



“Oberoi Realty Q4 FY12 Earnings Conference Call”

April 26, 2012



MODERATORS: MR. VIKAS OBEROI – CHAIRMAN AND MANAGING DIRECTOR
MR. SAUMIL DARU – GROUP CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen good evening and welcome to the Oberoi Realty Earnings conference call for the fourth quarter and the full fiscal year 2012 that ended on March 31st 2012. We have Mr. Oberoi, the Chairman and Managing Director of the company and Mr. Daru – the Chief Financial Officer of the company with us for the call.

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. 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 anyone need assistance during this conference call, they may signal an operator by pressing * and then 0 on their touch tone telephone.

Before I hand the conference 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 expectations and projections and may involve a number of risks, uncertainties and other factors that could cause the actual results, opportunities and growth potential to differ materially from those suggested by such statements.

I would now like to hand over the conference to Mr. Oberoi, the Chairman and managing director of the company. Thank you and over to you sir.

Vikas Oberoi: Good evening and welcome everybody. We have sold about 700,000 square feet area in FY12, sales value are close to Rs. 960 crores. We have an order book of Rs.1,500 crores which last year was about Rs.1100 crores, so there is an increase there. Collections are strong, Oberoi Esquire has sold well. We have done about Rs.800-850 crores of sales there. We have crossed Rs.1,000 crores of sales with Exquisite and continue to do well. Samsung was appointed as a contractor this year for our Worli project.. As promised probably Q2 of this year would see the launch of Mulund and we are on track for Glaxo as well. For taking you through the details, I will hand over to Saumil and I am available for any questions and answers if any, feel free to talk to me. Thank you.

Saumil Daru: Thank you Mr. Oberoi. I guess most of you must have received the presentation by email which our IR team would have sent out. If not then the same is also available on our website already. The website also has the results, which were declared and which have been filed with the stock exchanges. To keep it short and sweet, in terms of financials, we have achieved consolidated revenue of Rs.974.79 crores for FY12 versus Rs.1,058.78 crores for FY11. The consolidated PBT was Rs.605.92 crores for FY12 as against Rs.615.47 crores for FY11 and the consolidated PAT for this year was Rs.462.87 crores versus Rs.517.18 crores for FY11.

Just to give you a brief synopsis of operations, on the investment properties, Oberoi Mall which is the retail asset contributed Rs.78.18 crores to the top-line in FY12 as against Rs.66.75 crores in FY11, which is a growth of 17%. The EBITDA margin in this particular asset continue to be around 95%. Commerz which is our office space asset that contributed Rs.43.62 crores to the top-line for FY12 as against Rs.45.8 crores in FY11, which is a reduction of marginal 5%. The EBITDA margin in this vertical is also in the region of 95%. The Westin Mumbai Garden City has considerably improved its

performance in the second year. The top-line contribution of the hotel was Rs.90.57 crores this year vis-à-vis' Rs.69.87 crores last year which is a growth of about 30%. The EBITDA margins for FY12 in this asset were at 25%.

Quickly moving to the development properties; for Oberoi Esquire out of the total project area of about 19.7 lakh sq ft, we have sold 7.1 lakh square feet rate, which is about 36% of the inventory. The total sales value for FY12 is Rs.534.73 crores, the cumulative sales value in this project as Mr. Oberoi mentioned earlier is a little in excess of Rs.850 crores, it is actually at about Rs.853.69 crores. However in this particular project, we have not yet hit the threshold of construction completion for revenue recognition and hence none of these numbers appear in the P&L so far. For Oberoi Exquisite, a project of about 15.4 lakh square feet, we have sold about 8.3 lakh square feet, which is about 54% of the inventory. Total sales value for this year was about Rs.115.78 crores and the cumulative sales value till date is a little in excess of Rs.1,000 crores it is at about Rs.1,020.42 crores. The total revenue recognized for this project in FY12 is Rs.220.85 crores and the cumulative revenue recognition till date is Rs.480.40 crores. This is based on 47% project completion calculations. For Oberoi Splendor Grande out of the total project of 2.8 lakh square feet, we have sold 2.1 lakh square feet which is about 74% of the inventory in this project. The total sales value for FY12 is Rs.183.35 crores and the cumulative sales value till date is Rs.287.67 crores. Again in this we commenced revenue recognition last year, then we recognized Rs.179.73 crores. In FY12, we have recognized Rs.149.98 crores. The percentage completion in Splendor Grande is at 62%. Oberoi Splendor this is a project, which has been completed during the year. Out of the total project of 12.8 lakh square feet, we have sold 12.3 lakh square feet, which is about 96%. The total sales value for FY12 is about Rs.88 crores. Cumulative sales value in the project for the entire duration of the project has been Rs.1,453.36 crores all of which has been recognized in the P&L. The revenue recognition in this year is Rs.167.64 crores. As I said earlier, this has achieved 100% completion.

As far as the Oasis project in Worli is concerned the work continues at a good pace. As Mr. Oberoi mentioned, the agreement with Samsung is in place. The discussions there with the hotel operator are also progressing satisfactorily and we should be in a position to launch the project as soon as we finish those discussions. To conclude some key financial parameters, EBITDA margins for FY12 were 59%, PAT margins were 47%, for the mall and the Commerz asset the EBITDA margins as I mentioned earlier are way higher than average and excluding them the margins were our pure residential businesses is around 58% for FY12. I would now like to throw the floor open for questions, which any of you may have. Thanks so much.

Moderator: Thank you very much Mr. Oberoi and Mr. Daru. Ladies and gentleman we will now begin the question and answer session. The first question is from Punit Jain from Goldman Sachs, please go ahead.

Punit Jain: My question is with respect to the pricing strategy, which is being followed say in Goregaon East, as I understand Oberoi has taken up prices by around 10-12% from April onwards, so just want your thoughts about the same that what it could do to potential demand given the fact that prices were raised in October as well and second thing is that the price raise in October does not seem to have affected sales in the March quarter. What are your thoughts on the same?

Vikas Oberoi: Punit your second statement answers your question itself that there is very good demand and there is absolutely no resistance on the price increase. So obviously we want to sell at the best price where the market is willing to accept and we don't see resistance, so we are obviously looking at that. You will also notice that Goregaon is now a

destination to reckon with and again whatever is happening to Powai , the construction there is stalled so the entire demand from there is moving into Goregaon, which is also helping us sell more and these are the reasons. So there is nothing much to look at and there is a buyer for us at a higher price and we want to capitalize on that.

Punit Jain: In this context, would you like to have a target for say FY13 in terms of sales value?

Vikas Oberoi: You know honestly I don't want to set any target as such and we are personally monitoring it and we are looking at the velocity of sales and going by the flow and the absorption we will take a call. I mean okay I fancy that the product has the capability to sell higher within this calendar year, but whether it will come true or no, I can't promise you because I don't want you to start assuming that I will get these numbers and start valuing my company. I would rather under play, but I see traction, I mean like we will see even after increasing the price, the sales have gone on and that's it.

Moderator: Thank you. The next question is from Abhishek Kirangupta from Merrill Lynch, please go ahead.

Abhishek Kirangupta: You know we often hear about Oasis Worli and we often also hear about the hotel operator, but don't you have a retail component in there as well. I don't get to hear much about that, I assume it is super luxury, any traction on that front?

Saumil Daru: Abhishek Saumil here, actually that retail component is a very small component which should be a part of the hotel so that is why we don't disclose that separately.

Abhishek Kirangupta: That is within the hotel.

Vikas Oberoi: Yes within the hotel and it is not large. Abhishek basically the use can be to whatever you want to and there is no restriction in Mumbai at least on that side for us to restrict ourselves to retail or office or hotel or residential use. to do whatever one wants to. So we have a very small component of retail, which we will obviously be leasing at the end, once the structure is up and ready.

Abhishek Kirangupta: I have been maintaining a view that your projects in Goregaon technically do not have competition because there is no non IT space there, however, last two quarters I have been hearing you and you have been pretty soft about commercial going forward in that particular area, have things changed or do you see them changing in FY13, what's the view now?

Vikas Oberoi: Excellent question, I must say you were spot on to read me that I was soft on sales rather leasing there, but the last quarter has given me a lot of steam as in there has been tremendous inquiry. I have personally looked at some 2 million square feet wanting to be leased in this area. So I can't say whether half of it will come to me or little bit of it will come to me. Everyone seems to be short-listing us, keeping us at number one or number two choice. These are large transactions, multinational clients; they go to the US, come back and so on and so forth. So you are right that we were not so bullish on it like may be a quarter ago, but the way things have panned out, not many people are building commercial because they don't have the cash. Banks are not easily giving debt, so there is clearly a decline in supply there and once this

supply gets exhausted or arrested, then you can clearly see that whatever one has will get you the price that you want. So I am a lot more bullish now than I was quarter ago.

Abhishek Kirangupta: Vikas, can I ask a difficult question, is it a price, were you sticking on to the price which is why or is it a demand thing or is it a mix of both?

Vikas Oberoi: No it is a mix of both I would say. There wasn't much of inquiry, not much to choose from, so there was no point in lowering your prices because a deal probably might have not even happened at that number. Today I see 2 million square feet being demanded for something like I have only 700,000 square feet of, so the minute I will do one or two anchor transactions, I will probably push the throttle, like how we do in **residential**, we build the base and then go for maximum and it is quite possible. People have liked what we are building so that is at least a relief.

Moderator: Thank you. The next question is from Rahul Kumar from Jefferies, please go ahead.

Anand: This is Anand here. First on the land acquisition side, has there being any progress especially given that from what I see from the balance sheet, this time it appears that you made some advances towards either land or deposits or some sort,?

Saumil Daru: Some of those deposits have gone for the Worli project itself. There was some additional deposit given to the land lord because of probable increase in FSI. So that is what might have got your attention and that's why you may feel that there has been some land acquisition.

Anand: Can you tell me the amount of that?

Saumil Daru: That has gone up to about Rs. 485 crores from about Rs. 300 crores earlier. **Vikas Oberoi:** So we continue to look at land. We are very happy to buy, but again we are sensitive to price. We want to buy it at a right price. Lot of people tell us that you are comfortable, but the only reason we are comfortable is because we have been prudent about buying. I can't let this prudence go at a stage when I feel that there is frustration building with people who are holding large land track and probably they could sell it at a reasonable price when it is not cheaper. So we are just waiting for that to happen, more than happy to buy, so really no issue.

Anand: Okay second is on the, I mean is there an amount that you intend to spend between the Commerz two phase I, the Splendor Prisma and the Worli project in FY13, I mean basically just want to understand on the commercial projects and the Worli project, what is the amount you intend to spend in FY13?

Vikas Oberoi: So firstly the Commerz II will be ready within probably may be between August and September this year. So not much needs to be spent there. The other two project also we are committed to building whatever it takes for us to build, we will do that and that is not a large part of our expense chunk I would say. All other residential projects are cash flow positive. They continue to churn out cash, we are sitting on cash as well, so it is really does not hurt us.

Saumil Daru: And in Prisma, we also may end up following the sale model. So from that perspective again it would be a cash flow positive project.

Anand: And in terms of now with the FSI norm change, I mean you gotten I guess sufficient time to study so couple of thing one does it impact the saleable area in the Goregaon project and second is there any additional cost that will be there on those projects because of that?

Vikas Oberoi: There will be additional costs because we will be buying additional area and because this is additional area, we obviously get to sell an additional area in the market. So areas will increase and obviously it will be like the corresponding cost to that area will also increase, but all in all it is a plus because we were not really selling any major free area prior to this.

Anand: How much could the area increase by?

Vikas Oberoi: You know we haven't really done the entire math, if you want you can separately speak with Chirag.

Anand: Would you be following the new revenue recognition guidance and would that mean that the revenue recognition would now be at 25%?

Saumil Daru: Yes, I mean see obviously for whatever we have already started recognizing revenue and there we will continue to go under the old method itself. It is only for newer projects where you commence recognition after 1st April 2012 where the new guidance note will apply. So we will have to see how that goes. There have been still some more representations which have been made to the institute, so let see how that goes.

Moderator: Thank you. The next question is from Yash Vaid from IIFL, please go ahead

Yash Vaid: First of all the outlook on the real estate prices, if you can tell me how was the quarter as a whole and going forward what is your outlook on the real estate prices?

Vikas Oberoi: Well the quarter has been great. I continue to tell people real estate is not going out of fashion. We are a growing economy. We are an aspirational as society. House is a matter of big pride for us. So people are going to continue to buy a house that's not at all an issue and it's more driven by sentiments than anything else. You know 100 basis point really does not affect the buying capacity of a person, but it does change the sentiment. I would rather say that one needs to really focus on if you would look at the sector as such, you will have to look at developers. How we are going to manage our ship is going to be more important. We are in the ocean where there are under currents, over currents all these things are there, but how we maneuver our ship is going to be more important. That's it.

Yash Vaid: Okay so what is your plan for FY13?

Vikas Oberoi: Well if you see we have a huge order book, Rs.1,500 crores worth of order book, which will start getting recognized only in FY13 and then we have Mulund, we have got Worli launch so a lot of work and we are continuing to look at buying new land.

Yash Vaid: What is the current debt?

Vikas Oberoi: Zero.

Yash Vaid: What is your total land bank from now if you can tell?

Saumil Daru: Yes it remains pretty much the same as what was their at the time of the IPO to the extent which what we have sold and some probable increase in area in Worli.

Yash Vaid: Okay and sir last question, in terms of revenues this quarter, the commercial and residential, how much percentage has come from the commercial and residential?

Saumil Daru: Out of the total top line, or rather the total operating revenue of 795 crores about 575 comes from residential and the rental income is about 128 crores. If you look at slide 9 of our presentation, you will get it in detail.

Moderator: Thank you. The next question is from Sameer Baisiwala from Morgan Stanley, please go ahead.

Sameer Baisiwala: Just taking a long term view especially to take some help from you in terms of modeling Goregaon for roughly about 6 million square feet as last disclosed residential, what's the rough timeframe that you are looking at to churn this around?

Vikas Oberoi: We ideally want to finish it in the next four years. We want to churn this around in the next four years. So like give or take a year more probably, depending on the velocity of sales and other factors, but we want to finish this in the next four years.

Saumil Daru: Saumil here, again out of this whole thing Exquisite which is about 1.5 million is already way ahead in terms of construction so hopefully I think that we should finish till December 13 or the first quarter of 14 or at least calendar year 14' so starting '13 and '14, '15 and '16, year '16 we will finish the entire Goregaon. And Esquire also which is again about 20 lakh square feet or 2 million square feet nearly there also work has started so the only one where work remains to start is the last phase.

Sameer Baisiwala: Okay well I take a point on the pace of the construction that something that you can control, but if I look at the pace of sales, which is also factor of market conditions. If I am not wrong you launched the first residential at Goregaon in October 09 Exquisite 1 and today it is almost 2.5 years and total that we have sold between Exquisite and Esquire is roughly 1.5 million square feet. So if I just see this 1.5 million square feet in 2.5 years and if I stretch it every year it does not seem that year to year it is going up. Its almost, you are doing about 0.6 million square feet. So if you

extrapolate this actually call for 10 years for you to sell. You may be able to construct this in four years, but the sales would take about 10 years. Would you agree with this?

Vikas Oberoi: Well I don't because firstly Goregaon is becoming a destination as we speak. In 2009, I didn't have like 200 expat family staying here. It was not the center of attraction as its today. The mall has come to its own. The hotel was not doing as well as it's doing today. We have over 1,000 kids now studying in our IB school. So a lot of attraction is being created in this. So I guess at the back of all this, velocity will increase and you must also appreciate that we are also increasing prices. So we are like maximizing it on all accounts from qualitative, quantitative, value point of view everywhere. So I believe that one can look at selling the entire area within four and five years. I have always been happier for whatever I have not been able to sell, because I always end up selling it at a higher price. So I don't see much into that.

Sameer Baisiwala: Sir, fair enough. It exactly the point that it's only at the end of four years, by the time you would have increased price as well that you would realize that how much inventory is really left in your hand and that may actually call for another three to four years. The short point here is that are you doing the back calculation at four years, you need to sell roughly 4.5 million square feet therefore you need to actually double the pace of sales to hit that point and while you are increasing the prices, do you keep this factor in mind or how do you say that the price increase is commensurate with our end point target of four years turn over.

Vikas Oberoi: Firstly you asked me a question saying that how much time you take to construct it, you didn't tell me how much time you take to sell All I am saying is that we probably be able to construct it even we are not able to sell in four, we sell it in five. Having said that see real estate sells with a word of mouth. If you see as we speak today, there is only Woods which is ready and Woods is the one helping us sell the rest of it. Come 2013, we will have a very superior product called Exquisite ready or let's say early 14. So people will come to visit there, look at them. They will get inspired to buy homes and that's what we are backing on, one can't expediate what you did in the past to the future and it can happen both ways. Your sales can get doubled. The sales can get half, so this is really shooting in the dark. I won't read too much into it. We will see how things pan out and as things go. We are a prudent company, we have shown the world that we were able to reduce the prices when markets went down and if today markets are supporting the price, we want to ask this there is no harm in taking that on the table. So that's about it.

Sameer Baisiwala: Okay and just from Prisma, Saumil you mentioned that you probably are now looking at a sale model and what's likely time lines for the launch of the same?

Saumil Daru: Oh well Prisma we have always looked at it as a sale model only, when it is ready so we would probably look at getting ready and then sell. So may be within this year, we would look at selling it.

Sameer Baisiwala: Okay, sorry what I mean to say would you be looking strata sales or institutional sales?

Vikas Oberoi: Both are welcome, no issue. Color of Money is the same.

Sameer Baisiwala: Okay and just one final question, in terms of new project acquisition do you have something that you are looking outside of Mumbai and in a more advanced stage?

Vikas Oberoi: No.

Moderator: Thank you. The next question is from Mahesh Nandurkar from CLSA, please go ahead.

Mahesh Nandurkar: Hi, my first question is on the project launch at Mulund, as to what exactly is keeping it in a back and what is the likely time line there?

Vikas Oberoi: Mahesh, Mulund is awaiting MOEF clearance. You remember we had told you that Supreme Court has given an order where we can start construction to create third party interest also, but we need to go to the MOEF. Now this application was supposed to be made by the state government and the government has already done that. The file has moved. It's awaiting one more department and hopefully in the next two months we should be able to get the order and we will start. We are ready with design and other stuff. So we are looking at a launch in the second quarter of FY13.

Mahesh Nandurkar: And the other question is on your land acquisition strategy, it's almost like one and half years since you have been having an excess to almost Rs.1,200 to Rs.1,500 crore worth of funds. But we haven't really seen much in terms of the land acquisition. I mean how does the math work? What is that you look for in terms of minimum return when you look at acquiring a land parcel?

Vikas Oberoi: See firstly I look at clear title. Second of all I look at whether if I buy this property at today's time will I make money. We don't buy properties speculating that tomorrow it will go up and make that kind of money. And we look at IRR also.

Saumil Daru: Bottom line Mahesh, I have to look at an IRR, which is higher than the rate of WACC which you use to discount my cash flows. You guys will otherwise start questioning me on why am I destroying value.

Mahesh Nandurkar: Right, but then do you use the same methodology while deciding your pricing for example, when you took the prices up recently at your Exquisite, Esquire, etc., so do you do the similar kind of analysis for the remaining life of the Goregaon project for example and do you do the IRR analysis for that as well?

Vikas Oberoi: Sure we have to.

Saumil Daru: Various things one is IRR, second is where there is an increase in input cost, then what is the incremental increase in input cost and it is only that X amount of balance inventory which we can increase the price and recover that additional input cost increase, so various factors will go and obviously other than that what's the market like and whether the market can take that increase in prices which you will pass through. So various factors, but yes there is a whole set of things which are considered before prices are increased.

Mahesh Nandurkar: Okay and my last question is that in terms of the Mumbai land acquisition, do you think that there are any land parcels that will go under auction whether by NTC, whether by MMRDA or any other authority in the next six months or so?

Vikas Oberoi: Various land parcels; one can't predict what the government will do. They have their own set of ideas, how do you want to go about disposing it. At one end they say want to bring the prices down and at the other end they trickle land parcel so slowly that there is no opportunity for prices to come down, so one does not really understand the government strategy. It is very difficult to predict what they will do.

Mahesh Nandurkar: Right as of now there isn't any pipeline as such or is there?

Vikas Oberoi: You know, I don't know what's happening within the government. I am only privy to what's happening publicly. My knowledge is as good as yours.

Moderator: Thank you. The next question is from Saurabh Kumar from JP Morgan, please go ahead.

Saurabh Kumar: Saumil the tax rate on Splendor expires in March 2012. So your incremental tax rate should now shoot up to about 28-30%?

Saumil Daru: Well only for Splendor for whatever has been constructed now, we will continue to get 80-IB even if we sell the project from after March '12, so that is not a problem. It is the construction time line which ends at a particular point and not the sale time line, so we will continue to get that. As far as the average rate of tax is concerned, considering that there are differences in depreciation rate and stuff, some part of our income is rental income which effectively gets taxed at about 22% compared to the 33% which will be the regular effective tax liability, the weighted average would go somewhere about 25-26%. It all depends at that point of time on what has been the revenue recognition from residential vis-à-vis commercial.

Saurabh Kumar: Okay but Splendor for what I understand still continues to attract MAT?

Saumil Daru: Splendor will continue to be under 80-IB, the Splendor Grande is already under the regular rate.

Saurabh Kumar: Okay and this other income, now it is a significant portion of your profit, 15% of PBT, the yield comes to about 9%, so this is all overnight money?

Saumil Daru: Well some part of it is liquid fund, but mainly it is bank fixed deposit, so there again the maturity period is between 90 days to 120 days or 150 days. So we don't do much of overnight or we don't do much short term.

Saurabh Kumar: Okay and finally, this Worli project and what I understand you have spent Rs.2,00 crores already, so do you think it is realistically possible that even if you launch it even today, it can hit revenue recognition into 2013?

Saumil Daru: Two things Saurabh on this, after this new guidance note which has come in, there are two thresholds now for revenue recognition, one is 25% construction cost which for us earlier on all our historical projects, we have had that threshold at around 20% and the second angle is 25% of the total area that has to have been sold. So it will depend on these two factors. So where earlier I could have told you that whether I would be able to do it on construction or not that was one story. Now it's also going to factor in the sales percentage.

Saurabh Kumar: Just going by what Vikas seems to be saying 25% sales for this project I mean you may not want to wisely do this initially so.

Saumil Daru: Yeah so it all depends, if we get that traction and if we sell that then we will have to see.

Vikas Oberoi: Let me interject, it is not that. We actually want to sell it. I like my projects being cash flow positive so we would really want to recover the Rs.200 crore that we have spent and more, so for that I am sure we need to sell and 25% is not a big number to sell. You can always push later.

Saurabh Kumar: Okay and just two questions to you Vikas, first is by SEBI now we need to conform to that 75% promoter shareholding norm by 2013, so have you guys thought of, I mean how you will go about that?

Vikas Oberoi: You know honestly, we have two things. We are law abiding citizens and the company per se is also. So if SEBI wants us to, we have to, though it is difficult for me to part with such equity. But nevertheless I have to do. I have not thought of what we need to do, the company is doing well. I personally don't need the money. Company does not need the money. So we are keeping our options open and we have till October 2013. So we will figure out, there is still time.

Saurabh Kumar: And just finally on the land acquisition, I mean at least from whatever transactions we seem to look at on per acre basis and that's the data available publicly. There does not seem to be any big correction per se in land prices in Mumbai despite whatever is happening in the macro environment, so would you be sharing that view?

Vikas Oberoi: I don't because these are all marquee assets that have got sold of late whether it was the Gulita land and all that. So these are very marquee assets. They are one of it is kind. So may be the beauty lies in the eyes of the beholder or may be this buyer really likes it. But in general obviously there is no new money with developers available to buy land. So, if there is like a demand drop then obviously logically the prices should drop and I see softening happening, but not in a major way.

Moderator: Thank you. The next question is from Aatash Shah from Nomura, please go ahead.

Aatash Shah: Basically for this Mulund and Worli and new launches that we have now after the changed regulations, do we need to resubmit the plans for approval again?

Vikas Oberoi: You know Worli was already approved under the old regime at least the 51 floors were approved in old regime, so that bit is good. Only the extension will go. As far as Mulund goes, the entire project will go under the new regime, which is again not an issue because like I said that if one plans it properly you end up increasing your FAR.

Aatash Shah: Alright, but I mean then if you need to resubmit it for approval, will the timelines for launch change?

Vikas Oberoi: No not really, because see firstly one can start the ground work and we are only waiting for MOEF. Once MOEF comes into play then amendments don't take really a long time. It is the original plan that takes and it's more of computation then anything else that will probably change in the plan.

Aatash Shah: I understand of course that government authorities take their own time to reach a decision but given the fact that this MOEF approval has taken quite a long time to come through much later than even our expectations earlier. Do you think that your timelines again for Mulund will be met or do you see further delays probably coming through and do we have any kind of back up launches plan in case Mulund cannot get launched?

Vikas Oberoi: Well you are so correct, we all see this is on a day to day basis that approvals in the government do take time. In this case, we were monitoring really very closely so that gives me some comfort. Having said that it's the early quarter of this year, so I am not very unduly worried. Goregaon continues to support me on the sales so that bit is there and Worli is going to be there, so we will probably accelerate sales at Worli. But I am not pessimistic about it because there is a Supreme Court order Government looks quite motivated. There are only 10 or 12 developers who are suffering, but there are more than 200,000 people who have legal apartments which have been now declared as forest. They are also suffering. So, government is really inclined to see the back of this problem because they are getting a lot of pressure from the public per se as well. So one does not see that as a problem.

Aatash Shah: And a slightly difficult question, but we are at this moment in Goregaon selling close to about 80,000 to 100,000 square feet a quarter. Now is this kind of a threshold level for you below, which you might start getting uncomfortable as far as volumes are concerned or in the future if you are planning to increase prices, if volumes go below this level, would you start getting uncomfortable?

Vikas Oberoi: No if you really see the last quarter, we have increased price and sales have increased. We clearly see that there is traction, there is demand and only then we increase prices. We obviously want to continue to sell and so that's our judgement we need to make as how the velocity goes and all that. I can't answer a question hypothetically that if there is no customer, would we be nervous, or reduce price, nothing of that sort really. I don't have that and again I tell people that real estate companies can't be judged on quarter-on-quarter. They need to be more judged on an order book or the cash that we are generating and stuff like that. Order book backed by good advances and you have to look at some track record of executions. So these are three key criteria's under which I probably want my company to be judged.

Aatash Shah: And lastly I think developers in Mumbai are still complaining about approvals not coming through, so is this correct?

Vikas Oberoi: Honestly I don't think so because we are not really expanding the rule as such. So for us it's not that bad. We have not tried to change the goal post after the game begins. For us it's not that difficult per se I would say. But some of the other people are feeling the pain because may be they read too much into rule and use it to its maximum. We are not that talented to kind of exploit the rules so we are not really suffering in that way.

Moderator: Thank you. The next question is from Tejas Sheth from Emkay Global, please go ahead.

Tejas Sheth: Just a question on the start of the year, we had 50% sold in Exquisite. Today we are standing at 54% and with Esquire on the new norms I believe the efficiency will be much better. Do you see Exquisite sales maintaining the momentum on 4% just we sold in a year and now with new norms it will be hard to sell vis-à-vis Esquire?

Vikas Oberoi: Not really if you see Exquisite has done very well and it has reached the stage where today the whole structure is ready. 85% of the payment is due, but still two years away. People get an advantage to pay in installments in Esquire. So that's it and Exquisite started then Splendor slowed down, but now Splendor is ready. It is selling well because people want ready apartments. They just want to move in. So every project has its own stage at which it sells. We are in this business and we continue to do this all the time. So I don't see that as a problem.

Aatash Shah: Okay and when you see the launch of the next phase in this Goregaon East project, do you see it coming up in FY13?

Vikas Oberoi: The construction will surely start but I don't know whether we will start sales there because we have got enough to sell here as well so we don't want to create an oversupply. We want to maintain rates. We have Mulund, we have Worli which will give a lot of revenue and sales to the company. So we are kind of planning it well.

Aatash Shah: In a different way I would ask. At what level of Esquire you have sold will you be comfortable to launch the next phase?

Vikas Oberoi: I haven't really thought on that line actually but off the cuff I would say that the minute I touch a million square feet or more.

Aatash Shah: That's again 50% which you had done in Exquisite.

Vikas Oberoi: Exactly you are right.

Aatash Shah: So again 14% kind of additional sales in Esquire and you may launch the next phase.

Vikas Oberoi: May be yes.

Moderator: Thank you. The next question is from Prakash Agarwal from RBS, please go ahead.

Prakash Agarwal: Two questions one is on the land acquisition you talked about quite a bit, but any particular location or you are okay to do with places like Thane, any color you want to give like because what I understand your strategy is being to buy a pretty large land and then develop in phases and with different verticals around, so I mean those kind of land parcels would be now affordable in off Mumbai. So is that the strategy or you are open to buy marquee land parcel available in the center of the city like say that DLFs of the world any comments there?

Vikas Oberoi: We are happy to buy both together, why individually. The only thing is it should make sense for us to buy. There is no personal preference. For me I am happy to by a land in Thane, I am happy to buy land in center of the city. God has been kind. We get a premium over our competition so that premium will continue irrespective of whether we are in Thane, whether we are in center of Mumbai.

Prakash Agarwal: Any preference as such, I am sorry to cut you.

Vikas Oberoi: No preference.

Prakash Agarwal: Any discussions I mean I am sure active discussions would be on with couple of developers/landlords

Vikas Oberoi: Active discussions are on with everybody, but they should culminate into some deal. So as a business my business development team brings 10 properties everyday but like one needs to get the right property and then we can go ahead and do it.

Prakash Agarwal: And you are also open to the redevelopment kind of projects or not really.

Vikas Oberoi: We are open to redevelopment also. It's just a little too difficult because too many owners and there is a lot of politics in society and stuff like that. We are not used to handling all that. But we are open. We throw our hat in the ring every time there is something.

Prakash Agarwal: Second question on these new FSI norms. Obviously there have been changes in the floor plans of Esquire whatever we understand and so I mean the usable area goes down and your carpet increases. So have you seen any cancellations or hesitations by existing buyers or how do we read this because I mean obviously the floor plans changes.

Vikas Oberoi: So I want to tell you that we have probably sold some 30 odd apartments after we put in new plans. We continue to sell virtually an apartment a day even after the change has happened in Esquire and we actually gave an option to people that if they are unhappy with the increase in the carpet area which I don't think anyone should be because this is like a real pure FSI that you get so it is not that we reduced any flower beds, the flower beds are now going to be made as weather shades or chajjas, when my construction area continues to be the same and paying more money getting this carpet area for them, I am not charging them anything and over and above that we have told them that if they are not happy, it is a very nascent stage of construction. They can easily let go but to our belief, I wouldn't say it as surprise but to our belief not even one cancellation until today has happened due to this. So that's a good part and we are addressing people, explaining them and we truly believe that what they have got and what the new rules are far better because tomorrow when I get out of the site, these guys want to cover a flower bed which is illegal and then they will have all sorts of notices coming from BMC. This way it is clean, it is there and it is how the future business is going to be done. So I am very happy that customers are very prudent, not even one cancellation, which is very heartening and they trust us. They know we were originally contemplating to push that cost to them. We haven't done that. We in fact increased the price because we said that there is an increase in the input cost. So all that has really worked very positively for us and I am very happy that the way my sales team went about doing it was very good. Firstly, we have to believe that what we are doing is right and after that it was very easy for us to explain to the customer.

Prakash Agarwal: Thirdly on this obviously you have seen quite a bit sequential improvement in the operations, sales area sold from 124,000 to 175,000, but I mean obviously you have raised prices. Other projects are coming, but I mean given the price hikes, obviously as an analyst I would anticipate a slowdown in terms of area sold. You continue to maintain that. Obviously it will not go down, but suppose it goes down quite a bit so what would be your reactions. I know I am repeating the question, but it's very important to understand the modeling.

Vikas Oberoi: No I think you have a very good question. Obviously we have to set our sail according to the direction of the wind. So we will really see how things go by and then take a call. Today there are more chances of it not looking like what you are fearing, so we want to go with that belief, but we are conscious of what is happening in the market. We proactively look at what is happening. So we will circumvent whatever problems come our way if should the drop be there and all that, we will take into our stride.

Moderator: Thank you. The next question is from Aashish Agarwal from Edelweiss, please go ahead.

Aashish Agarwal: Sir one is a follow up question on the deposit for your Worli project where I think you paid an additional 185 crores for some increase in FSI. Could you just help us understand that a little sir?

Saumil Daru: As I said earlier it was an anticipated increase, so as and when that increase happens we will definitely be able to give more color.

Aashish Agarwal: So what do we anticipate this to increase to and from what?

Saumil Daru: I would rather be in the situation where we have this discussion once we get the FSI in place and the approvals in place.

Vikas Oberoi: We had a X FSI for which we were to give them Rs.300 crores for that FSI; the process has already taken place. Now we need to get it effected on to the plan. Once that happens we will give you complete clarity. But based on the stage at which the approvals are, our company felt comfortable to advance those deposits.

Aashish Agarwal: I have a second question on this, I mean how long do you think that it will take for clarity to emerge on this and does it hold back any of your launches in this regard?

Vikas Oberoi: None whatsoever. In fact we have a clear approval for 51 floors on the residential front and it will take us so long to reach that level. So we have enough and on the office front and the hotel front we are not selling anything, so we are just holding that. There is an additional approval being brought in, which is what we have increased our deposit for, we are comfortable with the stage at which this thing is and that's about it. In fact we are not even really going out and telling people, there will be an increase because once we have that increase in our hand you can then give that a color, but today just look at it as an additional advances paid to the land owner, which are fully secured because the way the water fall is that the receipts of the sales will first come to clear our deposit is, so there is complete safety, but I don't want to let the market start counting the chicken before the eggs are hatched. In this case the eggs mean the approval.

Aashish Agarwal: We were also hearing about some soft launches in the Worli project, I mean could you give us some color on that?

Vikas Oberoi: There are no soft launches. You guys remember that we have one more Worli project which we bought from ICICI Ventures. We had some flats sold in that building. Those people are being moved here and you will probably see sales

of those apartments. There is no soft launch. We will be starting and we will start with a bang and it is a well anticipated project. I must tell you there is very good curiosity and good traction I can say.

Aashish Agarwal: So the existing sales that we are planning would at what price levels, if you have a thought on this?

Vikas Oberoi: We are working all that out, so we will probably be able to tell you when we actually start doing it.

Aashish Agarwal: Just one last question, this is on the car parking scheme. I understand we were looking at the car parking scheme at Mulund and Goregaon for our FSI levels that we are looking at. Now I also believe that the car parking scheme says that the number of car parks would be allotted depending on the need of the locality. For example in Mulund, I was reading somewhere that one of the competitors has got about 1,700 car parks very close to our site. So does that in anyway change the prospect of us getting our car park scheme FSI allotted?

Vikas Oberoi: Not really. It is a scheme available to everybody. It cannot have discretion on this thing. In fact with the way transparency is being brought in I feel that the discretion will further be reduced so that's not an issue with us at all.

Moderator: Thank you. Ladies and gentleman due to constraint we will take one last question from Nitin Idnani from Enam Securities, please go ahead.

Nitin Idnani: If plans at Esquire has changed, would that require an amendment to our commencement certificate or any other legal issue that will put it back in an approval stage?

Vikas Oberoi: Not really. We already have an approval for which we are doing construction. These are computation changes really. So they don't have much effect and we are right now only building podium that is car park where there is no change per se.

Nitin Idnani: And I am not sure if I missed this, but was there any advances paid for any land acquisition in this quarter?

Vikas Oberoi: None.

Moderator: Thank you. Ladies and gentleman 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 everybody for attending this conference call. I really appreciate. Continue to be in touch with us, feel free to speak with Chirag for any further details, if any or you can write to me as well. I am more than happy to answer all your queries and thank you again. Thank you for all the support. It wouldn't have been possible without you all.

Moderator: Thank you gentlemen of the management. Ladies and gentleman that concludes this conference call.