



# “Oberoi Realty Limited Q3 FY16 Earnings Conference Call”

**January 18, 2016**



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

**Moderator:** Good evening, ladies and gentlemen, and welcome to Oberoi Realty's Earnings Conference Call for Quarter Three Financial Year 2016 that ended on December 31st, 2015. We have Mr. Oberoi – the Chairman and Managing Director of the Company and Mr. Saumil Daru – the Director, Finance 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 the transcript for the same may be put on the website of the company. After the management discussion, there will be an opportunity for you to ask questions. Should you need assistance during this conference call you may signal an operator by pressing '\*' then '0' on your touchtone telephone.

Before I hand the conference over to the management, I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts that maybe 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 risk, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by such statements.

I now 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 morning, good afternoon, good evening, from whichever part of the world you are dialing-in. I would like to begin by wishing everyone a very Happy New Year. This quarter has been a very interesting quarter for us. We launched our Borivali project and we have received excellent response from our customers. We have sold close to 1 million square feet there which is almost 25% of our residential inventory. We have also received Commencement Certificate and as we speak the work at site has also started. We all know about our Mulund project where the show apartment is ready and it has been appreciated by the customer and received very well.

I will hand over the phone to Saumil Daru who will take you through the numbers and I am here available for you if you have any questions which I can answer. Thank you.

**Saumil Daru:** Thank you, Mr. Oberoi. I guess most of you must have received the presentation by e-mail or, if not, the link to the presentation. Even now the presentation is live on our website as we speak.

To quickly go through the numbers in terms of consolidated financial, for the quarter, the consolidated revenue is 790 crores versus 200 crores during Q2 FY16 and 220 crores for the same quarter last year. For the nine months till December, we have achieved a consolidated revenue of about 1207 crores this is as against 591 crores for the nine months of FY15. Similar numbers for PBT, the consolidated PBT for Q3 FY16 is 324 crores. This is as against 108 crores for Q2 FY16 and 119 crores for the same quarter last year. For nine months FY16 the consolidated PBT stands at 553 crores, this is as against 317 crores for the nine months of FY15.

Moving on to the PAT numbers, at a consolidated level 209 crores for Q3 FY16, this is as against Rs.72 crores for Q2 FY16 and Rs.79 crores for the same quarter last year. For nine months, the figures are consolidated PAT at Rs.361 crores as against about 214 crores for nine months FY15.

To quickly move to the asset level performances and beginning with investment properties, Oberoi Mall, this asset contributed about 24 crores to the operating revenue for this quarter as against about 23 crores for Q2 FY16 and a similar number of about 24 crores for the same quarter last year. For the nine months, the operating revenue for the Mall was about 71 crores as against 70 crores for nine months FY15. The EBITDA margin in this vertical stands close to 95%.

Commerz, the office space asset, this contributed 12 crores to the operating revenue for this quarter and it is pretty much a same figure of 12 crores for the quarter earlier as well as the same quarter last year. For the nine months of this year the operating revenue from Commerz has been 35 crores against a similar amount of 36 crores for the nine months of the last year. The EBITDA margins again in this particular asset continue to be in excess of 95%.

Commerz-II, contributed about 1.69 crores to the operating revenue for this quarter which was pretty similar to the operating revenue for the earlier quarter.. Rent has come in only in March 2015 and hence, there is no corresponding figure for the same quarter last year. For this particular asset the EBITDA margins are slightly lower on account of the maintenance cost and they stand at about 38%.

The Westin Mumbai Garden City, this contributed about 34 crores to the operating revenue for this quarter. This is as against Rs.30 crores for Q2 FY16 and 32 crores for the same quarter last year. For the nine months, the figure stands at the operating revenue at Rs.95 crores, this is as against 89 crores for the nine months of FY15. The EBITDA margins over here in this vertical continue to be in excess of 30%.

Moving on to the key development properties, beginning with Sky City, as Mr. Oberoi mentioned, we have sold nearly 25% of the total inventory in the project so, we have sold close to about 9.5 lakh square feet in the project till 31st December. The total booking value till that date stands at about 1,567 crores. Then to move on to Goregaon, in Exquisite, out of the total project area of about 15.5 lakh square feet, we did sales of little over 13,000 square feet in this quarter and well over 13 lakh square feet till date which is about 84% of the total inventory in this project. The total booking value for the last quarter was about 32 crores, and cumulative booking value till date is in excess of 2,000 crores, that is at about 2,059 crores. The total revenue recognized for this project in this quarter was 32 crores on account of the 100% project completion and the entire amount of 2,059 crores has been recognized till date over various years on account of 100% project completion.

Moving on to Esquire, as you would have seen the total project area has increased to about 20.3 lakh square feet from about 15.05 lakh square feet. As most of you would be aware, Esquire was always envisaged to be a 52 storeyed building. On account of all the clarity in approvals we have

reworked total areas and 20.31 lakh square feet now reflects the entire development of 52 floors in Esquire. In this quarter we have booked about 28,000 square feet in this quarter and about 11 lakh square feet till date. This represents now about 54% of the total inventory in this project. The total booking value for this quarter is about 64 crores; the cumulative booking value till date is 1,550 crores. In this quarter we have commenced revenue recognition for the first time. The total amount recognized this quarter is 612 crores and obviously the cumulative revenue recognition also stands at the same number.

Prisma, out of the total project of about 2.68 lakhs square feet, we again booked over 12,000 square feet in this quarter and about 1.28 lakh square feet till date. The total booking value in this quarter is about 22 crores and the cumulative booking value till date is 227 crores. Revenue recognized in this quarter is about 11 crores and cumulative recognition till date is at about 96 crores.

As for Eternia and Enigma, Eternia, the total booking value for this quarter was about 3 crores and the booking value till date is 640 crores. In Enigma, the booking value till date is about 424 crores. If we just look at the numbers from calendar year perspective, in calendar 2015, in Mulund 640 crores plus 424 crores so, that is about 1,064 crores of sale in Mulund. If we add the 1,567 crores of sales in Borivali that gets us to well over 2,600 crores of order book in one calendar year.

Coming back to some key financial parameters, our EBITDA margins for nine months FY16 stands at about 48%. The PAT margins for the same nine months are at about 30%. The EBITDA margins for Mall and Commerz are higher than average as mentioned before they will always be in the region of about 94%-95%. Excluding these the margins for our pure residential business is at about 44% for the nine months ended December 2015.

With this, we would now like to open the floor to any questions that you all will have. Thank you.

**Moderator:** Thank you very much Mr. Oberoi, Mr. Daru. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Anubhav Gupta from May Bank. Please go ahead.

**Anubhav Gupta:** My first question is on the quarterly pre-sales at 17.7 billion which were obviously the highest ever. Now this got boost from the two new launches one is Borivali and one unit is sold at 360 West. Excluding these also the pre-sales at ongoing projects are quite stable. So what is your sense on the overall Mumbai market given you are doing a lot of projects in different micro markets?

**Vikas Oberoi:** Anubhav, honestly, we are also trying to gauge and understand the market. Our knowledge is good as yours and sometimes when you succeed in a difficult market, you want to know the reasons. Of course we probably attribute a lot of this to the way we have gone about doing our businesses and the right location and so on and so forth. So when I look at the market, I think

customers are rewarding companies that are doing well and customers are vary of companies that have not performed. So like any other market, I would say that as an industry, real estate is now getting mature and we will see some sort of shift to developers who have a good track record and they are the ones who decide because it is a buyers' market.. So in that space I guess having done well with god's grace we probably will be lucky to receive some amount of attention from the customers.

**Anubhav Gupta:**

Sure. And just quickly on the EBITDA margins there was dip. Is it mainly because of change in revenue mix?

**Saumil Daru:**

Yes, Anubhav. Hi, Saumil here. So if you will look at it the largest contributor this time to both the top-line as well as the margins is Esquire. If you will look at the average realization of Esquire over a period of time, so the project to date number stands at a little over Rs.14,000 a square feet whereas, if you will look at the numbers for last couple of quarters it is all at about Rs.20,000 odd a square feet. So when we are having the first time recognition coming in it is on the back of an average number of about 14,000 a square feet so that is why you are seeing slightly lower margins. If you will recollect last year when we recognized Prisma also for the first time the margins were a little compressed on account of the lower margin in Prisma. Now that once you achieve steady state you will end up going back. So it may take a quarter or two but yes, as you rightly pointed out it has got to be a matter of mix, it has got to do with how much coming from Exquisite, how much coming from Esquire, how much coming from Prisma and also got to do with what levels of floors you are selling. So the higher the floors you sell, higher the realization and then correspondingly the improvement in margins.

**Moderator:**

Thank you. Next question is from the line of Atul Tiwari from Citi Group. Please go ahead.

**Atul Tiwari:**

Sir, my question is on the cash flow slide. One would have thought that with this kind of strong pre-sale at least operating cash flow would have been positive but here it is negative. So did we incur any substantial construction as spend somewhere or?

**Saumil Daru:**

Yes, hi, Atul, Saumil here. So construction expense was in line with the earlier quarters. What was critical this quarter was some premiums that we paid. In fact, we paid close to about 400 crores of premiums during this quarter. The primary component went in Borivali, then there was payment made for the higher floors in Esquire as well as Enigma. So I know what you are saying because if you look at the cash collections in Borivali they were close to about 290 odd crores. But as you rightly pointed out it is still negative at an operating cash flow level and it is showing about a 72 odd crore consumption of cash. So it is primarily on account of these premiums that have got paid out.

**Atul Tiwari:**

Okay, thank you, sir. And sir, my question is on the revenue recognition again in Esquire so I mean till date you have sold about Rs. 1,500 crores worth of project but you have recognized only 600 crores. So it is fair to assume that it is like 40% complete, I mean is that right?

**Saumil Daru:**

Yes.

- Atul Tiwari:** And looking at the EBITDA the sense is that at least in this slot the EBITDA margin on Esquire is sort of 38% to 40%.
- Saumil Daru:** Correct.
- Atul Tiwari:** So now when we move ahead and recognize more revenue then we will come closer to 50%-55% EBITDA margin which we normally you report.
- Saumil Daru:** Correct.
- Moderator:** Thank you. Next question is from the line of Puneet Jain from Goldman Sachs. Please go ahead.
- Puneet Jain:** My first question is actually again with respect to Esquire margins. Now if I look at your average sales price is say Rs. 14,000 per square feet while it looks like the cost which have incurred for this project at the gross level is more like Rs.7, 700 maybe Rs.7, 800 it may be off by may be 200 slightly but that seems to be the ball park number of the cost which you have incurred. The construction which you have always been guiding for is more like 5,500 a square feet. So what explains such a large delta in terms of cost? Will it be just premium or will it be because you have added higher floors in this project? And second correlate to this what does it means for say Borivali and for Mulund in terms of cost?
- Saumil Daru:** Okay. Puneet very quickly, first in terms of Esquire, you are right but the construction cost clocks in at about 4,600 odd bucks a square feet. So may be if you will factor that in into your model then maybe you will get a slightly different number on where the anticipated land cost are. Between Exquisite and Esquire, Exquisite was under the old DCR there were no fungible premiums or any of those paid. In Esquire it falls under the new DCR so there is a fungible FSI which is getting paid plus we are also loading some TDR on this building. So there is also the additional cost coming on account of that into Esquire that is why you are seeing a higher land cost compared to Exquisite. So I just hope that answers your questions in terms of margins. And the moment you will start getting the upper floors you will see the realizations itself during the last two quarters they are all in the region of about 20,000 bucks a square feet. So as those start kicking-in and the weighted average starts going up and those come in at a faster rate you will start seeing the margin go back up.
- Puneet Jain:** But for my understanding of cost being around 7,700 will that be ball-park right?
- Saumil Daru:** Yes, it is right.
- Puneet Jain:** Okay. And I would suppose had you not added additional floors would the cost have been lower because you would have used less fungible FSI and less TDR?
- Saumil Daru:** The additional floors as I mentioned even when we began, the building was always envisaged to be a 52 storeyed building. So it has been planned as such, it has been designed as such, and it has been sold as such also to the customers.

- Vikas Oberoi:** And Puneet, we have an option to either use fungible FSI or you use base FSI to sell the first 30 floors and then when you take the fungible FSI on the entire area they end up becoming the additional floors. So one always has to look at a blended cost one cannot simply look at the original FSI cost. We also have some TDR that we will generate out of our own layout to be loaded. So all in all when you look at the blended cost of the entire project it will start stabilizing again.
- Puneet Jain:** And will you have paid for this entire cost?
- Vikas Oberoi:** For this building yes.
- Saumil Daru:** Yes, except for some part of the fungible FSI.
- Vikas Oberoi:** Yet to be done, yes.
- Saumil Daru:** Majority, , till the 41st floor we have paid everything.
- Puneet Jain:** Okay. And second part, what does it mean for cost for Mulund and Borivali?
- Saumil Daru:** So in all cases I think all analyst have got that part correct. It is a mix of your basic FSI from the land then the TDR, the fungible premium and all of those. So far as I know, whatever numbers we have seen from the analyst those have been along anticipated lines so no conceptual disconnect over there.
- Puneet Jain:** Okay. And just one final question with respect to Phase-III, so do you plan to launch it in June quarter? And does the area of that project change given the fact that you have launched additional 0.5 million square feet in Esquire?
- Saumil Daru:** So we want to launch that in the first quarter next year in next financial year and yes, in fact the areas will change but probably it will increase in the third phase also as in we will end up utilizing our entire potential in the third Phase itself.
- Puneet Jain:** Sir, what I meant was like, what our understanding is that third phase 2.2 million square feet is left. Now 0.5 million square feet has been increased for Esquire, so 3<sup>rd</sup> Phase is 1.7 million square feet or 2.2 million square feet.
- Saumil Daru:** Yes, so overall OGC component Puneet was at about 5.2 million square feet, okay. Presently, we would still want you to go along the 5.2 million square feet that is increasing and some of the policy changes which are expected once everything gets clear then we will come back to you in terms of what the final numbers are. For the present moment, it is 5.2 million so, if this 0.5 million is getting loaded onto Esquire you assume that the next phase will be 1.7 million square feet.

- Vikas Oberoi:** So Puneet let me just add to what Saumil said that obviously we are anticipating let us say an x amount of area when we communicate to you, we only communicate as much as what is clear. The whole layout has been always planned keeping the third phase to be a particular size but we do not want to give new area all the time or rather wait until we have got the approval. Our entire layout has been built or planned according to a particular this thing like one would have not changed Esquire to 52 today, we always knew that we will build it to 52 floors. But we would only bring it to the investor community or rather even to the flat purchaser only after we have received the approvals because we do not want you all to anticipate and then if there is a slip between the lip and the sip, we do not want to get battered for that so that is it.
- Moderator:** Thank you. Next question is from the line of Punit Gulati from HSBC. Please go ahead.
- Punit Gulati:** Just going back on Borivali you have mentioned you have sold 25% which means the residential area you have planned is 4 million. What is the plan for the balance 0.5?
- Saumil Daru:** Punit, we have always said that total Borivali component is about 4.5 million square feet, 4 million would be residential about half a million square feet is likely to be retail. But we have an option to do it as retail or to float it back into residential.
- Punit Gulati:** Okay. And in retail you will sell it, not own it like a Mall?
- Saumil Daru:** In all probabilities what we want to look at is on a sale model but if that does not work then we will go back to a residential.
- Punit Gulati:** Okay. If it is a sale, it will be residential?
- Saumil Daru:** Yes.
- Punit Gulati:** Okay. And you have recently launched the 4<sup>th</sup> Tower and some new floors on Enigma. If you can give some more color how was the response there?
- Vikas Oberoi:** So well basically we did not launch it, launch it, we did not advertise or anything like that. All we did was that there was demand from the existing database which was interested in buying lower floors, we have merely opened it for them and we opened it so that when our walk-in customers come they have a choice of lower floors because that is what probably we saw is in demand so, that is what we have done.
- Punit Gulati:** That is for the 4<sup>th</sup> Tower?
- Saumil Daru:** Correct.
- Punit Gulati:** And for the Mulund one, the new floors were also opened I believe.



- Saumil Daru:** So again here I mean, you know, we got approvals for the higher floors and again we have just from our basic data that we have where people are interested we have kind of just about contacted them.
- Punit Gulati:** Okay. And if you can give some color on Commerz II, you have closed two more floors what kind of tenants are these? What kind of rentals and then some more color on the commercial side how soon do you think you can close the rest of the commercial space?
- Vikas Oberoi:** So the tenants obviously are top notch multinationals I will be very happy with the client. The rental bit. Saumil?
- Saumil Daru:** Yes, it is pretty much at the same numbers as what you are seeing even for the existing two floors so, you will see the similar average being maintained.
- Vikas Oberoi:** Honestly it is taking a little longer then what we originally anticipated but there is enquiry I mean it is really like you have a lot of enquiry and then suddenly things just fade out. I cannot say that we are satisfied, we would have loved to do a lot better but this is what it is.
- Punit Gulati:** Okay. And will we see the rental income coming in from 4Q?
- Saumil Daru:** For the next two floors?
- Punit Gulati:** Yes.
- Saumil Daru:** Yes. Not for the entire quarter but yes, the rent commencement is happening in this quarter.
- Punit Gulati:** Okay. And lastly, if you can give some more color on the Oberoi Mall which obviously seems to be doing quite well. You have almost touched all time high 148 rental. Do you see further scope in this year itself for rental increase?
- Vikas Oberoi:** Again here Oberoi Mall also continues to surprise us but this one obviously positively surprised us. We have everyone wanting to open a store here, now Zara is coming in. So obviously as the quality of tenants improve, the paying capability of these tenants also continues to improve and the footfalls increase, the spending capacity of people who come to the stores also increase. We have certain restaurants and food court areas where we have revenue share so, our share of rental also goes up, and our capability to sell advertising space in the Mall also increases. So all in all it is continuing to show a positive trend and I would love to believe that going forward it will continue to do well.
- Punit Gulati:** So any further increase in terms of numbers, rentals this year?
- Vikas Oberoi:** One cannot give numbers because they will end up being speculative but if you were to ask me the trend there is obviously hope for us to get more. Every time we get into a renewal, we demand more money and we surprisingly get it also. So this is where we are as we speak and the way the

Mall has been leased every year we have someone or the other coming in for a renewal so, we obviously ask for more money from the new tenant and that in-turn helps us get a better rental.

**Moderator:** Thank you. Next question is from the line of Adhidev Chattopadhyay from Elara Capital. Please go ahead.

**Adhidev Chattopadhyay:** Sir, firstly, on the Worli project just wanted I understand what is the status of the approvals for the higher floors?

**Vikas Oberoi:** We have applied for the civil aviation NOC. Government seems to be positive but nothing is done as yet. We are hoping to get this done in the next two to three weeks.

**Adhidev Chattopadhyay:** Okay. And on this on the hotel portion of it, how much CAPEX would we have incurred till date aside from the residential component?

**Saumil Daru:** That would be at about in excess of 200 odd crores.

**Adhidev Chattopadhyay:** Okay. So sir, just to understand broadly so on the hotel, another 500 odd crores of CAPEX is left and what would be the construction spend left on the Oasis overall till date?

**Saumil Daru:** Oasis overall, see depends I mean if you ask me for whatever we have till the 67<sup>th</sup> floor there is not much to go after this. We are pretty much close to about 65%-66% in terms of cost incurred up till this floor but once we have the balance potential kicking in then we may just need to rework some of those numbers.

**Adhidev Chattopadhyay:** Okay. And just to finally add like, so when do we see the like a proper formal launch of the project happening with the show flat opening?

**Vikas Oberoi:** So we are hoping to do that this quarter. If you see the market really was like waiting for Mulund to happen and then Borivali to happen. This is the third trigger for our company very keenly looking going ahead and doing in this quarter.

**Adhidev Chattopadhyay:** Okay. Sir and what would be the sales strategy means we already have a group of floating buyers or is it like we have full-fledged launch or what will be the broad market rate?

**Vikas Oberoi:** Honestly, we have not really thought through but it cannot be a splash and sale, it is more to do with people who are already in touch with us, the right kind of people. Once our show apartment is ready we will invite these people and I am sure a lot of these will get converted because this is also literally by appointment. We pick the buyer more than the buyer picking the product.

**Adhidev Chattopadhyay:** Okay. And just my last question on the overall the approval scenario for Mumbai so, we have been hearing about a lot of initiatives like the approval through electronic method, a single window, what we are trying to do. So what is your view on how successful or how long is it before this thing actually got implemented?

- Vikas Oberoi:** So hats-off to our Municipal Commissioner and our Chief Minister, they have really single handedly made sure that this goes through and we have also all received drafts of how they are going to go about. In fact, let me tell you that they are at an implementation stage. So now is when we will know that how much of it, will it help us. Of course they have done away with a lot of like paper work that is required in terms of approval. So it is being tested as we speak and it is great initiative. It will go a long way both for the state and our city and developer community at large.
- Moderator:** Thank you. Next question is from the line of Sandipan Pal from Motilal Oswal Securities. Please go ahead.
- Sandipan Pal:** Sir, just a couple of clarification what is the collection strategy for Priviera? I mean I can see project is completed and just 15% collection over there.
- Saumil Daru:** Hi, Sandipan, Saumil. So I think by the end of March you should see the collections from the sales having got completed.
- Vikas Oberoi:** Most of them are sold, barring two apartments everything else is sold so, we will collect the money. OC is also received people are doing their agreements and once the agreements are done they will give us all the payment.
- Sandipan Pal:** Right. Other thing is that I noticed that one flat in 360 West so that got booked at a Rs.40,000 per square feet so that is not a shift from older project?
- Vikas Oberoi:** This is a new sale.
- Sandipan Pal:** Okay. So this is the first sale out of that older...
- Vikas Oberoi:** For the new this thing yes. There were a couple earlier also but yes, in this quarter this is one. So like I said that a lot of people are not even waiting for the show apartment, these are people who see the apartment like it and then they close it.
- Sandipan Pal:** Right. And just lastly, I mean when you increase the size of Esquire so, when you say that it is 38% completed so that is based on the new size, right?
- Saumil Daru:** Yes, we were always looking at the project from a 52 floor perspective only Sandipan. So it is based on this size only. So all our accounts and everything has been working for the past many years on the basis of this size, the only thing is we were not communicating this till we were having all approvals in place.
- Moderator:** Thank you. Next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.
- Sameer Baisiwala:** Just curious in the Q2 your Esquire would not have hit 25% and in Q3 it hit 40%?

- Saumil Daru:** Yes, Sameer, so just to quickly answer it 25% which you have to hit is 25% on account of construction cost. Once you have crossed 25% of construction cost Sameer then the entire recognition is including land cost that is the new method by the institute. So if you recollect earlier pre-2011 certain developers used to include land as a part of their percentage completion certain developers excluded it. So late in 2010 the institute came out with a guidance note wherein you have to cross two thresholds, one is 25% of the project area having being sold and the second is that you should have incurred 25% of the construction cost. Once you have incurred 25% of the construction cost then when you do the recognition, you have to also bring in the land component. Even as we speak right now in the overall recognition, the construction completion it stands at about 28 odd percent.
- Sameer Baisiwala:** Okay. And if so that means your land cost is far higher on a per square feet basis than your construction cost and if your construction cost is Rs.4,600 per square feet your land cost is probably more like Rs.6,000 to Rs.7,000 per square feet.
- Saumil Daru:** No, not really. We can work this math through offline Sameer, I have no problems on that but the land cost should effectively come in at about Rs.2,500 odd square feet or Rs.2,600 odd square feet because you have all the fungible and everything.
- Sameer Baisiwala:** Okay, I get your point, yes, fine. And the second question is there any update on Glaxo Worli land parcel?
- Vikash Oberoi:** So Glaxo is cleared, we also have received Commencement Certificate. We have right now put a dummy plan again continuing to think what one should do there? Whether one should be doing Mall or should one continue to resi. So from approval point of view we are totally clear now and again waiting to see what the new DP will have for it because it is positioned to be 5 FSI and all that. So again some more work before we bring it to the market and tell you all what sort of revenue and what sort of profit we are expecting out of that for you guys to consider. But the good news is that everything is now clear.
- Sameer Baisiwala:** Okay. And just one final question on Esquire versus 20 units - 30 units that you have been selling for last I think five quarters or six quarters. Suddenly it felt to nine units anyway another 89 to go and I think you said you will sell of everything by first quarter of next fiscal.
- Vikas Oberoi:** So you are talking about Exquisite not Esquire?
- Sameer Baisiwala:** That is right Exquisite, yes.
- Vikas Oberoi:** So yes, we have been focused at selling, these are higher floors, the conversions have been slower than our expectations, unfortunate but there is no reason. And it is not even like there is like any resale pressure and all. People do want lower floors. By the way we have a lot of people coming and wanting to buy lower floors but there are no sellers for lower floors. So much so that out of the entire 700-800 units that we have sold not even 30, so literally less than 5% of the

people have actually flipped their apartment. So we would have like to have more numbers but they are not there you are right and we do not really have any reasons as such.

**Moderator:** Thank you. Next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

**Saurabh Kumar:** Just had a question on your Slide #19 which has the project till date synopsis. So I just wanted to know, so we have sold about 8,600 crores of stocks till date across projects what will be the cash expected to be collected from this and against this if we have to finish this 14 million square feet odd of areas I mean I am sure a lot of it is already finished what will be the cost we will need spend to finish this? So I am just trying to construct the cash flow in terms of how much is to be collected from the company and how much do you need to spend to finish? And obviously there is the unsold inventory which is this 4 million odd square feet?

**Saumil Daru:** So Saurabh hi, just one thing that maybe we would need to use a different slide to do this analysis and I will tell you simply why, on the same slide if you will look at Exquisite it talks about 15.47 million square feet area and it says booking till date 2,059 crores revenue recognized till date is 2,059 crores and virtually the cash collected till date is also about 2,059 crores. So we will have to exclude that we will have to exclude Splendor so some of these we will have to exclude, yes. What will be the material ones will be Eternia, Enigma and Sky City. To an extent even 360 West in terms of cash to be incurred but 360 West will also spin a lot more cash in terms of incomes. If you were to do a kind of five-year projection then you are going to get into the realm of speculation and guidance and all those areas.

**Saurabh Kumar:** No, I am just asking what is the cost to be incurred to finish this so, from this 8,600 crores from whatever I could calculate from what is sold till date we need to collect about 3,500 crores out of this 8,600 crores what will come to us based on sales already done is 35.

**Saumil Daru:** If you look at Borivali also in terms of construction 4 million square feet and if that is about 5,000 bucks a square feet at max that is about 2,000 crores of cost to be incurred there we have not incurred anything. In terms of Mulund there is 3.2 million square feet of worth that would take about 1,500 odd crores of construction cost roughly at a max number. So that will be another 1,500 odd crores of cost to be incurred against that we have only given out certain advances to the contractors.

**Saurabh Kumar:** And 360 West?

**Saumil Daru:** 360 West should totally be about 1,700 odd crores or 1,800 odd crores for the 1<sup>st</sup> Phase out of which we have spent about 1,000 odd crores against the residential part there is some against the hotel also. So those are the big ones really speaking.

**Saurabh Kumar:** Okay, so that makes it clear. And the second question is essentially on your launches for next six months so I remember we were supposed to do Worli in December but that has not happened so, when does that happen and what are the launch pipeline so we have saw the 3<sup>rd</sup> Phase?

- Vikas Oberoi:** Worli was always supposed to be fourth quarter this year and it is absolutely on schedule. The next phase was first quarter of the next financial year that is Phase-III. I think that as we speak is absolutely on schedule.
- Saurabh Kumar:** So the next six months it will just be Worli and this Goregaon and this Borivali one extra tower which you have launched? These are the only one?
- Vikas Oberoi:** Yes, that is it.
- Moderator:** Thank you. Next question is from the line of Ritwik Sheth from Span Capital. Please go ahead.
- Ritwik Sheth:** I had a couple of questions. So in Oasis if you see to achieve 25% revenue recognition, we need to sell around 400 thousand to 500 thousand square feet. Going from Borivali and Mulund experiences you turn around 700 crores in Mulund and around more than 1,000 crores in Borivali. I am not saying, it is exactly comparable but given your brand and everything else. Do you think that you can achieve that kind of (+1,000) crores sales in the first quarter when we launch the 360 West officially in full force?
- Saumil Daru:** Hi, Ritwik, Saumil here. I do not think any of us would be complaining if that were to happen. But we have to just kind of wait and see, never count your chickens before they hatch. So internally, we are quite confident about how 360 West should go based on all the enquiries we have had so far, people who have come and seen that project, the feedback that we have got so far so, there is a quite a good line-up of people for that project so, as I said, we are quite confident about what we should be able to achieve but I would always want to let the numbers do the talking rather than anything else.
- Ritwik Sheth:** Right, okay. So just ongoing that like we can easily assume to have the Oasis 25% revenue in FY17 in second half max right?
- Saumil Daru:** Hopefully yes, to achieve that yes, I think let us see presently if one were to look at it then FY17 we should be able to do some revenue recognition in Oasis but let us just see how things pan out.
- Ritwik Sheth:** Okay. And from the earlier question I think I miss something that you mentioned that Oasis is around 65%-70% complete in terms of construction?
- Saumil Daru:** Yes, on the 1<sup>st</sup> Phase, if we do till 67 floors.
- Ritwik Sheth:** Till 67 floors, okay. So like we have 1300-1400 crores for residential and more than 200 crores on the hotel is that understanding right?
- Saumil Daru:** Yes.

- Ritwik Sheth:** And sir, my last question is regarding the future launches of the existing projects in fresh inventory like so, what is the benchmark or the criteria internally that we have said like say for Mulund for new inventory to come or for Sky City for new inventory to come?
- Vikash Oberoi:** So literally we are basing it on approval and as and when approvals come we will bring them in. See we know how the purchaser literally behave. If you really see the pattern how Exquisite got sold barring this last 5%-7% that we are left or with 10% that we are left with everything else got sold pretty much, the way we predicated it to be. In fact the way Borivali has got sold it is even better than what Goregaon did. So our expectation is to sell anywhere between 10%-15%-20% every year and in the next four years - five years sell the entire inventory let us say maybe another 10%-15% left after occupation certificate that one we will be able to sell, this is our prediction I mean I would say.
- Moderator:** Thank you. Next question is from the line of Abhinav Sinha from CLSA. Please go ahead.
- Abhinav Sinha:** Sir, on the Borivali project just following up from the previous question, is it correct now that you will not follow a phase wise approach?
- Vikas Oberoi:** So not really, the reason why we are doing this is because we feel that there is demand as far as this thing goes. Our own capacity to build has increased, we hire some of the best contractors in the world and we just thought that as a company we are now capable of delivering such large projects at one go there is nothing other than that. So as a strategy we would really like to go all out and build it unless it is like a larger complex where we are doing different things and stuff like that but otherwise we want to go at one go and finish it.
- Abhinav Sinha:** So the construction is also take in all in one shot, right?
- Vikas Oberoi:** All in one shot, yes, that is the only way we can grow, right.
- Abhinav Sinha:** Right. Sir, secondly, in Mulund there was a small price increase so have you taken a price increase or it is just a mix issue?
- Vikas Oberoi:** No, I mean what we really did was we opened like I said that we had some people interested on higher floors and we did kind of literally like it is hardly any increase as such so very minuscule like Rs.250 or something per square foot.
- Abhinav Sinha:** And similarly for Esquire?
- Vikas Oberoi:** Not for Esquire. In Esquire, the prices are always higher so we did not really increase any price.
- Saumil Daru:** In Esquire, you see that higher average on account of higher floors getting sold because we had opened up some upper floors on the four-bedroom side so, for those ones we are seeing the realizations coming in with a higher average.

- Abhinav Sinha:** Right. And sir, finally there was also some NGT ban issue apparently which was impacting our few projects on construction. Does that impact you at all?
- Vikas Oberoi:** Well you know so the way NGT works is there are some order in the Supreme Court which said that if the State Government has not fixed its forest boundary then they cannot do any development until 10 kilometers. Now, this rule is applicable to any project which is above 20,000 meters. If you restrict your construction activity to less than 20,000 meters then you do not have a problem. Now in our case, we are just about starting. So we have not yet touched 20,000 square meter threshold. And simultaneously NGT also passed an order asking the State Government to fix their boundary within four weeks which I know of course, unfortunately it is not going to happen in four weeks but at least it is happening. Now our project is not in the proposed eco-sensitive zone, it is out of it. So once that boundary gets identified then this entire 20,000 meter also will go away, this is where we are.
- Abhinav Sinha:** So this 20,000 meter is basically the build-up area, right so you can do digging.
- Vikas Oberoi:** It is a construction area, up to 20,000 meters if you are working you do not need any approval from MOEF or even the forest department.
- Abhinav Sinha:** Okay. So you can meanwhile continue with the digging work.
- Vikas Oberoi:** In meanwhile we will I mean obviously all our projects are higher than 20,000 but we have not crossed that threshold of 20,000 meters. So we still have elbow room for the next three months - four months or six months until we finish that amount of work.
- Moderator:** Thank you. Next question is from the line of Puneet Jain from Goldman Sachs. Please go ahead.
- Puneet Jain:** My question is actually with respect to sales velocity in Esquire and Exquisite, would like your comments on that given the fact that focus in Mumbai seems to have shifted more towards pre-launches then ongoing properties.
- Vikas Oberoi:** Puneet, what you are saying actually the trend seems to be like that because we have had two very successful launches and people have like really gone all out and grabbed it. As far as Esquire is concerned we did sell a few apartments we would have been much happier had we done the same for Exquisite. Maybe what you are suggesting is something that we need to look into. But yes, the numbers have not matched our expectations and it could be attributable to what you said. As far as we are concerned, we have delivered more than 600-650 people in the building and they are mighty happy with it, they will love it. But yes, it has been slower than what we expected it to be.
- Puneet Jain:** Any price hikes which you have taken in Esquire or Exquisite over the course of last 12 months?
- Vikas Oberoi:** No, we have not increased the price at all.



- Puneet Jain:** So your Exquisite remains to 17,500...
- Vikas Oberoi:** Correct. But the only problem is that Puneet we have higher floors so whenever buyer comes to buy he ends paying a little more than what he would pay if he were to be taking the lower floor. So all the lower floors are now completely sold, that is where we are.
- Puneet Jain:** Just to understand so if a buyer has to buy Exquisite right now that person will have to pay full 100% upfront or you do give him some amount of time?
- Vikas Oberoi:** So we give three months - four months for them to pay us, that way so we do not have a problem giving him time to pay. But like I said, these are higher floors we thought that these were the most premium apartments. It is not upto my expectation. I also thought it would be much better.
- Puneet Jain:** And so when is your finishing timeline for Esquire?
- Vikas Oberoi:** On schedule, December 2017.
- Puneet Jain:** December 2017, so you have eight quarters left for Esquire to be completed more or less.
- Vikas Oberoi:** Correct, yes.
- Puneet Jain:** So any learning from Exquisite you can build in to Esquire in terms of trying to achieve a pre-sales velocity?
- Vikas Oberoi:** Not really, I must tell you that barring the fact that we can build a great product and continue to market it in a particular way. There is very little that one can do in terms of like how to sell it? We have got show apartments ready for the building, there are a lot of people who bought so, that is it. Again, I also feel that now with 600 people - 700 people going to start living in Exquisite will also have other people who are their friends, people visiting them may be that will act like a catalyst and something like that.
- Moderator:** Thank you. Next question is from the line of Samar Sarda from Kotak Securities. Please go ahead.
- Samar Sarda:** Sir, a broader question on the market excluding like responses to the launches which you have done or some of your peers have done. Do you think the Mumbai market is really bottomed out and things are stable or there is still more pain according to you?
- Vikas Oberoi:** Pain depends on who you are asking or who you are talking about. By and large the market per se is not bad, why would otherwise me or my peers get the kind of response we got for our launches. So again, it is all about how you have performed and what your credibility is in the market and so on and so forth. So market is judging you and it is rewarding you based on how you perform I would say.

- Samar Sarda:** So are you still getting projects from like smaller developers or mid-tier developers who are stuck for money and like they want partners like yourself to come for construction and apply your brand there?
- Vikas Oberoi:** So we do get people but most of them either have title issues or they have approval issues or some of them have done a lot of sales or their expectations are absolutely unreasonable so we are getting a mix bag of all this. If we get something which is within our range and one can make money, we will be more than happy to take it.
- Samar Sarda:** Okay. And one last thing was with some of these changes happening on the municipal level on approvals and approval timelines if it really gets through by like in the next two months - three months. Do you think supply will really increase in 2017 and 2018 with regards to number of projects being offered?
- Vikas Oberoi:** Samar, you know supply is not related to availability of land or availability of approvals, this is a classic mistake that people did very long ago when they have started investing in real estate or real estate stocks. There is a lot more, land at the end is raw material. How you design it? How you build it? What is the quality? What is your brand name? All these things and in fact from approval to delivery it will take another four years. Now how many people have the legs to kind of carry that project through and through without having that brand name? So I do not see the supply increasing unless all these things are fixed. This is great news for companies like us who had these bottlenecks on approval, on account of approval and all that. This is only a part of it what about your own financial situation. Company needs to sort out all that before they kind of really get into adding inventory.
- Moderator:** Thank you. Ladies and gentlemen since we are running out of time, we would be able to take one last question before handing over to the management. We take from Abhishek Anand from JM Financial. Please go ahead.
- Abhishek Anand:** Just one question on Goregaon project basically. So we are planning our next phase of launch in the first quarter of the coming fiscal so that is roughly six months from now, is that correct?
- Vikas Oberoi:** Yes.
- Abhishek Anand:** So just to understand, so we have roughly 1 million square feet in Esquire and roughly 0.2 million square feet in Exquisite. So I am trying to understand, firstly, your launch strategy and whether the kind of inventory or the kind of launches actually going to impact our sales from the other two projects?
- Vikas Oberoi:** Well when Exquisite was under construction we launched Esquire and it was a very successful launch. Now Exquisite is complete and Esquire is under construction. What we feel is that, there is demand, a lot of people want to come in at a stage when you are just about starting to book project. So we will have people who want ready, we have a product for them. People who want it to be ready in the next two years, we have something for them. And people who want

something that will be ready in the next five years also we will have something for them. So basically it is just about creating variety and that is about it. So we may just launch one building, we have got anywhere between four and five buildings to be launched. We might launch one building or maybe two buildings to start with, that is it.

**Abhishek Anand:** So should we expect some discount to the existing price so, I think there will be some discount to the 22,000 per square feet rate?

**Vikas Oberoi:** We do not call that as discount. Today if you see Exquisite, Exquisite is at 17,500 plus floor rise. Esquire is at 15,000 and floor rise. They are at different stages, the reason why Exquisite is at 17.5 is not because it is superior to Esquire it is probably the same quality that we will be building for Esquire also. But it is at a very advance stage today, you pay the money and you walk-in. Esquire is like two years from completion that is why it is at 15,000. So when we launch the project which is going to have a lead period of five years we can always give that advantage to the new buyer. So it is not discount per se, it is also a different stage at which the building is today.

**Abhishek Anand:** And also just to understand the collection of Esquire especially in next six months, I think 6 months to 12 months our structure will be complete there. Is that correct for our December 2017 completion?

**Vikas Oberoi:** Correct.

**Abhishek Anand:** So that means 80% to 85% of the payments will already be made for that particular project?

**Vikas Oberoi:** Correct.

**Moderator:** Thank you. I would now like to hand the conference over to the Chairman and Managing Director, Mr. Oberoi for closing comments.

**Vikas Oberoi:** I would like to thank you all for having participated in this conference call. Like I always say that we really value all your questions. They are actually pointers to how things are panning out in the market. You guys have a deeper and a broader knowledge of the market. You cover so many other real estate companies. I just want to thank you all and look forward to your continuous support. Both Saumil and myself and our team is ready and available for any of your follow-up questions. Aditi and Shital both are available so, feel free to call us. And thank you once again.

**Moderator:** Thank you very much, members of the management. Ladies and gentlemen, with this we conclude this conference. Thank you for joining us and you may now disconnect your lines.