



“Oberoi Realty Q3 FY13 Earnings Conference Call”

January 21, 2013



**MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN & MANAGING DIRECTOR
MR. SAUMIL DARU – GROUP CHIEF FINANCIAL OFFICER**

Moderator

Ladies and gentlemen good day and welcome to the Oberoi Realty Earnings Conference Call for the 3rd quarter of fiscal year 2013 that ended on December 31, 2012. We have with us joining today Mr. Oberoi, the Chairman and Managing Director and Mr. Daru, the Chief Financial Officer. For the duration of this conference all participant lines will be in the listen only mode. After the management discussion there will be an opportunity for you to ask questions. Should you need any assistance during this conference call, please signal an operator by pressing ‘*’ followed by ‘0’ on your touch tone phone. This conference is being recorded and may be put on the website of the company. Before I hand over 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 actual results, opportunities and growth potential to defer 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 morning. This conference call is to announce our Q3 results of the financial year 2013. I would handover this to Saumil Daru, our CFO who will take you through the details of the financials and thereafter both Saumil and I will do our best to answer your questions. Over to you, Saumil.

Saumil Daru

I would hope all of you would have got the presentation by e-mail from the Investor Relations team, even otherwise the same has been uploaded on our website since Saturday evening so it is available online even as we speak. In terms of the financials we have achieved consolidated revenue of Rs.308.03 crores for this quarter, this is as against Rs.217.34 crores for the same quarter last year which is a growth of over 41.73% and for the nine-month period the consolidated revenue stands at about Rs.821.53 crores which is as against Rs.689.28 crores for nine-month FY12, this reflects a growth of over 19%. The consolidated PBT was Rs.185.39 crores for Q3FY13 as against Rs.137.48 crores for the same quarter last year which is a growth of nearly 35% and for the nine-month figures; it is Rs.490.36 crores in the nine-month FY13 versus Rs.417.97 crores for the nine-month FY12 which is a growth of nearly 17.5%. The consolidated PAT was about Rs.134.46 crores for the last quarter this is as against Rs.102.07 crores rather for the same quarter last year which is a growth of nearly 32% and same figures for the nine-month period are Rs.359.62 crores for the nine-month FY13 versus Rs.319.28 crores for nine-month FY12, this reflects a growth of nearly 13%.

On the investment property side, we have three assets: the Mall, the Commerz and the Westin. The Mall contributed about Rs.20.23 crores to the operating revenue for Q3FY13 as against Rs.19.7 crores for the same quarter last year which is a growth of just about 3% and the same figures for nine-month FY13 is Rs.59.5 crores as against Rs.58.6 crores for nine-month FY12

which is a growth of about 1.6%. The EBITDA margins in this vertical continue to hover around the 96% mark.

As far as Commerz is concerned this property contributed nearly Rs.11.5 crores to the operating revenue for Q3FY13 as against Rs.10.75 crores or thereabout in Q3FY12 which is a growth of about 6.7% and Rs.34.15 crores for nine-month FY13 as against Rs.32.53 crores for nine-month FY12 which is a growth of nearly 5%. The EBITDA margins in this vertical are also in excess of 95%.

Coming to the Westin Mumbai, the hospitality part, contributed Rs.26.86 crores to the top line as against about Rs.25 crores for the same quarter last year, this is a growth of nearly 7.5% and Rs.69.8 crores for nine-month FY13 as against Rs.64.88 crores for nine-month FY12 which is a growth of nearly 8%. The EBITDA margins for Q3FY13 were at around 33.84% as against 23.6% and for nine-months was nearly 27.5% as against about 21% for nine-month FY12.

Quick overview of the development properties: In the project Oberoi Esquire, we have sold about 8.91 lakh square feet till date. The total sales made in this quarter is about Rs.78.35 crores, for the nine-month FY13 it has been about nearly Rs.281 crores and for the project till date it is about Rs.1135 crores. However there has been no revenue recognition till date as it is yet to reach the threshold level of construction.

For Oberoi Exquisite, we have sold about 9.39 lakh square feet till date which is nearly 61% of the inventory. Total sales value in this quarter is Rs.78.12 crores, for nine-month FY13 it is Rs.176 crores nearly and the cumulative sales value till date in the project is close to Rs.1200 crores. The total revenue recognized for the project in this quarter is about Rs.122.2 crores and for nine-month FY13 has been about Rs.283 crores. The cumulative revenue recognition till date ever since we started recognizing is about Rs.763 crores.

For Splendor Grande, we have sold till date about 2.7 lakh square feet which is nearly 96% of the inventory in this project. The total sales value for the sales affected in this quarter is about Rs.31.07 crores and Rs.103.02 crores is the corresponding figure for the nine-month FY13. Cumulative sales value till date in this project is about Rs.391 crores. The total revenue recognized for this project in this quarter has been about Rs.64.23 crores. Same figure for nine-month FY13 is Rs.179.75 crores, cumulative recognition till date is Rs.359crores.

For Splendor, during this quarter we sold about eight units i.e. nearly 7900 square feet. For nine-month FY13 nearly 28 units, totally about 22 units now left in the inventory as of December 31. The total sales value for this quarter was Rs.19.85 crores all of which gets reflected since this is a completed project. The cumulative value of sales recognized for the nine-month FY13 has been nearly Rs.68 crores.

As far as the Worli project is concerned as you all would have seen from the presentation the work continues at a good pace.

We will cover some key financial parameters before we jump into Question and Answer session. As far as the EBITDA margins for Q3 were concerned they were at about 59.65% and 58.38% for the nine months. PAT margins were 43.5% for this quarter and roughly the same number as for the nine-month period also. The EBITDA margins for the Mall and the Commerz, as I mentioned earlier, are much higher than the average. Excluding these, our margins for our pure residential business is around 57%. With this I would just like to open the floor for questions that you all may have.

Moderator Participants will begin with the question and answer session. We have the first question from the line of Anubhav Gupta from Maybank. Please go ahead.

Anubhav Gupta Last quarter almost 85% of your revenue came from Exquisite and Grande for the developmental of business and now Grande is almost 92% complete and Exquisite 65%, so going forward over the next 2 to 3 quarters a lot depends on Esquire now which has a backlog of around Rs. 12 billion, so when do you expect that to come under recognition?

Vikas Oberoi Anubhav, we expect to start work in Oberoi Esquire in this quarter itself and we are out of the plinth, so going forward I do not think that should be a problem. So Esquire is absolutely ready to take off.

Anubhav Gupta My only concern is that the 30% revenue growth that you did in Q3, how much is it sustainable and also like after maybe six months, what is the status on Oasis Worli and the project in Mulund which are yet to be launched?

Vikas Oberoi In Mulund we continue to await one clearance and in our last call we had said that in the first quarter of 2013 we will be able to do that and we are quite confident that we will be able to get that started so if that starts that project should take us about four years and so the entire profit will be spread in the next four years from its commencement and Worli has already started, so we do not see any problem there.

Saumil Daru For Worli there will be two aspects, there will be 25% threshold of cost which I do not see a problem but if you go by the new institute guidance notes then we are also required to complete 25% of the sales before we commence revenue recognition. So we will have to achieve both those thresholds, Anubhav, before we start recognition over there. And in terms of cost if you would see quarter-on-quarter it has roughly been the same amount of incremental cost as far as Oasis is concerned. So from a cost perspective I do not think we will have a problem in recognizing revenues in FY14. As far as the sales is concerned also if everything goes according to plan, then we should not have a problem in recognizing sales also or meeting the Institute guidelines on the sales aspect also by the next year.

- Anubhav Gupta** Alright. So your internal target to achieve 25% sales is in FY14?
- Vikas Oberoi** We do not want to give any statement that will sound like forward-looking but the way things are going it obviously looks like that we will be able to achieve that.
- Moderator** Thank you. We have the next question from the line of Puneet Jain from Goldman Sachs. Please go ahead.
- Puneet Jain** How do you see the pricing scenario in Mumbai in the near future given the fact that there have been few discounts which have started, number one. Number two, is that few of the developers are offering 20/80 scheme, so do you think that there is some price correction which is happening in Mumbai and how will the prices look forward as we move over the course of next six months?
- Vikas Oberoi** I continue to believe that Mumbai is a good market, there is a supply constraint and there is enough demand that exists. The discounting that you talk about is probably due to you know personal constraints of some developers who have borrowed a lot of money but they do not seem to be affecting the market, in fact I personally feel that we are comfortable enough to even look at probably a price increase in some of our projects. So from that point of view I am absolutely unperturbed and like I said that most of these developers who are offering discounts or offering this 80/ 20 scheme are doing it more at the back of their own financial constraints and it is not a true reflection of the market as such.
- Puneet Jain** Do you think as the approval scenario improves more liquidity will have to go for under construction projects and which means that demand for new buying may be more limited?
- Vikas Oberoi** You know I have said this a lot of times that when people buy a house they write the biggest cheque of their lifetime and for that confidence is really important, it is not about you getting a 10% to 20% discount but it is more about 80% that you are really putting upfront, so I continue to believe that if you have a good franchise, demand is really not an issue and people are going to pay but if you think that all of us are going to do well I have my doubts, it is not about people getting approval and they are willing to commence but it will all depend on their own track record, their own company status and stuff like that and then only a purchaser buy a house and unless he does that you do not get liquidity to build an apartment, and with the way there are constraints and already there is a balance sheet which is very leveraged so I do not know how these developers are going to finance this. All this is hypothetical in terms of pricing as such, these are my views but I'm really happy to be surprised.
- Moderator** We have the next question from the line of Sandipan Pal from Motilal Oswal Securities. Please go ahead.

- Sandipan Pal** First (question) is, you mentioned last quarter that we are going to change the plan on JVLR Prisma project from commercial to residential so just wanted to check whether any progress on that side and second (question) is, since our Commerz II-phase 1 is almost complete right now, how is our pre-leasing pipeline looking like? Can you just provide some update on that?
- Vikas Oberoi** Pre-leasing pipeline looks very good. I mean again there is a small softening as far as commercials go but we continue to get solid enquiries from good companies, now they like to really close in when the building is almost complete which we are right now, so I can only tell you that yes, my team continues to speak with a lot of people and we are looking at some of these MNCs looking at 200,000-100,000 square feet of area, so we should be able to close a few deals there. As far as the change of Prisma into Resi is concerned, we continue to evaluate. We have internally taken a call that converting it to a residential building probably is the best way forward and I guess maybe in the next quarter we will firm that up and start work on that as well.
- Sandipan Pal** Alright. So basically in Commerz II right now we can expect that it is going to yield rent only in first quarter of FY14 and it will take at least a couple of quarters to yield rent at its full potential?
- Saumil Daru** Yes, roughly.
- Moderator** Thank you. We have the next question from the line of Abhishek Bhandari from Macquarie. Please go ahead.
- Abhishek Bhandari** Just following on the last quarter's conference call, you mentioned that you are looking at some opportunities in NCR market, was just wondering have we been able to finalize any such opportunity?
- Vikas Oberoi** In last quarter I said that we were looking at going out of Mumbai and two other things that I told you, I just want to have everyone recollect, one was that we would take small bets and we are not really looking at going out there and putting \$200 million on the table and buying land, we're looking at joint ventures and we are looking where we can put anywhere between \$30-\$40 million and do a joint-venture. We continue to look at it and we have set an internal target for ourselves as maybe in the next 12 to 15 months and will continue to do that. We're serious about it, our trips to Delhi say that, we are looking at land but we need to get the right location, right land owners/partners and then we will do that. We're quite keen and we are working towards that.
- Abhishek Bhandari** Okay and in Mumbai any such opportunities you are looking out for?
- Vikas Oberoi** We continue to look for opportunities and we will let you know as soon as they happen.

- Abhishek Bhandari** My last question on this Worli thing, have we been able to finalize the hotel operator which was one of the important things?
- Vikas Oberoi** Hotel operator is important but not the most important thing. Like I said that the last time we have already signed a document, we're in the definitive agreement stage and once we get through the definitive agreement then we can announce it to the world. But like I said work continues and we're getting input from them as far as all the technical services go and so we continue to get all the inputs from them, we are also paying them for all the technical services but I cannot announce till I have a definitive agreement. It is only a formality but we need to wait for that to get over.
- Moderator** Thank you. We have the next question from the line of Anand Agarwal from Jefferies. Please go ahead.
- Anand Agarwal** We have seen a bit of an increase in your average realization at Exquisite and a bit off fall in Esquire, that is mostly a floor mix issue?
- Saumil Daru** Yes, absolutely Anand. In Exquisite even the duplex have started going off so these are all the higher floors which have got booked this quarter, so that is why you are seeing the higher realization.
- Anand Agarwal** Secondly any update on the pre-sales in the Worli project or the Oasis project because last quarter you had given some numbers on people being having been transferred from the Glaxo project to this, so any more sales on the Worli project?
- Vikas Oberoi** Apart from the people we shifted, we have done about three fresh sales as well. So again we are not really going out and aggressively marketing but people come in through contacts and push their cases and expect that, so we have done three sales there as well.
- Anand Agarwal** Just in terms of strategy because it is almost like a 1.5 million square feet residential, what would be the strategy here. I mean I understand this is an exclusive project so it will be marketed in a different way but are there any internal targets you are broadly looking for in terms over which how you want to monetize this project?
- Vikas Oberoi** Our first and foremost target is always that we make our project cash flow positive and the other thing is that we also wanted a large part of work should come out. You know do not forget these are very high ticket items and we do not want to aggressively go out and sell, we would rather have a pull factor and that pull factor will get created once they see a good execution happening at the site. If you really see we have got amongst the best architects in the world doing our design, we have got Samsung one of the best contractors in the world today having done Petronas Towers, having done Burj Khalifa, so we have got these names behind us but all we wanted to see was like this action happen on ground. If you really see that today

we are almost 8 or 9 floors above ground, so once this comes out we feel that there will be a higher level of confidence in the buyer and that will straightaway convert into better prices so this is exactly our strategy, there is no rocket science really, but to keep it as simple as that we want to have some work done and then probably go out in the market and sell. And it is really paying I must tell you that I get a lot of enquiries from people who actually are only looking at the pace of work and complimenting it and you know once we achieve the construction to book revenues is only a matter of selling and once you sell you know and there one does not have to really worry even if you have an accumulated sales of 20 apartments you can straightaway book that but it is the construction that really takes a lot of time, so we are really focused on pushing that through and I must compliment Samsung. They're doing a great job we're ahead of our schedule there as well and so that is as simple as it sounds.

- Anand Agarwal** Any amount spent on either TDR purchase or towards land deposits during the quarter?
- Saumil Daru** No nothing significant.
- Anand Agarwal** Lastly I mean when do you expect to launch the Exquisite 3 project, I mean would you wait for some time for better absorption levels at both the Esquire and Exquisite or would you go ahead and launch it in the next let us say 12 months or so?
- Saumil Daru** Yes, what we would want to do is to start work on this Anand definitely within the course of the next 12 months. As far as the opening of it for sales is concerned that is a factor which we will have to see depending on how much we have in Goregaon and what is the off take and all of those, so that we will have to work it out but as long as both Exquisite and Esquire keep throwing up surplus cash we would definitely look at using that cash and deploy it and trying to get the construction of this off the ground.
- Moderator** Thank you. We have the next question from the line of Atul Tiwari from Citigroup. Please go ahead.
- Atul Tiwari** On the Worli project including these three sales that you have closed in the quarter, how many flats have been sold in total so far?
- Vikas Oberoi** I think, 23.
- Atul Tiwari** And out of roughly 210 odd, right?
- Vikas Oberoi** No, not 210, this would be less than 120 or 130.
- Atul Tiwari** Sir, on the Esquire construction, the start of construction has been delayed by a quarter or two, so what is the exact issue there, I mean, if you can share some color on the delay?

- Vikas Oberoi** We have a large layout here and as an obligation of developing a layout there are certain reservations mainly like garden, etc which the corporation expects us to handover before they allow us to get CC. We only want to internally work this out and certain relocations are needed to be done, like we have an education complex and a hospital, we want to relocate it to more towards the highway or towards the road so that the accessibility for the use that these reservations are for, drastically improves, basically only that is taking us a little longer than it should have and once this is done then the CC for the other one will also immediately given. So it is just that, it is actually like really minor but we just want to get that sorted out and get going with it.
- Atul Tiwari** My final question is on Commerz II-phase 1, so has anything been preleased so far or you are still negotiating?
- Vikas Oberoi** No, we are negotiating, close to closing but not closed and like I said in my earlier answer that very good demand I must say, though it's not the price that we would probably have wanted but there is demand for larger space, the building turned out very well, so we are just waiting for closing some and then probably coming back and giving you the good news.
- Moderator** Thank you. We have the next question from the line of Abhishek Kiran Gupta from Merrill Lynch. Please go ahead.
- Abhishek Kiran Gupta** Quickly, on the 79% promoter holding of the SEBI guidelines, any thoughts on that? Are you going to redo road shows soon?
- Vikas Oberoi** Honestly, right now we are sitting on cash in the company, so the company clearly doesn't need the cash, I don't need the cash, now this is a necessary evil that we will have to resolve. So (we) continue to be confused and baffled about how we go about it, we have time until October unlike most of the people who have it till June, don't fancy to take it to the limit but (we are) never the less short of ideas, very happy if you can separately write an e-mail and tell me what would you think is a good idea for us.
- Abhishek Kiran Gupta** One more thing on the Mall, you often do these one-day sales and there is a queue of people standing, fantastic on that but is Starbucks on the revenue share, then any light on what percentage of the Mall overall out of the total tenancy would be from revenue share or straight-line either way?
- Saumil Daru** Abhishek, two things, one with Starbucks the deal is a revenue share or MG, revenue share with a MG so there is a minimum guarantee, which we do get. And as far as your other question is concerned about roughly 13% to 14% of the over all Mall revenues would come in from people with whom we have revenue share arrangements.
- Abhishek Kiran Gupta** That is 13 or you said 14.

- Saumil Daru** Yes, 13 to 14.
- Moderator** Thank you. We have the next question from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.
- Sameer Baisiwala** You were mentioning in the context of pricing outlook that you are looking to increase price for some of your projects, did I hear this correct and can you elaborate on this?
- Vikas Oberoi** Sameer, I genuinely think that in Goregaon per se the project that we have has hit a tipping point, it's now being considered as a fantastic address to stay. We have our school up and running, there is great demand for the school. The mall as you heard has done fantastically well, hotel is doing well. Now all these are happening because lot of it is now a center of attraction. So we feel that at the back of all this one can consider a price rise. We see very little resistance or no resistance on existing prices so we may do that at some point in time.
- Sameer Baisiwala** And this could be 5% -10% price increase?
- Vikas Oberoi** I have not really thought of that but like I said that we will study internally and then take a call but yes, it is something that we fancy.
- Sameer Baisiwala** Just while you were talking about the Goregaon project, I noticed that we sold about 20 units in Exquisite, which probably is one of the highest number in our 7-8 quarters, I know that there is too much to read between 16 units and 20 units but it is what it is and for Esquire it is probably the lowest in our 7-8 quarters?
- Vikas Oberoi** Two things very simple, one is we have stopped sales of Esquire above the 30th floor because the original plan of Esquire, the services that it was built upon is as per the old area. We can create higher efficiencies if we redesign the core that is the lift, staircase, passages and all that but we did not want to redesign the core where we have already sold apartments, so we are just contemplating, should we stop at the 30th floor and then use this FSI in the other buildings which we can easily plan and do, so that is why you see even though people want higher floors we are kind of holding that but as far as Exquisite goes the project has now really started shaping up, they are painting, some glazing work has happened, so now people know that this is going to get ready and one can move in and it is really now shaping up. So not only are we selling more apartments. And Sameer, the other thing what is worth noting it that they are selling at a higher price so that mean higher floors are being sold, some duplex have been sold so the ticket price. Now again I go back to your original question when you say price increase. Look at the ticket price of each apartment that we are selling, the bigger ones, the duplex, I mean these goes almost to about 10 crores an apartment so at the back of this information we feel that now Goregaon is an address where people are willing to buy a 10 crores apartment which is great news for us. So these are things that are like compelling us to kind of increase price, the justification of the sales I gave you on Exquisite and the slowdown on Esquire is

because we are like right now holding. We are not saying that we have taken a call and we will only do a 30 storey building and we will start afresh on the next but we are contemplating so we are doing our pros and cons and then take a call on that.

Sameer Baisiwala

But just if I take a big picture view, what you are selling right now about 65 to 70 condos a quarter and this is the rate we can assume as we go forward?

Vikas Oberoi

It can always increase really, I'm telling you this, not that I fancy it, but I feel that this can be achieved. Had Esquire started you would have seen a lot more momentum there equal to what you are seeing in Exquisite because when Woods got ready, it allowed Exquisite to get booked. Now Exquisite is getting ready, it's helping Esquire getting sold where we are actually doing larger apartments and all. So if you really see the mix and all that is changing and the velocity of this will only increase once we start a variety of projects. If I want to start a five bedroom hall, then I will have a different set of customers who are looking at it. Now we couldn't start that earlier because we were building the reputation in this area and all that. Today the school is attracting people from Worli and even beyond. So if the people are willing to send their kids to a school which is in Goregaon, they also fancy an opportunity to live here and so on and so forth and in fact my confidence also stems out of the renewal that we have done in our Commerz I, so most of these people had options to look at leases outside Commerz-I but they continue to stick and they are giving us almost upto 20%-30% premium over market. So it clearly shows that this area is now ready for a higher price, I'm not saying the markets have gone up but sometimes it would have been the area gets fancied by people and more people want to live here and stuff like that. In Lokhandwala our Oberoi Springs buildings is selling at Rs.30,000-Rs.40,000 a square foot so people who live in Lokhandwala consider this area to be equally good and they really fancy moving here and with the infrastructure that is being created here.

Sameer Baisiwala

Just for the final question Vikas, which is on the Commerz II- phase 1, what were the ballpark rentals at which there is interest, is it the same as Commerz I or is it lower than that?

Vikas Oberoi

It is let's say Rs. 5 less than Commerz I because they clearly see that I have got a lot of area to give there and they fancy that. All the brokers know that the continuity of the existing lease is happening at an 'X' price so they know that there is demand for this so when they go out to other people they actually carry that tale and say, "Oh it's happening at this price", so Vikas may not give it to you at cheaper than this number but they come up with Rs. 5, Rs. 7, Rs. 10 cheaper than that which is not really off the ballpark. Not something that we would have fancied but nevertheless one has to understand that these are market-driven and the good part about it is that we are not selling this forever. These are leases if I don't like the number, I try and do a three to five year lease because I feel that when the market really look up then when these guys will come for like a renewal and then we can ask market price, so that is our strategy going forward.

- Moderator** Thank you. We have the next question from the line of Shashi Kiran from Standard Chartered Securities. Please go ahead.
- Shashi Kiran** Couple of questions on the Worli project, how much have you spent till date? And my second question is, it is at the most strategic level, you mentioned that in the Worli Project, you are looking at doing a construction and then launch only post when the buyers can get a certain feel of the project. So is this the strategy that is likely to be adopted more going forward, do you go ahead and do the construction and then launch the project for sale?
- Vikas Oberoi** Not really, couple of things, one is Worli is given to Samsung, Samsung is coming to the India for first time. We also wanted to see how they pan out and how they mitigate India risk, etc. So strategy was only related to Worli and because there was a lot of force involved in this and we didn't want to kind of go into the market without the project having come up a bit, all these things put together and we also thought that it will be good strategy because these are large ticket items, you are buying a house worth 40 crores and stuff like that so if you see construction come up, then there is a higher level of confidence, though we continue to claim that as a company, we derive that confidence out of the customer any which way, but here we wanted to just go that extra mile as well and wanted to do that and that is the only reason we haven't gone hammer and tongs, marketing it initially, only letting the work speak for itself. So it is only restricted to Worli, it is not a strategy, all our strategies are driven around the earliest we want to be cash flow positive and that strategy we want to apply here also, barring the fact that we want some work to come up. Our strategy is very clear that we want this project to be cash flow positive ASAP.
- Shashi Kiran** And what is your spending what you have done so far in Worli?
- Saumil Daru** Nearly about 370 crores totally.
- Shashi Kiran** And you have not collected any cash from this project till now?
- Saumil Daru** We have for all the transfers which we did what we had explained earlier from the earlier project and for the few fresh sales.
- Shashi Kiran** Regarding the Glaxo project, there was a news item or some talk about something actually progressing on that so what is the stage that is right now?
- Vikas Oberoi** So like I said that the erstwhile order is now cancelled and the Municipal Commissioner is looking at it afresh and he has to pass orders based on the comments that the court has made so this is where we are, we are also waiting patiently, hearings are over, let's see what is in store for us.
- Shashi Kiran** So that no material progress on that front?

- Vikas Oberoi** No, material progress I would say that hearings are over now and we are awaiting the final order.
- Moderator** Thank you. We have the next follow-up question from the line of Puneet Jain from Goldman Sachs. Please go ahead.
- Puneet Jain** My question is actually with respect to say longer-term growth of the company, given the fact that you now have been selling something every quarter for the last two years but that the replenishment right now is not happening, now you have enough at least for the next 3-4 years but at what point of time will you start getting worried that you are not able to replenish?
- Vikas Oberoi** I'm not worried actually, a lot of people talk about the cash that we have and stuff like that but if you really see one transaction if one does and you can really wipe out the cash. We all have to remember that real estate is a cash intensive business. When you go to buy land, you really need the money and the way the things are in India, you cannot get finance for buying land so I want to really say that we are making too much out of the cash that I have on the balance sheet really. It just takes one land transaction and from so much cash I'll be done with the cash. So it absolutely doesn't bother me to replenish or anything like that, absolutely does not.
- Puneet Jain** Suppose if we don't do anything for next two quarters, three quarters, would you start getting worried at some point of time?
- Vikas Oberoi** Not really, again the business is not about quarter, it is about the long-term. There will be quarters when we would have done well, certain quarters if permissions don't come up, one thing one really needs to remember is all our projects are very large projects, let's say if Mulund starts, we are looking at 3.2 million square feet of construction to be done and if one goes by the numbers that people are asking in that area which is like Rs.15,000 a square foot than you are looking at Rs.4,800 odd crores of sales, it is just one project. Of course, now this one project gets stuck the entire revenues gets stuck and so on and so forth. So what we are really looking at if you really see our strategy, we like going big, we like going into one project really making a good design, good execution strategy and good marketing strategy around it and then milking it overtime. So I per se I am not worried about going land buying, I don't want to get into this trap of being desperate because when you are worried you do wrong things, I don't want to be really worried, I want to think through with a very clear mind and focus on good land transaction that comes our way, we will take that. For sure we are in the business of real estate and that is like raw material for us. We have the timing very-very consciously configured at the back of our mind we are going to get that, so one doesn't need to be worried about that. Market need not worry, I'm really not worried and this is really what I wanted to tell them, just take one deal for us to do that. If it required multiple deals then one can think and it's not that we are running out of land or running out of anything, in fact, what we are really running out is cash, most of the people are, so one doesn't need to worry at all.

- Moderator** Thank you. We have the next question is from the line of Tejas Sheth from Emkay Global. Please go ahead.
- Tejas Sheth** We just have seven units left in Splendor Grande which probably will sell in this quarter itself and with no inventory left nearly in that Andheri Project, how sooner we see Prisma coming up for sale?
- Vikas Oberoi** If things goes well then 1st Quarter next financial year we would be on the board there as well.
- Tejas Sheth** So the launch of that is not really dependent on anything in Goregaon East launches?
- Vikas Oberoi** Not at all. Neither that nor Mulund, nor Worli, nothing of this is dependent on that.
- Tejas Sheth** No just that those two projects are in the vicinity?
- Vikas Oberoi** No, they were never earlier also. If you see we parallely worked on both of them, both of them have seen their own set of traction so really no issue at all.
- Tejas Sheth** And any update on Sangamwadi in Pune?
- Vikas Oberoi** This is public news. The development plan of Pune is already finalized. You will soon see request for suggestion/objection and so now at least it is on track. So there is a 60 day period for suggestion objection and then it comes to the Urban Development Ministry for its final initials and then we can start work. So now at least we are looking at maybe 2nd Quarter, FY14, you will have that started as well.
- Moderator** Thank you. We have the next question from the line of Mugdha Desai from Centrum Wealth. Please go ahead.
- Mugdha Desai** We have noticed probably higher rentals from the Mall this quarter, could you throw some light on that?
- Vikas Oberoi** So what you really see is the quantity of rent. Two things have happened, one in every three years we have 15% increase in rental so some of the stores have that triggering in. The second thing is that, somehow we were always like 90% or 92% occupied, now that 92 is probably gone to 95% so that brings in additional rentals and where ever we have revenue share those areas have done exceptionally well so even that comes into play for us. All these things put together are really the reasons why you see the Mall doing better.
- Mugdha Desai** And also the Worli project, as per my calculation I believe about 17% of the sales are completed, is that correct?

- Vikas Oberoi** Not really I would say, if you add the transfer and the new sales, yes, but we have not really looked at it that way.
- Saumil Daru** Not all the flats have the same configuration Mugdha, so obviously, I mean, if you're just trying to base that number on the number of units which have been sold then that assumption may not hold good.
- Mugdha Desai** Because you would probably recognize the revenue once 25% of the sales are completed?
- Saumil Daru** Correct, of the whole area.
- Moderator** Thank you. We have the next question from the line of Hansraj Singh from IDBI Capital. Please go ahead.
- Hansraj Singh** My question was more relating to your operating cash flow for the nine-month period FY13, if I compare it with the last year it has gone down basically from 245 odd crores to 25 crores, so is this mainly because of purchase of TDR because I think, collections have remained more or less same?
- Saumil Daru** Yes, you're right more or less that entire difference is firstly, due to TDR which we have purchased and secondly, for some TDR advance which we have given, so both of this is related to the TDR itself.
- Hansraj Singh** If you can please give a breakup in terms of constructions TDR and other land acquisitions for this financial year?
- Saumil Daru** There is one small acquisition of property for about 45 crores that is there and there is about 200 crores of TDR.
- Moderator** The next question is from the line of Abhishek Ranganathan from PhillipCapital. Please go ahead.
- Abhishek Ranganathan** My question pertains to our Prisma property, I understand that we were basically getting some FSI out of car park there?
- Vikas Oberoi** Yes, part of the FSI will come out of car park but we have substantial FSI with us as well.
- Abhishek Ranganathan** So from here on where are we as on date, do we have to again go for the approvals because of the change?
- Vikas Oberoi** We have already gone in for the approvals. We are already taking that car park FSI, we have already processed that and once we take a call that yes we are doing Resi then we will have to simply amend the plan because basic approvals are in place.

- Abhishek Ranganathan** So would we be looking at doing it next about if you are looking at 1st Quarter of FY14, all the approvals will be in place by then?
- Vikas Oberoi** Yes.
- Abhishek Ranganathan** And we'll be looking at launching also by then or we will just start?
- Vikas Oberoi** No, we will simultaneously launch that as well, anyway it is in an area which is built, there are people who are already living so selling that would not be an issue.
- Abhishek Ranganathan** Sir lastly, how much have we collected on the Worli projects so far?
- Saumil Daru** I will just look at the number, it will be in the region of about 65 to 70 crores but I just want to reconfirm that.
- Abhishek Ranganathan** Last quarter you mentioned about maybe we had something like 120 crores which you collected.
- Saumil Daru** No, that would have been just about the value or the sale value of transfer but let me just look at that number and come back to you.
- Moderator** Thank you. We have the next question from the line of HR Gala from Quest Investment Advisors, please call ahead.
- HR Gala** Sir, looking at the presentation slides which you have given, I think in these three properties we have about 1.7 million square feet balance area. Now, do you think that there will be some bunching up of revenue booking as far as the accounting is concerned in FY14?
- Saumil Daru** Yes, because if you will look at it, the moment we will commence the revenue recognition of Esquire then there will be a bunch up of revenues which will happen because it will suddenly come in with an entire backlog of the first 25%.
- HR Gala** Yes, absolutely, so in that event I think probably the revenue increase YoY in FY14 could be much higher than 25%, don't you think sir?
- Saumil Daru** Could be. But it is also dependent on the other projects also kicking in so in the end the numbers always roll only one way so that we would have to figure out when it finally happens.
- HR Gala** So, in event that everything happens that way I think then roughly say around our average EBITDA margins is around 60%, so 55% to 60% of that profit also we will be booking in FY14 once we recognize our revenues. Will that be correct?

- Saumil Daru** Yes, but for the additional parts when you have some TDR and all start kicking in, so the margins will be lower but we'll also want to assume that, our corresponding realizations also will be higher so our effort will be try to maintain our margins.
- Vikas Oberoi** In fact, if you really look at it, you haven't accounted for the Worli revenue kicking in, you have not accounted for Mulund when it starts so if you will club all this the math throws up very different numbers.
- HR Gala** Absolutely, I believe that if you are able to successfully sell then the revenue increase would be substantially high in the years to come?
- Vikas Oberoi** Let me tell you contrary to the way it is sounding, sales have never been a problem for our company, with God's grace, because people really rely on us and we do get advances from customers, so most of the projects end up being cash flow positive, sales are buoyant and we genuinely don't have a problem selling at all.
- Moderator** As there are no further questions from the participants, I would now like to hand the floor back to Mr. Oberoi for closing comments, over to you sir.
- Vikas Oberoi** Thank you once again for being a part of this conference call, we really appreciate your input, your question actually set the tone for how we should be going about running our company, please continue to be as vocal as you are.
- Moderator** Ladies and gentlemen on behalf of Oberoi Realty that concludes this conference call