. So my idea was that even let us say if one were to take the current pricing in Mulund which developers are doing at about 12,750 and we multiply12,750 with1375, it gives you about Rs.1.75 crore, so that would be like the base at which we will end up starting our sales. So, our idea was that we will start at market price and mop up the entire demand of the market because we believe that if our product is available at the same price as competition, then the customer will get driven to us. And once we have the critical mass, we will slowly build up the premium and that is what we have done in all our projects. So we want to go back to our old strategy and execute it.





Abhishek Kiran Gupta: So we are not doing a 2-bedroom?

Vikas Oberoi: No, it is a 2.5-bedroom and there is a 3-bedroom, then there is a 3-bedroom

luxury, there is a 4-bedroom, so there is virtually 4 categories within this project itself. Because what we thought was like, if you do a 2-bedroom you do about 100-150 square foot less, which is like about Rs.20-25 lakhs. So we also thought that somebody who can spend Rs.1.50 crores will also be motivated to spend Rs.1.75 crores and you know this half bedroom, which is like a third bedroom really puts the entire apartment and its utility into

ince a time occitoon rearry puts the entire apartment and its utility into

another bracket. We did prepare plans for 2-bedroom but the feedback we got was that our plans for the 2.5-bedroom was maybe a little more clever in

terms of functionality etc. Even though a 2.5 bedroom option was a jump of

Rs. 20-25lakhs extra, people would most likely push their budgets and go for

the 2.5 bedroom apartment.

Abhishek Kiran Gupta: To be very honest, at the MCHI I bumped into two who claimed to

be your super channel partners and they were, if I can liberally use this word,

complaining about why Vikas is only hell-bent on 3 bedroom, but I will talk

to you over that offline.

Vikas Oberoi: You are not alone on that, we have got messages from people saying that

people in Mulund have actually started collecting cheques on our name and

somebody has got 50 cheques and somebody has got 100 cheques for

booking and everyone is like floating their own areas, fortunately no plans,

otherwise I would have had some dummy plans also going around, which is

not a bad thing, because it at least says that there is good demand....

Abhishek Kiran Gupta: Oh yes, I do not think anybody is debating the first 40%. The question

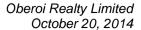
only starts after 40%.

Vikas Oberoi: Correct.

Abhishek Kiran Gupta: Borivali, we will do 2-bedrooms?

Vikas Oberoi: Similar 2.5-bedrooms. Borivali as a location is on the Western Express

Highway just like our Goregaon is. I am not saying that it is as good or it can





compete with Goregaon, but we also donot want to make products that will compete with Goregaon. So the idea is that we will make products which are suited to the market like there is a product for Borivali; there is a product which is for Goregaon, and there is a product which is for Mulund. Mulund again, we want to do the entire segment. So that is how we would like to strategize. If you want to get velocity on sales, then we will have to look at these numbers.

Abhishek Kiran Gupta: But, are we going to go up to the 4-bedroom in Borivali?

Vikas Oberoi: Again, maybe, like 10% to 15% of the inventory will be 4-bedroom, and they

help you price the project well, because when luxury gets priced at let us say 15 to 16, everything else starts looking a lot cheaper. So it is a pricing strategy, and there are people who are insensitive to area and price. We will

have a very small dose for them, but we really hope that that sells and that

kind of drives the cash flows, but this is what ...

Abhishek Kiran Gupta: Vikas, I want to officially urge you to make a school there, it really

helps your project sell better, that is my personal opinion, I know you are

doing a hotel, you might do a mall in Borivali.

Vikas Oberoi: In Borivali, we are not doing a hotel, we might do a mall.

Moderator: The next question is from the line of Puneet Gulati from HSBC.Please go

ahead.

Puneet Gulati: For the Borivali, how much do you need to spend in addition to what you

have spent already before you launch?

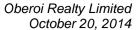
Vikas Oberoi: We do not need to really spend anything major, like Mulund, we would not

have to, but these are all costs which will be incremental as we go ahead. We intend to manage it out of the cash flows, like how we have done with

Goregaon as well.

Puneet Gulati: Do you think you can do a 4.5 million square feet in Borivali, are you still

sticking to that?





Vikas Oberoi: Yes, we will pleasantly surprise you with that number also, but right now

holding our horses.

Puneet Gulati: On the Prisma, how big is that going to be?

Vikas Oberoi: About 275,000 square feet.

Puneet Gulati: So Maxima is going to come along with it or is it going to be coming later?

Vikas Oberoi: Between the two of them it is 500,000 odd square feet, both of them will

come together and Prisma as you all know, the work has already started,we have started Residential work on that, and Maxima also we should be able to

start work in the next, maybe, less than two months.

Puneet Gulati: So the launch will be together?

Vikas Oberoi: Launch may not be together, we may phase that out, I am really not sure right

now, but maybe just by a quarter, nothing more than that. And they are again

noncompeting products.

Puneet Gulati: Just a little small technical question; on the Exquisite one, your total saleable

area has increased from 1.535 to about 1.547. Is there any change of plan

happening there?

Vikas Oberoi: The Duplex and Penthouses, when they were originally calculated, were

calculated on a different metrics, which have now been relooked at, and when

we did the math we just thought that this was an area we needed to correct

and that is what we have done. It is hardly any number and I guess it is about

11,000 odd square feet. Though the duplex is only one above the other and the total should ideally have come to an x number, but because there are certain

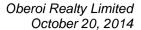
areas in the Duplex which are slightly more, they got calculated and

calibrated now, which is just being reflected in the total sale area.

Saumil Daru: Now that the construction is complete, we have full visibility on everything.

Vikas Oberoi: Or rather we got customers for Duplex, and we kind of looked at it and we

just put the final finer sales area, it is just a small error, corrected I would say.





Puneet Gulati: Commerz-II, are you witnessing any change in demand?

Vikas Oberoi: I was so hoping to actually give you good news on that, we are on the verge

of closing one transaction, and we feel so happy about it that finally even

commercial is looking back. I am deprived of the pleasure this quarter, but

hopefully I will give you news in the next quarter that we have cracked a

deal, though it may not be much, morelike some 50,000 to 75,000 square feet

of leasing, but nevertheless it will be a good start, so we are just fingers

crossed, we are waiting for the definitive agreement, once that gets done, then

we can go and tell the world that the first lease has been signed.

Puneet Gulati: How much have we spent on Commerz-II so far?

Saumil Daru: So far about Rs.308 crores.

Puneet Gulati: Lastly, any progress on the Pune front?

Vikas Oberoi: Pune DP is to get finalized, the Corporation has approved the DP, but the

outgoing government was not in tandem with their partners and that is why

they did not take this up. We are hoping that the new government will take

the Pune DP ahead and once they do that then we will start the work. The

Pune deal is a joint venture with the farmers where they have brought in the

land as their contribution. We also own some part of it, but majority of the land is like that, and it was a green zone, which the Pune DP had already

done the conversion, but it has yet to get approved by the Urban

Development Ministry and that could not happen in the last government. The

entire Pune DP is on hold. The DP Plan has been voted in the corporation,

everything is done, it is just that UD has to take it up and sign and send it

back.

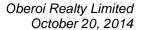
Moderator: The next question is from the line of Rithvik Seth from Span Capital. Please

go ahead.

Rithvik Seth: I have a couple of questions; firstly on the Oasis project, we have around

Rs.7000 to 8000 crores of inventory in OasisResidential project.Is my

calculation right?





Saumil Daru: So you are basing it on total area of about 1.6 million square feet?

Rithvik Seth: Yes and base price of 40,000 per square feet, around 7000...

Saumil Daru: If you take an all-in price then it should be much higher, but there is an

assumption which you will have to make on the sale price.

Rithvik Seth: I am taking it on the base price. So what kind of profit can we expect from

that project over the next five years, like 20%, 25%?

Saumil Daru: If you would have noted from our prospectus, where we have filed the

details, our profit share in this project is between 25% to 40% of the sale, depending on the price at which it gets sold, and there is no land cost in this

project.So from whatever is the sale price, we only need to deduct the construction cost, thenthe balance is to be split.So I would also want to

assume that there would be an initial burst of sales once when there is a

launch, and anyway this project is likely to follow a slightly less conventional

pattern than the rest of our projects because the rest of our projects, when the

sales launch happens, the projects are also at a construction launch phase and

all of those. As far as this one is concerned, we are more than half way through the construction right now. So you would expect that the revenue

recognition and everything from this project would come in over the course

of the next four years.

Rithvik Seth: Once we launch how quickly can we expect to reach a 25% sales value?

Saumil Daru: Hopefully, maybe in the first six or nine months.

Rithvik Seth: Second half of FY16, is it a realistic timeframe to assume some revenues

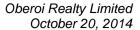
flowing through.

Saumil Daru: Yes.

Rithvik Seth: What will be the average ticket size in Oasis?

Vikas Oberoi: Obviously, it depends on the flat size and this, but anywhere between Rs.25

crores to Rs.40 odd crores is what it should come to.





Rithvik Seth: Moving to the Mulund project, can the Government of Maharashtra file a

petition once again or like?

Saumil Daru: There was already a review which they had filed and which is gone, so

Rithvik Seth: The new government, in case, is there any possibility or...?

Vikas Oberoi: No possibility. There are two things; one is that the government itself had

taken a decision to withdraw it, they had the legal opinion on this, that this was needed to be withdrawn. Even before they could take the action, of

course, they signed and agreed to do this, but even before they could do that, the Supreme Court actually rejected their review petition. So it is absolutely

not possible firstly, and secondlywe believe that the BJP leaders of that area

have actually fought for this cause, because though we were like only five

developers, there were more than 500,000 people who were affected, because these were buildings built in the 70s and the 60s, and which were suddenly

declared as forest. So they fought for the absurdity of this order. I donot think

they will even suggest that this be done.

Rithvik Seth: There is a private developer who has launched around 3 to 3.5 million square

feet in Mulund.So what effect will it have on our launch when we go ahead

with it?

Vikas Oberoi: I feel there will only be a positive effect. If he launches the site, he kind of

takes all the effort to put the entire city's attention on this suburb. All we

have to do is just present ourselves there, and with god's grace I feel that your

company commands a good brand and a good name, and given a choice, like

I feel, if I were a customer, without being biased, I would probably want to

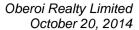
buy a product in Oberoi Realty more than my competitor. So I feel it is a

good thing, competition does not hurt.

Rithvik Seth: Sir, going back to the Oasis project, what is the average construction cost for

it?

Saumil Daru: Around Rs.8000.





Rithvik Seth: That will be like on a blended basis for the Hotel and for the Residential, or

only for the Residential?

Saumil Daru: Blended right now.

Rithvik Seth: Sir, the rental revenue is around Rs.200 crores to 250 crores currently per

annum. So over the next 3 to say maybe 5 years, what do we envisage, can we

double it or?

Saumil Daru: We would like to do that, but we will have to see how the leasing in

Commerz-II goes, and as Vikas mentioned that we are also expecting things to start there. The total today should be about 150-160, and that would go up to about 250 once Commerz-II gets fully leased out. After that there is a Commerz-3 also, but depending on how we see the Commerz-II offtake, we will see what to do with Commerz-3, but these are the two from where we see

the annuity incomes coming in.

Rithvik Seth: Mr. Oberoi just mentioned in the previous question to the previous participant

about some mall at Borivali. So are we in advanced stages, or it is just?

Saumil Daru: No, it is a part of the plan right now, that we want to develop. So once we

have the concepts and everything coming in from the architects, once we freeze the plan, then we will let you all know exactly about how it is going

about and what we are planning to do.

Rithvik Seth: So it will be part of the Tata Steel land?

Saumil Daru: Yes, yes.

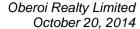
Moderator: Thank you. The next question is from the line of Akshay Rao from

Edelweiss.Please go ahead.

Aashiesh Agarwal: This is Aashiesh Agarwal here. I had a couple questions; first was with

respect to the margins in the quarter, they are slightly up, you think it is largely driven by the mix or are we seeing some improvement, lower cost

pressures as compared to what we have been seeing earlier?



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Saumil Daru:

No, Aashiesh, I would like to believe it is the mix only. If you were there on the call when Sameer also asked the question about the higher realization in Exquisite, just the immediate preceding quarter our average realization at Exquisite was 23,800, and this quarter it is 25,150, so there is about a 1,200-1,300 rupee difference there itself. The cost remains more or less the same when I kind of pass it across the quarters. So on an average basis that is where you are seeing better margins getting built in.

Aashiesh Agarwal:

Related question to this would be, how are you seeing the input costs move over the last few months and is it at some difference to what you would have built in at the start of the year?

Saumil Daru:

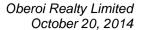
What happens is, the moment you will come to a peak construction season, and that is what is coming in, since also monsoon is slightly depressed part of the year as far as cement and steel offtake is concerned, now again you will start seeing things taking off. In terms of budget numbers, when we look at it at the beginning of the year, we work on an average basis as to what it would be, you have to also keep factoring in the inflation aspect, because on the labor side, your inflation aspect does keep coming in. As far as the rest of other things are concerned, they are predominantly driven then by the commodity cycles and the commodity prices in the world, steel, aluminum, cement, everything gets driven by those that is there. Again, if you look at what you saw happening with the government move on Saturday with the reduction in diesel prices, again it takes about maybe a few months for the entire thing to flow through the system and for people to start getting the advantages, but, yes, if that starts working through, then you are going to see some a) inflationary pressures going down and b) there are going to be some cost savings which are going to start flowing through.

Aashiesh Agarwal:

So you think there could be some upside to the margins than as compared to what we are having today, even if your realizations do not go up materially?

Saumil Daru:

In Exquisite, I have maybe another Rs.40 crores to Rs.50 crores at max to spend.So I donot know how much will be the impact on Exquisite.But for Esquire, where we are still on the second floor or the third floor of





construction, there we should be able to feel a significant impact of things if they go through. As far as Exquisite is concerned, the advantage is, once it is complete and we have got the occupation certificate then again the realization should start looking up.So there while I may not get the benefit from the cost side, I may end up getting a benefit from the revenue side.So there again there is likely to be a little bit of an improvement in margins there also.

Aashiesh Agarwal:

The next question is on parking FSI.A few days ago there was a news article which mentioned that the government has cleared a few parking FSI projects, which also enumerated our company in that list.So could you throw some light on the veracity of that?

Vikas Oberoi:

We have applied for these some two years ago and we only got it now, so that is it. I donot see how if it has been approved under a ruleand we already have it in hand, then how this will flow out. So one has to wait and watch, yes.

Aashiesh Agarwal:

This is with respect to which project?

Vikas Oberoi:

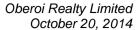
This is with respect to our Goregaon project.

Aashiesh Agarwal:

If you could throw some light on the office micro market in Goregaon, because there is some indication that some of your peers in the market space are largely leased out. So if you could throw some light as to what would be the supply/demand scenario there, or are you the only one with some large supply left over there in the commercial bit?

Vikas Oberoi:

One thing for sure that there is no fresh supply and existing supply obviously has kind of got exhausted. That is a positive.Like I said for the earlier question, that we now see markets coming back and we were really hopeful that we could have signed a deal, just within September to give you all some good news, which unfortunately is now pushed to this quarter.Hopefully by next quarter we may be able to close that, then we will be able to give you good news on that line. Also not many people are doing commercial, we ourselves shelved two commercial buildings on JVLR, just to make sure that we donot kind of stretch ourselves, and that is what a lot of people have





done.So I think once the market is back, we will clearly see a positive trend within the commercial bit.

Moderator: The next question is from the line of Swagata Ghosh from Jefferies.Please go

ahead.

Anand: This is Anand here. My question is regarding Commerz-I actually. We have

seen very minor slippage in area lease and we have had some vacancy for quite some time. So just wanted to get 1) a sense on how much of lease is coming up for renewal in the next six months and 2) any reason why we have

not been able to lease anything at all for a long time now in this?

Saumil Daru: Basically, there is just one part of the second floor which is waiting to be

leased actually as far as the whole of Commerz-I is concerned. You need somebody who needs exactly that amount of space and not more and not less so maybe we will have to just wait for that. A lot of renewals in Commerz-I have already happened over the course of the last six months or one year, specially for all my larger tenants, that has all happened. So there are not at

least any material renewals coming up in the next six months.

Anand: Just a very small housekeeping question; how much did you spend on the

Khar project in this quarter?

Vikas Oberoi: Khar till date we would have spent about Rs.16 crores or Rs.17 crores.

Moderator: Thank you. The next question is from the line of Abhinav Sinha from

CLSA.Please go ahead.

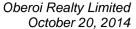
Abhinav Sinha: A couple of questions; one is, has your debt peaked right now, considering

the Borivali CAPEX, etc.

Saumil Daru: For Borivali?.

Abhinav Sinha: No, for the company as such?

Saumil Daru: Maybe a little bit more for Oasis if at all.





Abhinav Sinha: Secondly, on Esquire, we noticed that the sales rate was a bit low this

quarter. Is this by design, are you like pushing Exquisite more?

Vikas Oberoi: In a way what you are saying is right, that we ideally want people to buy

Exquisite because it is ready and we want to deliver. We are trying to promote Exquisite, because while it gives us more cash, italso kind of gives us an opportunity to recognize the revenue. So we are kind of diverting customers and making them see that this to be a better project at this stage,

but if the customer wants Esquire, we do not kind of discourage him as such.

Abhinav Sinha: Lastly, on the pricing components, we have seen I think the base price for the

Goregoan projects has been flat for quite some time. So any chances of that

going up in the next three to six months?

Vikas Oberoi: If I increase the price, I will have 300 questions from you people, "Why have

you increased it when there is less velocity?"The answer lies within the question itself. We are not looking at increasing this thing because it will be

suicidal.

Abhinav Sinha: The market you will say is not supportive right now?

Vikas Oberoi: Not at all. The fact that there is momentum, we are happy to look at that and

then continue to sell instead of increasing price, and input cost has also not

gone up, it is not like land is coming expensive or anything like that. So for us

we do not really need to do that.

Moderator: Thank you. The next question is from the line of Tejas Sheth from Emkay

Global.Please go ahead.

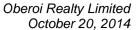
Tejas Sheth: Just wanted to know, what would be the Retail area portion in your Borivali

project?

Saumil Daru: Tejas, I mentioned that in another one question that we are still waiting for

the concept and everything to come from the architect. In terms of talking to people, we are saying, yes, we are likely to do A, B, and Cand also we are

exploring everything, but we will finally take a call once we see the plan, and





at that time we will also want to evaluate the market, see how everything is

going and then come to a conclusion.

Tejas Sheth: But I thought you were planning to launch within some months, so the plan

would...

Saumil Daru: That is for the Resi part, no?

Tejas Sheth: So you will be going full shot in Borivali construction also like Mulund at

one go?

Saumil Daru: Yes, that is the plan.

Tejas Sheth: And again, Bouygueswill be the contractor there?

Saumil Daru: No, we are like speaking to various contractors. The only thing is in terms of a

model, we believe that we would like to move to this design-and-build model, which we are looking at and that is the kind of thing, but yes, whoever it be, it will be an international contractor or somebody completely from the top

drawer.

Tejas Sheth: What kind of construction cost per square feet you are looking at Mulund and

Borivali?

Saumil Daru: Should be in the same region as Exquisite and Esquire, but of course it will

all finally depend on the final concept and the specifications and everything.

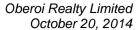
Moderator: Thank you. The next question is from the line of Puneet Jain from Goldman

Sachs.Please go ahead.

Puneet Jain: My question is with respect to construction cost in Worli. You mentioned that

the total cost is Rs.8000 per square feet. At this point of time the total cost incurred by you is already Rs.11 billion, which means that you have already incurred Rs.7000 per square feet at this point of time. So how will these two

match? Does it mean that some cost will come back to you?





Saumil Daru: Right now, the cost which you are seeing is a combined cost of the Hotel

component as well as the Residential component. Once I break the two, then it does not work out to be at these numbers, plus we are also anticipating additional approvals and everything to come through. So though my per

square feet cost will remain the same, once the building achieves its full

height, then the current ratios which you are seeing of Rs.6000 or something

will start coming down once the full height is looked at.

Puneet Jain: Of the amount spent what proportion would be for the Hotel?

Saumil Daru: About Rs.200 crores.

Puneet Jain: Does it mean that the area can also go up, if you are mentioning by the ratio?

Vikas Oberoi: The area is also going to go up, Puneet, we are just waiting for approvals to

tell the world that that this has gone up.

Puneet Jain: Also, what is the amount due from the landowners, for which you have paid

advances for this project?

Saumil Daru: About Rs.300 crores.

Moderator: The next question is from the line of Atul Tiwari from Citi Group.Please go

ahead.

Atul Tiwari: Sir, in this quarter if I look at Slide #22, there seems to be a slight dip in

realization of Esquire project, 17,000, so...?

Saumil Daru: That is Rs.300, and that has got to do with the mixbecause it all depends on

which floor and everything. There is no change in the base rate.

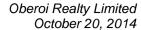
Atul Tiwari: For Oasis, you have spent about Rs.11 billion of construction cost. How much

more you have to spend?

Saumil Daru: We can take that offline, but as we said that, we are expecting construction

cost in the region of about a little over Rs.8,000 a square feet.So we have a

little bit yet to go.



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Moderator: Thank you. The next question is from the line of Parikshit Kandpal from

Reliance Securities, please go ahead.

Parikshit Kandpal: Just wanted to know on your Mulund and Borivali launches, what is the EC

status as of now? And how fast after the launch can we break the ground on

construction?

Vikas Oberoi: So Mulund, we already have the clearance on our old plan. We have to

nowamend the plan and we are in queue for getting the amended approval. Our internal target is to hit ground by March for Mulund. Borivali also we are trying to keep up to the same timeline, and hopefully we should

get that too.

Parikshit Kandpal: But, the Mumbai SIAT committees are not operational as of now sinceJune

onwards?

Vikas Oberoi: No, we were just waiting for the new state government and the central

government to start office, but this also means that all other government projects are also stuck. These decisions are taken very quickly when they start. We are fully ready firstly, and most of our projects get approved on the

first meeting itself, and the reason is that we kind of like to follow all the

norms and donot seek any concessions, so that is a big positive, and then most of our projectscan either be Gold LEED certified or Platinum.So again

we donot have any problem here as well.

Parikshit Kandpal: Sir, in Mulund, as competition is offering some schemes, like 20-80 or

interest subvention scheme, so will we be offering any of these schemes or it

will be like just linked to construction?

Vikas Oberoi: No, we have never done this even earlier and these schemes have been a part

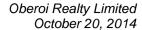
of the real estate thing earlier as well. We at least like to believe that it has not

been successful, so we do not want to get into that bit.

Parikshit Kandpal: On the interest, we will be capitalizing the entire interest cost on the Borivali

land...?

Vikas Oberoi: Yes.





Parikshit Kandpal: We will not be expensing anything in the P&L as of now?

Vikas Oberoi: No.

Parikshit Kandpal: The interest cost has gone up this quarter slightly, I mean, Rs. 1.6 crores. So

just wondering how it has gone up?

Saumil Daru: Yes, the Borivali loan was taken before land cost was finally paid out. So as

per the AS, whatever was done before we paid for the land, then that was to be expensed out, and whatever is the cost that will be incurred going forward, that you will start seeing hit the P&L in accordance with the percentage

completion method.

Moderator: Ladies and Gentlemen, due to paucity of time, that was the last question. I

now hand the conference over to the Chairman and Managing Director – Mr.

Oberoi for his closing comments.

Vikas Oberoi: I would like to thank everyone to have taken time out and participating in this

conference. I would also like to take this opportunity to "Wish You All and

Your Family a Very Happy Diwali and a Prosperous New Year." As usual

please continue to ask us questions, these are great, they actually act as

pointers, give us a lot of issues to look into within and also guide us as to how

the markets are being driven. We continue to thank you for your support and

look forward to your cooperation in the future. Thank you again.

Saumil Daru: Thank you.

Moderator: Thank you very much, members of the management. Ladies and Gentlemen,

with this we conclude the conference call. Thank you for joining us and you

may now disconnect your lines.