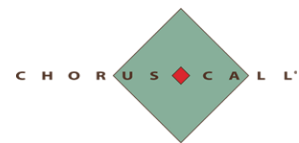




“Oberoi Realty Limited
Q2 FY25 Earnings Conference Call”
October 21, 2024



**MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN AND MANAGING
DIRECTOR – OBEROI REALTY LIMITED
MR. SAUMIL DARU – DIRECTOR, FINANCE – OBEROI
REALTY LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Oberoi Realty Q2FY25 Earnings Conference Call. We have Mr. Oberoi, the Chairman and Managing Director of the company; and Mr. Saumil Daru, Director of Finance of the company, with us for the call. Please note that this call will be for 30 minutes. And for the duration of this conference call, all participant lines will be in the listen-only mode, and this conference call is being recorded, and the transcript for the same may be put up on the website of the company.

After the management discussion, there will be an opportunity for you to ask questions. Should anyone need assistance during the conference call, you may signal the operator by pressing star, then zero 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, strategy of the company, the future financial condition and growth prospect.

The forward-looking statements are based on expectations and projections and may involve a number of risks and uncertainties and other factors that could cause the actual results, opportunities and growth potential to differ materially for those suggested by such statements.

I now hand over the call to Mr. Oberoi, the Chairman and Managing Director of the company. Thank you, and over to you, sir.

Vikas Oberoi:

Thank you. Good morning, good afternoon, good evening basis the time zone you have logged in and welcome to the conference call Q2 FY2025 results and business updates. Thank you all for taking time out for this call. Before I begin, I would like to share with you a quick business update.

I'm happy to announce yet another strong quarter driven by healthy residential sales momentum and strong growing performance across our annual assets -- annuity assets. During the quarter, we received full occupation certificate for Enigma, a project at Mulund and this project continues to see a steady sustainable – sustenance sale. We continue to see strong leasing interest across our office assets and occupancies are also ramping up.

We have received occupation certificate for Sky City Mall, Borivali and are gearing up for its launch. On Friday, we also launched our residential project, the first phase of our integrated development, Oberoi Garden City Thane and we are very happy with the overwhelming response, we have recorded a sale of close to Rs. 1,350 crores, which is almost 50% of our launch inventory.

And yes, for now, both Saumil and I are available for any question and answers.

- Moderator:** Thank you. Our first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Congratulations on a great quarter and a great launch and also a strong uptake in Three Sixty West. Sir, my first question is on the fund raise of Rs. 6,000 crores, which was kind of a surprise for a lot of us because Three Sixty West is doing so well now throwing so much of cash. If you can tell a little bit deeper on what is the purpose of this Rs. 6,000 crores of fund raise with something imminent right now? How do you intend to deploy it, whether this will get deployed in this year? Can you give some more colour on the utilization of this?
- Vikas Oberoi:** Hi Parikshit, firstly, thank you for the compliment. See the fund raise is basically literally to expand, buy new property and really expedite the pace of growth of the company. We are at a - - we feel that we actually are in a great position. Our brand is strong. There is opportunity, the entire India story playing out so well. And we know that we have a lot of cash coming in from our own sales. But we want chunky amount where we want to go and buy some large lands. We would want to use it for that. So basically, this is all for growth.
- Parikshit Kandpal:** But are you looking to deploy this? So what will be the timeline for you to be able to raise this? What are the timelines to deploy that? I understand such a quantum of fundraise you may have something in hand to deploy it. So do you -- what kind of time horizon you're looking at to deploy this capital?
- Vikas Oberoi:** If things go well, we will deploy this in the next 4, 5 months, that aggressively.
- Parikshit Kandpal:** And potentially it can add close to about what kind of GDV multiples we have towards Rs. 70,000 crores, Rs. 80,000 crores of development value with this kind of a fund raise.
- Vikas Oberoi:** We all know the back-end math. I don't want to say something on the call. But yes, we are clearly looking at deploying this and yes, this is money going in the business.
- Parikshit Kandpal:** And will this be largely MMR? Or are you looking at even some part of this will go to NCR? So what kind of concentration business development you'll be running on this kind of fund raise?
- Vikas Oberoi:** I don't want to disclose a lot. All I can tell you is that this money will go in business. We have opportunities. We want to deploy this in those opportunities and let it unfold. The rest will happen.
- Parikshit Kandpal:** Okay. Sir, just the last question on the launch pipeline. So now we have Thane, which has given us huge numbers and kind of sustenance sales we are doing. So we're looking at a very strong Q3. But in terms of launches for the rest of the financial year. So is there anything coming in from Borivali or any -- I think last tower we have, so Borivali, Goregaon or Thane, anything more we see coming in terms of launches, it can help us understand that.
- Vikas Oberoi:** So we have 2 towers in Goregaon. We have one in Borivali. We have 2 towers in Thane that we can launch, which is in Kolshet, and, of course, Pokhran. Within this what you call project that we launched is another 3 towers. And so we have -- and by the way, we have started work at all these projects. Some of them are on 10th level, 15th floor and all that. So we are not wasting any

time waiting to launch. The day we launch, we can straightaway book that as our revenue and profit, once it crosses 25% of our sales and construction. So all that is happening as we speak.

Parikshit Kandpal: But any launches? I mean for H2 now, beyond the current slate, like at least Borivali, you think can come and one more tower in Goregaon in this financial year?

Vikas Oberoi: There is tremendous demand. We are not taking that away. But frankly, I don't want to commit right now. There could be a possibility in the last quarter of this financial year, we may launch, but I don't want to commit as such right now. Like I said, that for us, it's just press the trigger and there you go, like work is happening. Everything is in place. We don't really need to wait for anything.

Moderator: The next question is from the line of Praveen from Morgan Stanley.

Praveen Choudhary: Again, congratulations on a fantastic quarter and also great launch. So a couple of questions you've already answered. So I have just 1 or 2 very small question if you can indulge. One was just trying to understand your strategy outside of Mumbai region. I know you had taken a very good land parcel in Gurgaon, if there is any launch timeline for that, but also with this money are you planning to go aggressively outside Mumbai or not? And the second question, again, also a very simple question. What are you seeing the ASP trend like-for-like in your properties or MMR region in general as well as the land price trend?

Vikas Oberoi: So as far as Gurgaon, we are in the design phase. Actually, we are almost ready with our design. We are in the approval stage now. And hopefully, maybe the first quarter, next financial year or second quarter next financial year when we would likely launch that project. So that's as far as NCR goes. Sorry, what was your other question? I should have actually made a list.

Praveen Kumar: And the other question was your strategy to go outside of MMR other than the project you already mentioned, Gurgaon, with the new money coming in.

Vikas Oberoi: Okay. So very aggressively looking at opportunities everywhere. We -- we'll be ready with our office, probably in the first -- last quarter of this financial year itself. Around Jan is when our office will be ready. And we are looking at a long term and a strong play in NCR. And obviously, some bit of this money can go in -- looking at land parcels there as well.

Praveen Kumar: Right. And then the last question I had was about the pricing trend in MMR for project as well as land price trend, please?

Vikas Oberoi: Again, both looking very stable, I would say. In fact, I thought we positioned and priced our product really well with this Thane launch. And I would say that markets have both width and depth, and I see this trend continuing. And like really, I think India is truly shining, I would say. And it's really working well. I mean, there's enough money and there's enough appetite, people really want to spend money on homes. And people want to spend on good quality. They want a branded product; somebody they can trust. So, I think all in all, a great story, a great future for us.

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

- Puneet Gulati:** Congratulations on the great new launch for Thane. My first question is if you can comment on how do you think about launching new projects given that demand is not a problem for you. Most of the approvals I presume for Borivali and Goregaon are in place. So how are you deciding on phasing these launches? What is the broad criteria that you are using?
- Vikas Oberoi:** Puneet, with regards to Borivali and Goregaon, we have a reasonable inventory within the projects that we've launched. That's point number one. We also have inventory beyond let's say, a particular level where we opened up. So, we will open those up. And again, I'm not saying that we won't launch, I'm just wanting to wait and watch and then probably take that call. We could probably launch either within this quarter, next quarter or the first quarter of next year, either of these, we have this opportunity that I said that we are very ready.
- We're just looking at another thing I see is like the resale that is happening in these projects, Borivali and Goregaon actually surprising me in terms of the prices they are getting and all that. So, we are also coping and probably thinking what is it that we can really get in terms of price. And that is something that we are closely monitoring and then we'll take that call.
- Moderator:** We move on to our next question, which is from the line of Pritesh Sheth with Axis Capital.
- Pritesh Sheth:** Congrats on the Quarter as well as the launch. First, on a couple of land transactions we did this quarter, certainly on Nirmal Lifestyle, how are we going to plan the development here? It would be like continuing phase of existing Eternia Enigma towers? Or what's the development plans there?
- Vikas Oberoi:** Yes. Again, that's a market we now really know well. We've been there. We've done two very large projects, very successful. So, we know that market. Again, we are planning something really interesting, very interesting.
- Pritesh Sheth:** And do we have additional potential coming from other land parcels that Nirmal might be holding and that would still be at the NCLT or this was the only one which you are targeting here?
- Vikas Oberoi:** We do have a commercial development left in the existing project. We will be doing that also and we will be building this as well.
- Pritesh Sheth:** Apart from these two, any other opportunities that we continue to look there from Nirmal Lifestyle or this is the only one which we are targeting?
- Vikas Oberoi:** And so this is not bilateral. This is more -- we got this from NCLT. We haven't dealt with them as such.
- Pritesh Sheth:** Sure. And second, on the Sky City Mall that you mentioned. When is the opening planned and any progress on leasing there?
- Vikas Oberoi:** So leasing is going on very, very well. We are hoping that we can launch our mall probably, maybe mid-December ideally want to catch the season, mid-December. And if not, for sure within January is when we will be completely ready. My team tells me that we should be fully

operational by -- or rather we should be ready by 15 November, but let's say, for any reason, if there's a delay, then maybe by like another 30 days and then we'll be ready.

Pritesh Sheth: And when we open, we would be at about 50%, 60% kind of occupancy -- trading occupancy already there?

Vikas Oberoi: So leasing far beyond that would be done, but everybody will be in that fit-out mode and so on and so forth by, let's say, within two to three quarters of our operations, we will reach a very high level of occupancy. It could go up to 80%, 90% also.

Pritesh Sheth: Got it. That's it from my side. All the best.

Vikas Oberoi: Thanks.

Moderator: Thank you. The next question is from the line of Abhinav Sinha from Jefferies India. Please go ahead.

Abhinav Sinha: Vikas and team, very strong performance and congrats for that. Sir, can you highlight how you're seeing the pipeline in Three Sixty West from here on? So that's first. And secondly, on pricing, if you look at from a, let's say, a 2-3 year perspective, the pricing on Three Sixty has done quite a lot, but in the other projects it's also rising, but not to that extent. So do you see that gap narrowing?

Vikas Oberoi: Abhinav, firstly Three Sixty West, we had a lag because our partner was selling his apartments. And he obviously was selling them a lot cheaper because he needed the money or whatever. And once his stock got over we started getting the price that the project deserves and that's why, I mean, like what you see as a slow build up or other as a quick build up is actually from my end a real slow build up. And then, yes, that's about it.

So it's not like -- and moreover, I would say that the building has been received very well by the people. Most people say that this is the best building and all that. So, yes, I mean, I would say this building got a destiny of its own, it is really doing well. And there is great momentum and the kind of people that are coming to stay, the community that has got built within that building, it's also helping. So yes, it's unique, I would say, very thankful to God.

Abhinav Sinha: Right. And you would expect the sales pace to continue?

Vikas Oberoi: Yes. I can say I would hope to. But yes, I mean, the way things are, there is really no resistance on price and the demand is great. Everybody like really closures are happening very quickly and it's -- we've been really lucky and very happy with the response at Three Sixty.

Abhinav Sinha: Right. Sir, secondly, I just wanted to check also on the capital structure with the large fundraise that we have planned. And historically, we have seen a gearing in the 0 to 0.25 range. So will we like go back to that range once we have all our land deployment done?

Vikas Oberoi: Firstly, the usage of this money is obviously for growth. We see opportunity. We know that we need to deploy this within the next four to five months, and that's why we are doing it. We also

have restrictions in terms of usage of money when you borrow from banks. So that also is a challenge. And I mean this is why we are looking at equity.

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

Puneet Gulati: Can you also talk a bit about your launch timing for starting work at I-Ven, Glaxo Worli land, and also the Adarsh Nagar project?

Vikas Oberoi: So I-Ven, we hope to -- we are now looking at doing a mall, office building and a hotel. So we are looking at starting work somewhere in the first quarter of next financial year because we are still again in the -- on the designing phase and stuff like that. Adarsh Nagar, also approvals should take us another nine months and then we'll be good to go.

Puneet Gulati: And on the Commerz III, what kind of ramp-up do you see. You're already at 65% level. Is there room for much higher rentals from where you are and in terms of occupancy is going to 90% level within the span of one year?

Vikas Oberoi: So we would -- we would be fully occupied within this financial year, we've already done deals, which will now get reported as -- like because they've been done later. Registrations are happening. 100% of Commerz III should be leased within this financial year or close to 100% would be leased.

Puneet Gulati: And how should we think about rentals here? What would be the average rentals?

Vikas Oberoi: Rentals are doing well. I think the building has turned out really, really well and probably gets the best rentals within -- with the competitive set, within this area, we're really doing very well with that.

Moderator: The next question is from the line of Abhishek Lodhia with Motilal Oswal.

Abhishek Lodhia: So just one question while going through the presentation i noticed that for Three Sixty West, we have done for sales of at least Rs. 600-plus crores and even collected that much amount, right? But the revenue recognition is that low. So just wanted to understand, I mean, what is the reason behind that? And I joined late, maybe you might have answered that.

Vikas Oberoi: So thank you for asking this question. I was asking this to my CFO.

Saumil Daru: Abhishek, Saumil here. So very simple. There are certain criteria to be met as far as recognition of revenue is concerned, even in case of finished goods. So if the booking has happened, but some of these criteria have not happened. And for example, if you will know, you would be aware that virtually the whole of the end of September was the Shradh period. So while people may do the booking, they may not end up doing the documentation and all of that.

So then in the absence of some of these criteria, if it doesn't fulfil the revenue recognition criteria, which are there, then the recognition doesn't happen, but very frankly speaking, that doesn't matter because we'll end up recognizing it in the next quarter.

Moderator: The next question is from the line of Vignesh Iyer with Sequent Investments.

- Vignesh Iyer:** I had a list, but mostly, all of the questions are answered. Just one question from my side. On the Thane launch, can you help me understand if the pricing is a tad bit below expectation? Is there any specific reason that goes with the pricing or is it just because it's initial one two towers and subsequently, you might see higher pricing coming in?
- Vikas Oberoi:** No, I think Vignesh I thought we've really priced it very smartly. And this is why the response is so good. So I really don't see anything wrong. We are going to make a lot of money even at this price. So we've really strategically priced it.
- Moderator:** As there are no further questions, I now hand the conference over to Mr. Oberoi for closing comments.
- Vikas Oberoi:** Thank you all for taking time out for this call. We look forward to hearing from you on an ongoing basis, please feel free to reach out to us or our Investor Relation team as and when you have any question. Thank you again.
- Saumil Daru:** Thank you, everybody.
- Moderator:** Thank you. On behalf of Oberoi Realty, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.