



“Oberoi Realty’s Q4FY11 and FY11
Earnings Conference Call”

May 4, 2011

COMPANY REPRESENTATIVES:

MR. VIKAS OBEROI – CHAIRMAN AND MANAGING DIRECTOR

MR. SAUMIL DARU – CFO, OBEROI REALTY LIMITED.



Moderator: Ladies and gentlemen good evening and welcome to Oberoi Realty's Earning's Conference Call for the fourth quarter of the fiscal year 2011 and full year FY11. We have with us Mr. Oberoi the Chairman and Managing Director of the Company and Mr. Daru, the Chief Financial Officer of the Company with us. Please note that this conference call will be for 60 minutes and for the duration of this conference call, all participants' lines will be in the listen-only mode. This conference is being recorded and may be put on the website of the company. After the management discussion, there will be an opportunity for you to ask questions. Should any one need assistance during this conference call they may signal an operator by pressing * and then 0 on their 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 be 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, it's future financial condition and growth prospectus. These forward looking statements are based on expectations and projections and may involve a number of risks, uncertainties and other factors that could cause actual results opportunities and growth potential to defer materially from those suggested by such statements.

I would now like to pass the conference over to Mr. Oberoi, the Chairman and Managing Director of the Company, thank you and over to you Sir.

Vikas Oberoi: Hi good evening and thanks for coming and joining the conference call for our results of financial year 2011. It has been a great year for us, this is our first official year end after we got listed and I am really pleased with the results I will let my CFO, Saumil Daru to take you through the details and before I do that I just want to give you highlights of what really happened in the last year. As you all know that we went public, we were received very well and we are really thankful for that.

We have finished construction at Oberoi Splendor and as we speak we are giving possession, these are 1300 odd apartments, we add so many more people to the Oberoi family who will use our product and may be judge us with the way we build. We also have seen great sales as far as Oberoi Exquisite goes. We have also launched Oberoi Esquire in February 2011 and we have seen a very healthy demand there as well. We have also seen our hotel assets stabilize, our rental yields of shopping mall also continue to grow in a stable form. We have completed three years and we see excellent renewals happening at 15% increase in the rental. So there is great demand there. We have done more than 8 odd million footfalls in the shopping mall so that part of life is going well. The hotel has stabilized and in its first year of operation itself it is adding to the bottom line.

So all in all a great year, I will handover the show to Saumil Daru, our CFO who will take you through the details of the numbers after that both Saumil and I will answer your questions to the best of our ability. Thank you.

Saumil Daru: Thank you sir and very good evening everybody. I guess that most of you would have been able to get the presentation which has been sent through e-mail by our IR Team as well as which has been uploaded on our



website. So to those of you who have not yet been able to get it, would request you to check our website for the presentation.

To get on to the financials, for the first time we have crossed the threshold level of Rs. 1,000 crores on the top line and Rs. 500 crores on the bottom line. In terms of very specific numbers we have achieved consolidated revenues of Rs. 1,058.78 crores for the full year FY11. This is as against Rs. 805.5 crores for the full year FY10 which reflects a growth of 31% on the top line and the similar numbers for the quarter-on-quarter are Rs. 295.2 crores for the fourth quarter as against Rs. 173 crores for the Q4 of FY10 which is a growth of 70%. The consolidated PBT has also shown a healthy growth of about 28% year-on-year and 47% quarter-on-quarter. The PAT was at Rs. 517.18 crores for the full year FY11 as against Rs. 458 crores for full year FY10 which shows a growth of 13% and the similar PAT growth on a quarter-on-quarter basis was Rs. 136 crores as against Rs. 105 crores for Q4FY10 which is a growth of about 30%.

To get into a little bit of analysis of how our projects have done and before I begin that I would like to take you through some of the terminologies which we have been using and may be most of you are familiar with it but for those who are coming in for the first time I would like to say how we define our assets. We classify them into investment properties and development properties. The investment properties comprise the assets which we hold on our balance sheet where as the development properties are those where we follow the strata sale model. To quickly get into each of the projects, Oberoi Mall, this is our retail asset, this contributed nearly 67 crores to the top line for FY11 as against about 60.8 crores in FY10 which is a growth of about 10%. The revenue per sqft. per month for the leased space is also up by about 6% from Rs.104 per sqft per month in FY10 to about Rs.110 per sqft. per month in FY11 and EBITDA margins continue to be around the 95% mark and the occupancy now is well in excess of 90%. Commerz which is our office space asset contributed about Rs. 46 crores to the top line for this financial year. This is as against about Rs. 28 crores to the top line in FY10 which is a growth of about 65 %. Again here the revenue per sqft. per month for this space is at about Rs.136 for FY11 vis-à-vis 144 per sqft. per month for FY10. The EBITDA margins out here also continue to be similar to the mall over at about a 95% margin.

As Mr. Oberoi explained about the hospitality asset this is the Western Mumbai Garden City which we have in Goregaon. This turned EBITDA positive last quarter and it has contributed 27 crores to the revenue for the quarter. For the full year, the turnover from the hotel was nearly Rs. 70 crores. The EBITDA margins for Q4FY11 are at 35% where as for the entire year, it was 16%. Considering that we launched the hotel in May 2010, this shows a quick ramp up which we have been able to achieve and how well the hotel has stabilized in the first year. Our ARR was about Rs.7,356 for the quarter. As far as our other office space property is concerned which is the first phase of Commerz II, this continues to be on track and we have spent about Rs. 133 crores till date on this particular asset.

Moving on to the development property we launched Oberoi Esquire which many of you would know as Oberoi Exquisite II, its been re-branded as Oberoi Esquire and we launched it in Q4 of FY11. We have sold around 275,000 sqft. which is equivalent to about 109 units with a total sales value of about Rs. 320 crores. The project currently does not form a part of the P&L as we have not yet hit the threshold level of revenue recognition but we anticipate with the way the work is going on, we should be able to commence recognition for this particular project in about Q4 of



FY12. For Oberoi Exquisite, which is the project right next to Oberoi Esquire, that project is about 1.5 million sqft. we have sold about roughly half the projects nearly 760,000 sqft. and this projects also continues to do well for us. During this quarter we also started revenue recognition for Oberoi Splendor Grande. Out of the total saleable area of about 284,000 sqft. we have sold approximately about 82,000 sqft. which is about 29% of the inventory of the project.

As Mr. Oberoi explained when he started the call, we have also started the handover of Oberoi Splendor recently and as far as this project is concerned about 93% of the inventory is sold. In the same location of Oberoi Splendor we also have another office project called Oberoi Splendor Prisma, in this particular project the construction continues. As far as an update on Worli is concerned that is one of the projects which we believe will be a landmark in the city, the work on that has begun well. We are continuing to have our discussion with an international construction company for this project which is also progressing satisfactorily. We are very hopeful of closing out our negotiations on that part and closing the contract in the very near future and hopefully once the contract is done and the negotiations with the hotel company for the hotel on that property are done we should be in a position to launch the project for sale. So pretty much that in FY12 more than likely that we will launch the Worli project.

As far as some key financial parameters are concerned our EBITDA margins for FY11 were about 60% and the PAT margins were at about 49%. The EBITDA margins for the mall and the Commerz business are much higher than the average as mentioned before excluding these our margins for our pure residential business is around 57% for FY11. I would now like to handover back to Mr. Oberoi for a few quick closing comments before we commence the question and answers. Thank you so much for a patient hearing.

Vikas Oberoi: Hi again, so very quickly I am sure you guys have done your numbers, I will be very happy to answer your questions and so will Saumil be, so if the operator could arrange for a quick question and answer session this will give us more time for us to be able to answer specific questions.

Moderator: Ladies and gentlemen to ask a question at this time please enter * followed by 1 on your touchtone telephone. If your questions are answered you may withdraw a question from the queue by entering * followed by 2. You are requested to please use only handsets while asking a question. To ask a question please enter * follow by 1 now. Our first question is from the line of Saurav Kumar from JP Morgan, please go ahead.

Saurav Kumar: Hi, good evening, I have two questions one is basically on your margins. So if I look sequentially your margins have come down from 62% to 54% and if I adjust for these rentals where you have higher margins the drop seems to be more. So can you explain as to why that happened? That is first and second is just on your Worli what will be the estimate of construction cost for that project? Thank you.

Saumil Daru: Hi Saurav, Saumil here. As far as the margins are concerned earlier most of our residential projects were under the 80IB scheme. So basically we had what we can say a tax cushion or a tax cover or rather a tax rebate which we used to enjoy. Going forward for Oberoi Splendor Grande as well as for Oberoi Exquisite and Oberoi Esquire when it kicks in, we feel all the projects which will get taxed at you know the full income tax rate.



Saurav Kumar: I am talking about EBITDA at the operating level like if I look at the third quarter it is 62%.

Saumil Daru: Okay I will tell you what is happening is again, for this particular year it has primarily got to do with the hotel coming in because the hotel is contributing to the top line.

Saurav Kumar: If I remove the hotel also still there is a drop so sequentially.

Saumil Daru: I would just want to look at those and come back to you?

Saurav Kumar: Fine.

Saumil Daru: As far as the construction cost in Worli is concerned it would be in the region of a little over Rs.4,000 per sqft.

Saurav Kumar: This is a 60-storey building right, if I am not mistaken?

Saumil Daru: Yeah.

Saurav Kumar: So is Rs. 4,000 okay? Or

Saumil Daru: Pure construction cost.

Saurav Kumar: And what will be the all-in cost like

Saumil Daru: All-in cost, you add another 500 odd rupees

Saurav Kumar: Okay. Thank you.

Moderator: Thank you Mr. Kumar our next question is from the line of Adhidev Chattopadhyay of Edelweiss, please go ahead.

Ashish Agarwal: Good evening sir this is Ashish Agarwal here.

Saumil Daru: Hi Ashish.

Ashish Agarwal: First of all congratulations on crossing 1,000 crores top line and a 500 crore on the bottom line. Sir we had a couple of questions on this side, first I would just like to understand the status on negotiations on the Prisma which I understand from the last quarter we were discussing and we were about to close the transaction. If not we were looking to do some strata sale, some colour on that and second on the approval status of Worli project and some colour if you could provide on how much TDR that we are looking to purchase for the JVLR and the, Goregaon project.

Saumil Daru: Ashish, Saumil here, as far as the Prisma project is concerned, we continue to build right now. We had mentioned earlier that we were in talks with somebody for taking up a large office space and we continue to be in talks. These kinds of negotiations go on, so we would also as practical businessman ideally like to conclude all transactions as quickly as possible but there will always be situations where negotiations can get protracted so that is fine. But in the meanwhile, as you will see even from the presentation which we have shared and as well as from the financials we continue to incur cost on Prisma and we are going ahead with construction at full speed.

Ashish Agarwal: Sir, in that case is there some kind of a time line that you are thinking that like if the negotiations go on till this point then in that case we will proceed with the strata sales or we will take a call as it comes?

Saumil Daru: See we will have to take the call as it comes if the strata sale does not happen we are open to leasing it also. So it is not that we are averse as a company, to you know leasing out office properties. So more than happy to look at it either which ever way the transaction pans out.

Ashish Agarwal: Sure and the next question were on an approval status on Worli and the TDR purchases that we are looking at?

Vikas Oberoi: Hi this is Vikas Oberoi. Worli again we have received all permissions and in fact the work has started we are at you know at the fourth level basement, our contractors are in place. We continue to do our work, so approvals are in place. On the TDR front we do not have any immediate requirement for TDR. We needed TDR for Grande which we already bought and so there is no immediate plan of buying TDR anymore.

Ashish Agarwal: So as far as the Worli project is concerned, there is something that I read somewhere I would be very happy if you can correct me on that, I understand that the Worli project has an FSI approved of about 1.6 million sqft. as per some report by Knight Frank which they had issued to some other rating agency. Now we have an estimate of 2.6 million sqft. so just wanted to understand where could it be different and where could I be going wrong in this?

Saumil Daru: Ashish Saumil here. In our way, we look at the project as at about 2.1 million sqft. project. What happens in the course of an SRA development is that the FSI does get released part by part as the SRA gets delivered. So obviously you know the total potential which we know we will be able to crank it up to is about the 2.1 million sqft. which we have discussed and which we have told in the DRHP and you know it will come to us in stages but that is something which we are very confident about.

Vikas Oberoi: In fact as early as yesterday we received certain permissions which are like you know taken that area further up. So this is like we have got an in-principle approval for the entire 2.1 million sqft. and it's as you build the SRA you progressively get more area and we continue to do that so absolutely the least of our problems.

Ashish Agarwal: Because Sir my understanding for that was as I build I get the FSI was with pertaining to the CC, I guess CC depending on the completion that I am?

Vikas Oberoi: No. See what really happens is that you can get the LOI only after a particular process of identifying people who are staying there and getting their Annexure IIs and stuff are done. So various approvals are at various levels you know some of them are at these Annexure II levels, some of them have already finished doing Annexure II, these Annexure II then go in to form the actual approval. So in all everything is under control, there is really no issue on that.

Ashish Agarwal: Thanks so much.

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

Abhinav Sinha: Hi, my question is on the cash flows for the quarter. The company has received customer collections of around Rs. 175 crores from residential around Rs. 30-40 crores from rentals plus hotel etc. against this cash/bank balance is flat Q-o-Q. So where has this been utilized?

Saumil Daru: Hi Abhinav, Saumil here. Large part of it has gone back into projects itself so if you look at it Commerz II (Phase I) that continues to be built so far we have incurred about Rs. 133 crores on that one and in addition to that we have Grande which is being built, Oberoi Prisma which is being built plus Worli also where we are have so far spent about Rs. 50 crores. So the funds are moving into these projects.

Abhinav Sinha: Okay can you give us an update on the Mulund project because last time you were saying some MoEF approval is awaited here?

Vikas Oberoi: Well you know we continue to await the MoEF approval like we told you the last time that the Supreme Court has given us clearance to start building, start creating third party interest but the approval as far as the MoEF is concerned is taking a little longer than what we anticipated but it is under process.

Abhinav Sinha: So is the launch possible in 1Q or?

Vikas Oberoi: Well we are really hoping and wanting to do that and we are doing our best, we are ready with all our designs, we have done a lot of spade work, so really hoping but this has got everything to do with the government and very little to do with us so that is where I would like to leave it.

Abhinav Sinha: Okay and this MoEF approval is not a part of that forest clearance issue, it is basically just procedural?

Vikas Oberoi: No it is obviously procedural, it is a procedure laid by the Supreme Court. Supreme Court asked us to pay the net present value and we have paid that money. That money was to be paid to the forest department, forest department has collected that and there are guidelines set by Supreme Court under which the MoEF has to clear and this application has to be made by the state government not by us as such. So that is why I am saying that there is very little even in our control as such you know state government has to compile all the data and then make sure they make one application. We've obviously, requested them that if they could single out people who are ready with all



the data and who have made the payments. So all this is in process, once this gets done I don't think it will be too long a time when we will get this done.

Abhinav Sinha: Okay, thanks.

Mahesh: Hi this is Mahesh from CLSA. I just have a quick question on the new launch of Oberoi Esquire. During the quarter you sold about 15% of the launch inventory at the project. How does the initial response compare with some of the other project launches that you have had in the past?

Vikas Oberoi: You know, it in fact exceeds our expectation I would say and it is really humbling that close to 300,000 sqft. gets sold in a month. Before this we had a press meet and most of the press continued to sound a little negative about how the future will look. But when they hear us say that in just one month we been able to sell 300,000 sqft. of a project, even they are surprised, so are we but we are very happy with the outcome.

Mahesh: Yeah, so when the absolute number of close to 300,000 sqft. is large, but when we look at it in percentage term where it is at about 15% or so. So does it sort of you know compare well with in percentage terms, with some of the other launches that you had, like Splendor and the other projects in the past?

Vikas Oberoi: Exquisite per se in the first 6 months gave us 450,000 sqft. and Esquire in just 1 month has given us 300,000 sqft.. So I think it is really good for us.

Mahesh: Okay. So would you therefore agree with the general statement you would have seen lot of press about this, that in terms of the new project sales, we have seen a considerable slow down in Mumbai real estate. Do you agree with that statement?

Vikas Oberoi: Well, you know my memory is really short term and my memory or my information about my company is far better than what the general market is. I don't see that slowdown and I continue to sit on the other side of the fence. When I say this but I say this with a lot of authority and data. This could be an outcome of, may be people either wanting to be in this location, like the way we are building or many factors put together. But I continue to see great demand and I don't know, I beg to differ that sale for us have slowed down. I mean I don't want to comment on the general market as such or other developer's.

Mahesh: Okay. Thanks a lot and all the best.

Vikas Oberoi: Thank you.

Moderator: Thank you Mr. Sinha. Our next question is from the line of Anand Raghavendran of Allegro.

Anand Raghavendran: Hello.



Vikas Oberoi: Hi Anand.

Anand Raghavendran: Hello Sir, how are you?

Vikas Oberoi: Very good.

Anand Raghavendran: Good evening. My question is with regards to Exquisite sales. So what percentage of the total project has been sold out?

Saumil Daru: Exquisite, about 50% has been sold out Anand.

Anand Raghavendran: Please correct me if I am wrong, even the last time, I remember it was told 50% was sold. Has there been any slowdown in sales in Exquisite?

Saumil Daru: See there are two things. One is that, area per se has also changed. Earlier it was about a 1.3 million odd sqft., this has now become about a 1.5 million sqft. project, so that is one. Earlier, I mean this whole year, for example we have sold about 293,000 so nearly about 300,000 sqft. of space even in Exquisite. So which is why may be as a percentage term it may have remained the same, but in actual terms there is a sale which has happened.

Vikas Oberoi: And you also need to appreciate that we have started Esquire which is right next to Exquisite. Having sold 50-60%, these are may be better view flat, lower floor flat, where floor rise doesn't kick in or kick in at a lesser value. People tend to set their focus on to the next project. So that is why when your entire customer base which if not Esquire would have come to Exquisite, have chosen to go to Esquire and that is why we also see a cannibalisation.

Anand Raghavendran: That was supposed to be my next question. Are we seeing any effect because of Esquire on Exquisite?

Vikas Oberoi: Well, like I said if you see historically, projects sell when you launch them and then they obviously go in to a slower phase because construction start, people have to start giving installments, then the sales trickle and then again they peak or start picking up once the building is ready or near ready because people in anticipation of getting possession sell their existing homes and move in there and that is exactly the pattern which is happening with Esquire or Exquisite. So it is pretty consistent and we are able to understand how things are going forth, so nothing like a worry for us.

Anand Raghavendran: Okay and what percentage of construction has been completed or what percentage of the cost has been put into this project already?

Saumil Daru: Into Exquisite it is at about 29% completion and Esquire we have just commenced the excavation, so not much.



Anand Raghavendran: Okay sir. And one more question. What is the occupancy rate in Commerz?

Saumil Daru: About 75%.

Anand Raghavendran: Okay and how has it changed over the last few quarters? Do you have the number by any chance?

Saumil Daru: On a year-on-year basis it has changed from about 44% to about 77% and on a Q4 versus Q4 comparison, it has again changed from about 49% to about 76%.

Anand Raghavendran: Okay sir and is there any change in rental per sqft. in Commerz?

Vikas Oberoi: Well, you know the 15% additional rent kicks-in in some of the tenants and they are in a lock-in for 5 years. So there is really no credit for having to pay 15% more. I wouldn't say that but nevertheless some of these tenants will now start paying us higher rentals.

Anand Raghavendran: So there, the terms with them would be once in how many years would that happen?

Vikas Oberoi: Let us say if there where a 5 year lock-in, in the first 3 years they pay as a rent that they agree when they sign and there is a 15% increase after 3 years that kicks in. Some of them are 5 years; some of them are 9 years. So for 9 years there will be probably two other increases and for a 5 year this is one increase, that they need to pay us. So rentals continue to look better.

Anand Raghavendran: Okay sir. That is it from my side; thanks a lot for answering all my questions.

Vikas Oberoi: Thank you.

Moderator: Thank you. Our next question is from the line of Prem Khurana of B&K Securities, please go ahead.

Prem Khurana: Good evening Sir. I had a couple of questions. First one is, could you please update us on your Juhu and Goa land parcels. In Goa we already paid around 25% of the consideration, so any development over there?

Saumil Daru: As far as Goa is concerned Prem, we have paid the balance amount and that transaction is closed. That happened in this particular quarter.

Prem Khurana: Sir there was some case going on that property, so it was under litigation, if I am not mistaken. So has that been cleared?



Saumil Daru: Yeah. See we had acquired this property under a SARFAESI auction. So obviously the earlier guy who used to own it he had some tax dues and stuff like that. So there were some attachments and things which were there. So that is why we did not go about closing the transaction till all those aspects got cleared.

Prem Khurana: Sure and how about Juhu Sir?

Vikas Oberoi: Juhu we are in the arbitration, continue to do that, you know it is pretty much status quo for us.

Prem Khurana: Okay and when can we expect Goa launch and when do you intend to start construction on that property, how long?

Vikas Oberoi: We are yet in the planning stage; don't have a firm idea on that. As soon as we have that, we will let everyone know.

Prem Khurana: Sure. And my second question was on launch strategy. If I look at your recent launches, both Grande and Esquire, it seems we are more focused on doing projects with unit size in excess of 2,000 odd sqft.. If I compare with our earlier projects like Splendor or Exquisite I, there we used to do around 997 or 987 kinds of developments. Is it because we would not get 80 IB benefits, so is it a conscious decision on our part to do these kind of developments and what would be our strategy for Mulund project and would we do 2,000 odd sqft. kind of unit sizes or less than that?

Vikas Oberoi: You are partly correct that obviously you are not getting 80 IB, but the larger part of why we are doing this also is because this area is now established. You must remember when we started the Woods of the World or Splendor, Goregaon was not really an established area, the mall was not here, the five star hotel was not here, the school was not there. Today with all these three things being there the pull factor into this location had substantially increased and affluent people want to come and stay here and they are also less price sensitive about this thing. So, I feel that our strategy of doing larger area apartments is holding good for us.

Prem Khurana: And how about Mulund Sir?

Vikas Oberoi: Okay, Mulund also, we have been getting constant feedback from our customers that please do three bedrooms, please do four bedrooms, don't do two bedrooms hall. There are too many people doing two bed and stuff like that. So, like we said that we are ready with designs for three bedrooms and four bedrooms hall and we will do just that.

Prem Khurana: I mean, if I am not mistaken no one seems to be focused on one BHK or one-and-a-half BHKs these days, I mean if you look at the project ROCE if you do one BHK you tend to see higher sale upfront so, do we intend to kind of maximize our ROC by doing one BHK because we will be able to sell 100% of the inventory upfront and we will be able to generate substantial cash flows upfront instead of doing phased sales?

Vikas Oberoi: I will tell you there are many variables which go into deciding what one needs to do in terms of the size. It is not alone how quickly can I sell; it is also what I do with the rest of my property first. Second, how well am I able to optimize my FSI yield, if I do a one bedroom hall, I get a lower efficiency than what I do with a two bedroom and I get a better efficiency if I do three and four bedrooms. So, the larger the flat the better is the yield per square foot on the FSI, so my saleable area increases in totality if I do a four bedroom hall and like I said that it is the kind of pocket that I attract decides the future, what you call resistance for the rates that I open or so on and so forth. So, it is clearly a strategy, I would ideally love to do that but I am running a company where profit is the first goal, so we need to make sure that we optimize for our shareholders and stakeholders in the company.

Prem Khurana: Sir, last question if I may, I mean on sequential basis in Commerz, occupancy seems to have come down from 77.1% to 75%, so have you seen some exits or?

Vikas Oberoi: No, we have seen one exit in this thing, but that has been taken over by somebody within the building itself, so it happens at a year end and the occupation will happen in the subsequent year, so you are correct in your observation and that will get taken up.

Prem Khurana: And what kind of rental are you expecting from this new transaction?

Vikas Oberoi: Similar rentals because the same guy is taking it, it is not like I am inviting a new person, so it is going to be an identical deal to what he got.

Prem Khurana: Sure Sir, that is it from my side thank you.

Saumil Daru: Thank you.

Moderator: Thank you Mr. Khurana. Our next question is from the line of Ajay Mathrani of Kotak, please go ahead.

Ajay Mathrani: Yes, thank you and good evening.

Vikas Oberoi: Hi Ajay good evening.

Ajay Mathrani: Good evening Hi. Just one question on a planned project, the ongoing one which are well covered in the PPT in terms of, in either Exquisite III, Exotica or Sangam City. Any changes in areas or plans that you are looking at there?

Vikas Oberoi: Not really as such, I mean areas in the sense like are you looking at the saleable area, the square feet or like per unit or in totality?

Ajay Mathrani: In totality.



Vikas Oberoi: Not really.

Ajay Mathrani: Okay thank you.

Vikas Oberoi: Thanks.

Moderator: Thank you. Our next question is from the line of Nitin Idnani of Enam Securities, please go ahead.

Nitin Idnani: Hi good evening. My question was actually a follow on from the previous caller with regards to Exquisite sales. Now, I can completely appreciate with Esquire having launched in this quarter, one would see some amount of cannibalization in Exquisite, but how does one get Exquisite moving, I mean do we wait till let us say the lower flows of Esquire sell out and then people start looking at Exquisite again or I mean I am just trying to see will we see Exquisite?

Vikas Oberoi: Very interesting point, let me just tell you that any project which has a life cycle of four years to build, let us take Splendor as an example, it has taken us four years or five years to sell the entire inventory. In fact we having sold 50% of our inventory in Exquisite itself is unique. Ideally it should have been 30% or 35%, so I am personally pleasantly surprised that there is such good demand for Goregaon and we are able to sell as much. So, I do not see that in my first year itself I have sold 50%.

Moderator: The next question is from the line of Sandipan Pal of Motilal Oswal, please go ahead.

Sandipan Pal: Hi Sir good evening thanks for taking my question.

Vikas Oberoi: Hi Sandipan how are you?

Sandipan Pal: Fine sir. Sir, I just wanted to understand one number given in your Oberoi Mall, I mean that particular slide in the presentation. There I can see on a sequential basis your occupancy has gone up but your revenues have marginally come down and at the same time your rental per square feet has come down so what is the logic behind that sir?

Saumil Daru: Well, what had happened was in the Q3 of the year there was a one time settlement which we had with one of the tenant in the mall, which is why that number had gone up but the number which you are seeing for Q4 is the one which is the more stabilized number.

Sandipan Pal: Right Sir and my second question would be Sir, what would be the status for Pune project, I mean if the land acquisition process is on and how much we have paid so far and what is the thing going forward?

Vikas Oberoi: See, the land acquisition process is on and we have paid close to Rs. 45 crores – 46 crores and we continue to acquire land and this acquisition is part joint venture, part direct acquisition. So, some of the landlords

have opted to take built area and some of them have actually taken money and walked out. So, this is the combination we continue to acquire land and now the Pune DP is getting finalized, as soon as that gets done we will be in business to start the work there.

Sandipan Pal: Right Sir. And just one last question, since we have all the approval process done in the Worli project, so what is stopping I mean launching that, we have any plan to launch at a particular stage of the project?

Vikas Oberoi: Exactly, there are two things here if you see the design we have a small component of a hotel, we have an office, we have got residential. What we intend to do is we want to bring the hotel operator in to play first because we see a huge brand rub off from the hotel operator to like help us sell. Once we have a good operator this product becomes an international product, we can take it to an international market for Global Indians also to look at us and we just want to encash that rub off and that is the reason why we are really waiting. We are very close to closing the deal, once we do that we will immediately launch, the collaterals for sales will have to be built and stuff like that.

Sandipan Pal: So, is the expectation of launching in the second quarter still on?

Vikas Oberoi: Yes, we are really trying to do it faster and get that to the market because we are excited to show the world that product we have done and it is really turning out to be very well.

Sandipan Pal: Sure sir, thank you very much.

Vikas Oberoi: Thank you.

Moderator: Thank you. Our next question is from the line of Sameer Baisiwala of Morgan Stanley, please go ahead.

Vikas Oberoi: Hi Sameer.

Sameer Baisiwala: Just a question on Commerz II when are we expecting to complete it and what is the status on the possible lease?

Vikas Oberoi: Well, you know Commerz II (Phase I) will get completed this year as in this year end and we are again talking to a very large client who has shown keen interest, our negotiations have progressed. But we look at this as a windfall if that happens. Strategically what really we have seen historically is that once the building is nearing completion, people come into lease this.

Sameer Baisiwala: Okay, because there is little bit of concern, just because Commerz I is really complete and completed quite some time back and if I am not wrong you mentioned 77% occupancy, it has not been able to move even that up to really the full percentage and in the face of that Commerz II will get delivered at the end of this year?



Vikas Oberoi: Basically this is only one floor of a large floor plate, it is close to 55,000-60,000 sqft. and it is on one second floor that is the only area, we do not see any issue as such on leasing Commerz II.

Sameer Baisiwala: And the expectation of rentals for Commerz II would be any different from what you are getting from?

Vikas Oberoi: Not really.

Sameer Baisiwala: Okay and just some final question on the Goregaon residential projects, Exquisite I, Esquire. Given the way the sales are trending how do you see the pricing for both these projects?

Vikas Oberoi: We have done about 300,000 sqft. in just one month. So, I see great demand, I do not see any problem, prices continue to be stable and we are talking of Rs.10,000 a square foot and one also need not forget that Woods today, which is ready, is selling at almost Rs. 17,000 and 18,000, so people clearly say that there is value in the deal, if its under construction and even if its four years away, a simple math clearly says that this is a good deal that one is getting.

Sameer Baisiwala: The question here is that, where the base selling price is about Rs. 11,500 for Exquisite I if I am not wrong Rs. 10,000 for Esquire base selling price, do you think this is what it would be for the next six-nine months or do you think you will be taking it up by 10% as a sales progress?

Vikas Oberoi: We are not wanting to take it up because clearly even if we can, the market sentiments are such that they do not allow you to do that because I will clearly look like somebody who is going complete opposite to the market, so even if I am able to keep it stable and continue to get sales, as an MD of the company I am very happy. So, I can't say that I will not, things can change but if the situation continues to be the way it is we will not increase prices, but you never say never, if markets improve and things happen, then we might push the price up or if we sell a lot we will again pull the price up.

Sameer Baisiwala: Okay perfect thank you very much.

Vikas Oberoi: Thank you Sameer.

Moderator: Thank you. Our next question is from the line of Gagan Agarwal of Merrill Lynch, please go ahead.

Gagan Agarwal: Thanks for taking the question. Firstly, on the Esquire project has the area increased for that because as per my understanding earlier your estimate was around 1.3 million sq ft for the phase 2?

Saumil Daru: Gagan Hi, Saumil here. It has increased by about 0.6 million sqft. compared to the earlier quarter or there is a little bit of change in configuration so because of that we have been able to add a couple of floors so that is why there is an addition in the saleable area.



Gagan Agarwal: So, the third phase remains around 2.5 million sqft?

Saumil Daru: Yes, roughly it gets adjusted accordingly.

Gagan Agarwal: Okay and secondly, on the Grande project I just wanted to get a sense on your total cost, like your construction cost would be around say Rs. 2,800-2,900, what is the total cost that will be per square feet on that project?

Saumil Daru: Excluding land-?

Gagan Agarwal: Including land or TDR everything I am saying.

Saumil Daru: Just a second.

Vikas Oberoi: We might have to run a math on this, if you could contact us separately and we will be happy to deliver this.

Gagan Agarwal: No problem, yes.

Vikas Oberoi: Thanks.

Moderator: Thank you. Our next question is from the line of Tejas Sheth of Emkay Global, please go ahead.

Tejas Sheth: Hi, I just wanted to have an idea on Commerz II how much more to be spent on this project?

Saumil Daru: We totally have a budget of about Rs. 250 crores, we have hit about 135 till now, so we have another 120 odd to go.

Tejas Sheth: So, that will be done in this financial year, right?

Saumil Daru: Yes.

Tejas Sheth: Just one more thing on, do we see launch of Mulund project in this financial year?

Vikas Oberoi: Hopefully yes, you know in fact we would ideally like to do in this quarter, if all permissions are in place and we are able to start. Permissions are in place it is just a NOC that we require and we will be on a roll.

Tejas Sheth: Okay and I just want to know what would be the rate there you would be expecting?

Vikas Oberoi: We don't know that, we will test the market and god willing we will continue to get a premium over other people and that will give us a better value but can't say any number as yet.

Tejas Sheth: Okay, just one more thing Sir, you just mentioned in the previous question that you do not see any high increase in the prices of your projects at Goregaon East but I understand there is one another premium builder who is just launching a project just opposite across the road at Rs.14,000 a sqft., so you see that kind of sustainability or you see Rs.11,500 would be your price and you do not want to increase it?

Vikas Oberoi: See there are couple of things, one is what sort of velocity will he get and are we happy with that sort of velocity, moreover his acquisition cost is way too high, I do not want to comment on other people's business but I feel that the kind of velocity we see at these numbers will only increase if he starts it at that price, he will only be doing us a favour and we will genuinely thank him for that.

Tejas Sheth: Okay Sir thank you.

Vikas Oberoi: Thank you.

Moderator: Thank you Mr. Sheth. Our next question is from the line of Gaurav Pathak of Standard Chartered, please go ahead.

Gaurav Pathak: Okay, I just wanted to ask that there is no increase in the overall saleable area on the residential front for the Goregaon East property in totality.

Vikas Oberoi: Correct, yes we've just reconfigured.

Gaurav Pathak: Okay and when are you looking to launch phase 3 is that in FY12 or sometime later on?

Vikas Oberoi: In FY12 yes, we are going to be very aggressive, we are very clear that we want to try and finish developing our entire land bank within the next four to five years, so that we can monetize it.

Gaurav Pathak: When would Exquisite be handed over?

Vikas Oberoi: Exquisite, I think it is 2013 end.

Gaurav Pathak: Okay, so some natural escalation as you come closer to completion?

Vikas Oberoi: That will always happen because you are right; Woods is selling very well at Rs. 18,000. I clearly see this also could go to 18,000, I do not see any reason why this should not, if the market remains the same.

Gaurav Pathak: And given the fact that you have launched Esquire at the lower price point. Is there a difference in terms of positioning as well, or it is just because of the delay in the handover?



Vikas Oberoi: No, the Esquire is actually sold at a higher price, Exquisite had started at Rs. 9,000 and 9,500; Esquire started at 10,000. So, actually it is about 15% to 18% higher than what this one has sold for.

Gaurav Pathak: Okay and just one last question. In your inventory in the last one quarter, there has been an increase of about 100 crores, which are the key projects contributing to that?

Saumil Daru: Just a second. Some part of it was contributed by the TDR which we purchased because that continues to lie with us as inventory so that will be a major part of the 100 crores.

Gaurav Pathak: Okay and the price point, at what price did you buy?

Saumil Daru: 2100 bucks.

Gaurav Pathak: Okay thank you.

Moderator: Thank you Mr. Pathak. Ladies and gentlemen due to time constraints that was the last question. I would now like to hand the floor over to the Chairman and Managing Director, Mr. Oberoi for closing comments.

Vikas Oberoi: Thank you all for participating in this conference call. We continue to hope and pray that you will continue to help us and patronize us. We at our end will do our best to deliver the best possible results for the company, in the most transparent way and in a way which the world works, thank you again and have a very good day.

Moderator: Thank you very much Mr. Oberoi and Mr. Daru. Ladies and gentlemen with this, we conclude the conference call. Thank you for joining us and you may now disconnect your lines.