



“Oberoi Realty Limited Q1 FY-17 Earnings Conference Call”

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**MANAGEMENT: MR. VIKAS OBEROI - CHAIRMAN AND MANAGING
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Moderator: Ladies and gentlemen, good evening and welcome to Oberoi Realty's Earnings Conference Call for the Quarter 1 ended June 30, 2016 of the Financial Year 2017. 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 participants' lines will be in the listen-only mode and 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 anyone need assistance during the conference call, they may signal the operator by pressing '*' then '0' on your touchtone phone.

Before I hand the conference over to the management I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and may be forward-looking statements including those relating to general business statements, plans 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 pass the conference over to Mr. Oberoi, the Chairman and Managing Director of the company.

Thank you and over to you, sir.

Vikas Oberoi: Good morning, good afternoon, good evening to you all as per the time zone from which you have logged in and welcome to the conference call for the first quarter financial year 2017 results and business updates. Thank you all for taking your time out for this call.

Quick update. All of you are aware that we have opened our show apartment for Three Sixty West around mid-May and I am very pleased to tell you that so far the response has been very good. Let us hope that we can continue to keep the momentum going. You also know that we have raised some money through NCD issuance at a coupon rate of 9.25% which is a reduction of 1.6% from the last round of NCD funding we had taken in 2014. I am also told that this rate probably is more competitive than what an individual home buyer may get and we were able to achieve this totally on the back of financial prudence, corporate governance and our track record of delivering projects in time. The rest of the residential and lease projects also continue to be stable.

With this I will now handover the call to Saumil for him to take you through the numbers. I will also be very happy to answer all your questions individually once the Q&A begins. Thank you.

Saumil Daru: Thank you, Mr. Oberoi. I guess most of you must have gone through the presentation which is available on our website along with the results which we have filed with the exchanges. As you

all are aware, the results for the quarter ended June 30, 2016 are as per the Indian Accounting Standards or Ind-AS which are applicable from April 1, 2016. I would like to clarify that the results for the quarter ended June 30, 2015 have also been recast just to facilitate comparison.

In terms of consolidated financials, we have achieved a consolidated revenue of Rs. 330 crores for Q1 FY17 as against Rs. 219 crores for the same quarter last year. The consolidated PBT was Rs. 163 crores for this quarter as against Rs. 122 crores for the same quarter last year and the consolidated PAT was at about Rs. 107 crores for this quarter as against Rs. 81 crores for the same quarter last year.

Quickly moving to the asset level performances, we will begin with our investment properties. The investment properties continued their strong and steady performance. Oberoi Mall which is our retail asset contributed about Rs. 24 crores to the operating revenue for Q1 FY17 as against Rs. 24 crores for the same quarter last year. The EBITDA margin in this vertical is at about 92%.

Commerz our office space asset contributed about Rs. 11 crores to the operating revenue for the Q1 FY17 as against Rs. 12 crores for Q1 FY16. The EBITDA margin in this vertical is at about 99%. In Commerz II phase 1 this contributed about Rs. 3.45 crores for Q1 FY17 this is as against Rs. 1.76 crores for the same quarter last year. And the Westin Mumbai Garden City contributed about Rs. 28 crores to the operating revenue for Q1 FY17 as against Rs. 30 crores for Q1 FY16. The EBITDA margin in this vertical is at about 29%.

We now move on to our Development Properties. For Esquire, out of the total project area of about 21.22 lakhs square feet we have booked a little over 8,000 square feet in this quarter as against 8,865 square feet in the same quarter last year. Till date the area booked is at about 11.3 lakhs square feet which is about 53% of the inventory. The total booking value for this quarter is Rs. 16 crores as against the similar amount in the same quarter last year. The cumulative booking value till date is about Rs. 1,612 crores for Esquire. The total revenue recognized for this project in Q1 FY17 is Rs. 160 crores and the cumulative revenue recognition till date is about Rs. 852 crores.

For Exquisite, of the total project of 15.47 lakhs square feet we have booked 18,220 square feet in this quarter as against about a little over 49,000 square feet in the same quarter last year. Till date we have booked about 13.36 lakhs square feet which is about 86% of the inventory in this project. Total booking value for this quarter is Rs. 40 crores as against Rs. 117 crores in the same quarter last year. Cumulative booking value till date is Rs. 2,137 crores and the total revenue recognized for this project in this quarter is Rs. 40 crores and the cumulative recognition is Rs. 2,137 crores on account of 100% project completion.

At Prisma, out of the total 2.68 lakhs square feet we have booked over 20,100 square feet in Q1 FY17. This is as against about close to 8,600 square feet in Q1 FY16. Till date we have booked about 1.53 lakhs square feet. Total booking value for this quarter is Rs. 34 crores

as against Rs. 15 crores in Q1 FY16. The cumulating booking value till date is about Rs. 270 crores. Total revenue recognized for this project in Q1 FY17 is Rs. 31 crores and cumulative revenue recognition till date is Rs. 136 crores.

In Eternia, in this quarter we have booked 5,000 square feet as against 11,000 square feet in the same quarter last year. Till date we have booked about 4.37 lakhs square feet. Total booking value in this quarter is Rs. 8 crores as against Rs. 16 crores in Q1 FY16. Cumulative booking value till date is Rs. 659 crores.

In Enigma, in this quarter we have booked close to 13,500 square feet as against 3,070 square feet in Q1 FY16. Till date we have booked about 3.06 lakhs square feet. Total booking value for Q1 FY17 is Rs. 22 crores as against Rs. 4 crores for Q1 FY16. The cumulative booking value till date is Rs. 460 crores.

Thus for Mulund, totally we have booked about 18,500 square feet in this quarter as against 14,000 square feet in the same quarter last year. The total booking value this quarter was about Rs. 30 crores as against Rs. 21 crores in the same quarter last year. Cumulative booking value in Mulund stands at about close to Rs. 1,120 crores.

For Sky City we have booked about 27,000 square feet in this quarter and till date about 10.57 lakhs square feet. The total booking value for Q1 FY17 was Rs. 46 crores and till date the booking value is about Rs. 1,747 crores.

For Three Sixty West Worli, this quarter we booked over 55,300 square feet with a booking value of Rs. 237 crores. And till date we have booked about 1.98 lakhs square feet with a total booking value of Rs. 659 crores. The work on this project continues at a good pace.

Coming back to some key financial parameters. Our EBITDA margins for this quarter were about 53% and 62% for the same quarter last year. PAT margins were 32% for this quarter and 37% for the same quarter last year. EBITDA margins for mall and Commerz are much higher than the average as mentioned before. Excluding these, the margins for our pure residential business is 50%.

With this we would now like to open the floor for Q&A. Thank you.

Moderator: Thank you very much, Mr. Oberoi and Mr. Daru. We will now begin the question-and-answer session.

We will take the first question from Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Congratulations for a good launch for Three Sixty West. Just some questions related to that. Number one is how much more do you still need to spend on that?

- Saumil Daru:** Depends on where we finally go towards the size of the project but it would be approximately about Rs. 1,000 crores or Rs. 1,100 odd crores which we would be spending.
- Puneet Gulati:** Even on the current FSI, right?
- Saumil Daru:** They are more basis current FSI.
- Puneet Gulati:** And secondly, I noticed that while the sales have been good you pretty much received only 16% of the sales value. So while the project completion is more like 69%, how would this trend be? I mean should we assume that 69% is due currently or will the new sales have a different collection trajectory?
- Saumil Daru:** No, so what happens is that we have opened up the sample flat on May 15. So typically 10% of the monies become due on booking. So that is what you are seeing as having been collected, the rest of it follow a particular schedule, something which comes through on allotment, something which comes through on agreement and then there is a final catch up and then everything goes on in line with the construction linked milestones. So 67% is due, and you are very right about that one. Hence when you will see the next quarter's numbers, you will see those collections having come in to the books.
- Puneet Gulati:** So there is no deferred payment plan built into it, right?
- Saumil Daru:** No, not at all.
- Puneet Gulati:** And second on Esquire, I noticed that the pace has been quite impressive and you almost added 10% or more. So is that the new pace of construction or should we assume a more normalized pace of construction?
- Saumil Daru:** So two factors contributing to that. One is, yes, the pace of construction has also picked up, and you are now seeing the finishing items and all of that coming in. And secondly there were some approval related payments also which were made. Now all approvals for that building are in place and you would have also seen that we had cranked the number to about 21 odd lakh square feet in terms of the project size. So that is also done and under the new method part of the land cost will also be included while considering the percentage completion number. So that is why you are seeing the bump up happening in that also. So all of these factors are now contributing to the percentage recognition you are seeing in Esquire.
- Puneet Gulati:** Okay, lastly on this if you can help us understand a bit more on what led to the addition to the financial assets in your balance sheet?

- Saumil Daru:** Financial assets, okay just a second I am just going to that relevant page. Okay so our financial assets I mean between then and now there is not much of a difference if you look at the Q1 FY16 and the FY17 numbers.
- Puneet Gulati:** More on Ind-As thing I think?
- Saumil Daru:** Yes, so the critical part on Ind-AS which you are actually seeing play out is and one which impacts us materially is the method of consolidation. And so where earlier we used to follow a proportionate consolidation of our joint ventures, we now move to the equity method of accounting. So all our investments in our joint venture now just get reflected as a part of the financial assets line item. Even for IVEN, there is a reduction from the inventory line and the goodwill on consolidation now gets factored in as a part of the investment. So that is where all of it gets grouped under the financial assets.
- Puneet Gulati:** Got it and lastly some color on the mall side, I think there have been some fit outs if I were to assume and which is why the occupancy is lower?
- Saumil Daru:** Yes. So basically from one of our tenants which was spread over ground, first and second floor, we took back the ground floor and relocated them to the first and second floor. As far as the ground floor is concerned, we have a new tenant coming in which is Zara. This will be amongst the largest Zaras in the malls in Mumbai. So this we believe will add another kind of a flip to the mall in terms of giving us more footfalls and in fact the more relevant footfalls and all of those. And you may see the turnover rentals related to such kind of arrangement also showing up on our financials. We will of course have to wait for that but yes where you see that fall in occupancy is predominantly because that store is under fit out.
- Puneet Gulati:** Lastly what was the total construction spend for this quarter?
- Saumil Daru:** Total construction spend across all projects?
- Puneet Gulati:** Yes, if you can give project wise, nothing like it?
- Saumil Daru:** I will have to just re-compute that and come back to you if it is not a problem?
- Puneet Gulati:** Sure.
- Moderator:** Thank you. The next question is from Abhishek Anand from JM Financial. Please go ahead.
- Abhishek Anand:** Sir, my first query is with respect to our NCDs which we have raised of Rs. 750 crores. So as far as I understand we had roughly Rs. 350 crores of NCDs on our books at the end of FY16. So I understand that Rs. 350 crores is for pre-payment. So I was just trying to understand the balance deployment of these NCDs and if there is a change in strategy given the fact that we are getting

it at 9% to 9.25%. So are we more comfortable with debt at this point of time, just trying to understand the strategy?

Saumil Daru: Firstly, as for the purpose of the issue, yes you are right, we have repaid Rs. 350 crores from the total Rs. 750 crores raise. Hence effectively the new fund raised is Rs. 400 crores. This fund raise is predominantly from a growth perspective or from a future projects perspective whichever way one would want to call it. So that is what we have raised the monies for. As far as the second question was concerned, it is not that we have not been uncomfortable with debt. It is just that we would always want to have the gearing ratios under control and all of that. So it has got nothing to do with the fact that money is cheap or anything.

But the fact also remains that Borivali, when we did that first round of borrowings we did it predominantly to fund the Borivali acquisition. This we did because now Borivali has started spinning its own cash. So you know from that perspective our ability to leverage on Borivali itself has gone up. So that is about it. I would not want to read much more than that into it for the present but and we have maintained it all the while that given the right opportunity to acquire assets in the market we would be happy to leverage should those opportunities arise. And you are just seeing us kind of getting ready for it.

Abhishek Anand: So this 0.2% debt-to-equity is what we can say a kind of a threshold for us or it could change a bit?

Saumil Daru: For the present moment, you know you can say that it is a threshold. But again if you look at it Worli has started spinning cash. As I mentioned when we did the last borrowing Borivali was not there and now Borivali is also spinning cash. Since then Mulund has also started spinning cash for us. So if you look at our history also, whenever we have done borrowings, we have always effectively used our cash spinning projects as collaterals so that cash flows from these projects can effectively be used to repay those borrowings without putting any stress on the new acquisition which one is making. So you are just seeing an effective continuation of that strategy.

Abhishek Anand: Secondly, if I am observing our rentals per square feet I see a bit of a up take in rentals on Ind-AS numbers if I am comparing 1Q 16 with IGAAP 1Q 16. So this is primarily due to the straight lining which Ind-AS talks about or there is something else to it?

Saumil Daru: Two things there – one is straight lining and the other is the discounting of the security deposits.

Abhishek Anand: Okay.

Saumil Daru: So both those angles come in because the security deposit which comes in is interest free so that needs to be discounted and it gets counted as a rent in advance and that gets amortized over the period of the lease.

Abhishek Anand: And finally we saw some news articles around Oberoi looking to form a retail platform especially in Borivali. So two parts of the question whether firstly we are considering a retail platform per se and secondly of course what is the strategy with the Borivali retail space and anything we have tied up there or not?

Saumil Daru: Okay so two parts to that question. Firstly, we do want to very clearly look at setting up a mall platform, the answer to that is affirmative. As far as what assets will come, how we will do it, how we are going about it there will be various things. There are certain assets which we can bring in from whatever lands we already own so those could come in. Then we could look at certain green fields, we could look at certain brown field assets, we could look at certain assets in maybe some other cities. As far as currently it is concerned, clearly what we have is Borivali and the Glaxo asset at Worli. Those are two which we could contemplate bringing into the platform.

Obviously one of the thought processes which has been driving this is you know having run the mall in Goregaon for about eight years, there are lots of relationships which we have built up. Unlike office spaces, if you do another office building it is not necessary that the same tenant accompanies you there. In the retail space if you do another mall, virtually the same tenant accompanies you to that mall also. Plus, there is humongous knowledge within the organization of how this retail asset has been operated. All of those angles are also coming in. So we just thought that maybe it is time to kind of focus on this one as a new vertical and give it its own legs and work it ahead. So that is the plan.

However, all of this is still work in progress and more at an ideation phase. As we get more into the execution of this particular thing we will let you all know. But for the present moment this is the thinking that, we do want to grow this as a platform and as a vertical.

Moderator: Thank you. The next question is from Adhidev Chattopadhyay from Elara Capital. Please go ahead.

Adhidev Chattopadhyay: First question is on the Worli project. Now is there a certain pace of sales that you would be happy with in the project? Is there any specific number you would like to stick to?

Saumil Daru: The more the merrier.

Adhidev Chattopadhyay: Okay so I just remember like initially you had said you have around more than 50 floating buyers a few months back, right. So are you looking to hit that 25% threshold this year or is it more likely in the next year, what is the more eventual scenario you see?

Saumil Daru: See for Worli, the whole thing is we have done way past the spend which is required as a threshold. So the only thing which comes in is how much are we able to sell. The second variable to that which also comes is that we are also waiting for some incremental FSI, if possible, to

come in into Worli. Once that happens then we will know what is the final area. So obviously you will look at 25% of that entire area rather than just 25% of the current area. So that is the only variable which we have for the present moment.

So a little difficult for me to tell you as to whether that 25% we will be able to do it this year or next. Next year for sure and there is no doubt about that. The only thing will be whether we will be able to crank it up to the 25% of the total area by the end of this year. The goal obviously is to try to sell as much as possible and you know if we are able to do that then we should be able to cross the 25% this year itself.

Adhidev Chattopadhyay: Okay and sir just continuing on that so any clarity on the further height approval for the tower?

Saumil Daru: We are waiting for it and as soon as we get it we will definitely be letting you all know about it.

Adhidev Chattopadhyay: Okay and secondly on this now on Goregaon Phase III any clarity on if the launch will happen sometime during this year?

Saumil Daru: We are just evaluating how everything is going. We would also want the new DC rules and the new DP to fall into place. If we have to loosely look at it, then about third quarter of this year is a good bet.

Adhidev Chattopadhyay: And sir, my last question pertains to Worli project. So if I believe sir aside from the inventory which was sitting on books there were some portion lying in the loans and advances right given to that JV. So has there been any change in the accounting treatment under Ind-AS for those loans?

Saumil Daru: So two things. One is our gross investment in Oasis now comes through as a part of our investments under financial assets column. And as far as certain security deposits which we had given to the JV partner, that continues to get classified as a part of the loans and advances. So on that part there is no change. The only change is on the way the investment is getting recorded.

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

Saurabh Kumar: My question is on the pre-sales run rate in Worli. So is these six units a quarter really a good outcome in your view or is it lower? Because you have 200 units to sell and this is like a great product it is probably one of the best products you have in that location. But six units to my mind was at least lower than what I would have assumed when you would have launched. So I just want to know how you were looking at this?

Vikas Oberoi: So Saurabh, two things. One of course like Saumil mentioned, we launched this on 15 May. This makes it 45 days and not 90. So literally half the quarter. Having said that also this is like you know initial momentum phase. Lot of people have at one shot looked at the product, a few are

fast decision makers, few take a little more time. And the good part is that whoever has come and seen the product has not been able to buy anything else which is like a big victory for us you know. And there were people who had almost closed deals with other people, have come back looked at this and are stuck. They want to take this ahead.

So I feel that the momentum will only pick up. It is a large buy, and people are writing a very big cheque when they buy that house and they are justified in taking time. We know that this product is good, and competition is nowhere closer to this also. And we are confident that though they may take time but they will all come back.

And then you will see that sales will happen more in lumps than in a very patterned way. So in fact honestly, I was not even expecting people to close it this quickly. So if you can see six people have closed in one quarter which was not even the entire quarter, and it is not a small thing. For buying a house of this size, they bring in a solicitor who looks at the title, gives paper notices and all that and these processes do take time. So having said that I mean clearly on the back of our reputation all this has happened. We are very, very humbled and happy with the way things have gone. And of course we hope that the momentum will only pick up. Like today let us say 50 people have looked at the apartment and they are all considering it, we hope that the number will be better as it goes forward.

Saurabh Kumar: Okay and just so 50 is of the level of enquiries you have received till date on this project is that correct?

Vikas Oberoi: Correct and more probably.

Saurabh Kumar: Okay and just so as Saumil was mentioning earlier almost 70% falls on this project on day one, at some point because it is a large ticket purchase and probably it will sell closer to completion. Can you think about hitting that recognition threshold earlier, can we think about introducing some financing or some deferred payment plan just to improve this? So I completely agree that your product is great, your location is great, and there is no real comparable. But it is just that we have to sell 200 and our economics at the end of the day is only 33% on this so?

Vikas Oberoi: So let me tell you a few things. One I feel, that the home buyer here unless he has the money he is not going to buy this house. So the reason why he may want a deferred payment and which most likely could either be that he is not confident or whatever. And there could be people who would want to sell their existing apartment and then move here and probably would want to bridge that funding either out of credit from us or maybe through bank loans and stuff like that. But I do not see much of that happening.

So I do not see that one will have to change the payment patterns and by just giving additional time you do not convert a non-buyer into a buyer. And again like I said that these are apartments where people who want to buy have that money and we are really chasing a profile and not just

money itself. So the first 50 for us are very critical because we want to build in that profile and after that the rest of them will want to join this sort of profile.

Saurabh Kumar: Okay so full year can we expect something like 20, 25 units or?

Vikas Oberoi: You are really setting our expectations low. I hope my sales team is not hearing you because we want a lot more out of them without sounding speculative way more than this.

Saurabh Kumar: Okay, that is good to know. And just second question on this third phase of Goregaon. So sir, we have Exquisite which is completed and Esquire which is already under construction. Between them we have about 1.2 million square feet. So why would you want to do a third phase launch when you have reasonable inventory ongoing in these two only?

Vikas Oberoi: I will just jog your memory a bit. When we launched Esquire, Exquisite's structure was almost up and we still had a lot to sell there. But people want to come at different phases of construction. There are lot of people who want to buy an under construction apartment which is five years away. Then there are people who want to buy by looking at all approvals in place and for Esquire we have approvals till the top, the construction is in full swing, and we want to give possession next year. And then there are people who want to buy only a completely finished product. So all I am saying is that when we bring in the third phase, that phase will be a launch phase where they have to pay very little money upfront with balance payable over the construction cycle. They will get lower floors, they will get the views they want and stuff like that.

Hopefully when we open the Phase III, Exquisite would have been sold out, and Esquire would be at a stage where construction for it would almost be complete. Plus, we will also get to bring in maybe a different configuration and all that. And at the end of the day this is our business, so we have go out there and do it. Even if you look at Borivali or at Mulund we have an inventory of let us say 3 million and more which was opened altogether and so a million square feet of inventory is not that big for Goregaon. And we want to finish this.

Saurabh Kumar: And just one last question, Saumil, when do we expect the recognition thresholds for your Mulund Borivali and hopefully if you can answer for Worli, these thresholds to be met?

Saumil Daru: All three FY18 for sure. Borivali is definitely FY18.

Saurabh Kumar: First quarter or second quarter?

Saumil Daru: H1 would be a more relevant answer. For Mulund, the work has picked up pace and I will want to see how that pans out over the next quarter or so before I commit to you whether it will be FY17 or not. But otherwise Mulund also definitely for FY18. Worli completely depends on the sale volume now because there is no construction cost threshold to be met.

- Saurabh Kumar:** So 50 units is when you recognize this?
- Saumil Daru:** Roughly, yes.
- Saurabh Kumar:** So hopefully FY18 then is very big on your earnings?
- Saumil Daru:** Oh yes, in FY18 we should definitely see all three contribute to earnings.
- Saurabh Kumar:** Plus, Goregaon?
- Saumil Daru:** Goregaon is already contributing.
- Moderator:** Thank you. The next question is from Pooja Bhatia from Morgan Stanley. Please go ahead.
- Pooja Bhatia:** Just on the broader market. What is the impact of GST on under construction projects and if you could throw some color on tax payable on transfer of development rights once GST is implemented?
- Saumil Daru:** Two things. As far as GST on real estate is concerned there is still a little bit of a lack of clarity on how exactly real estate is going to be subsumed. So I think we will want to wait to see the final print of the legislation and everything. As yet a little too premature to comment on anything. Tax on development rights or anything we will have to see obviously. These are all transactions which are completely in the states domain. So if you look at the basic duty as far as real estate is concerned it is Stamp Duty. Stamp Duty is clearly not being subsumed under GST.
- What will get subsumed is the Service Tax component and the VAT component which is presently being levied. So rather than comment anything right now I would want to wait for some more clarity to emerge before we can really say how it really impacts.
- Moderator:** Thank you. The next question is from Ritwik Sheth from Span Capital. Please go ahead.
- Ritwik Sheth:** I had a couple of questions. Firstly, relating to Esquire. We have added a lakh square feet from March. So is there any additional FSI to go from here or this is it like this is the maximum that we can go?
- Saumil Daru:** In which project?
- Ritwik Sheth:** In Esquire?
- Saumil Daru:** No, this is the max that we are looking at as far as Esquire is concerned.
- Ritwik Sheth:** And Goregaon Phase 3, so that will be around 1.5 million to 1.6 million square feet?

- Saumil Daru:** For the present moment you can take it about 1.6 million square feet.
- Ritwik Sheth:** And sir, can you throw some light on Commerz II. How is the traction and it has been I think around one year now since we have opened it for leasing so can you throw some light on that?
- Saumil Daru:** Yes, so as far as Commerz II is concerned very good traction. In fact between the same time last year and today as we speak there is a huge change as there are a lot more walk-ins, lot more enquiries, and some of them also beginning to get in the process of closing out. And I am pretty sure that may be when you will see the numbers of the next quarter you will see some movement over there also in terms of additional leasing happening.
- Ritwik Sheth:** And like when is a good time to envisage that we will be able to like 60%, 70% will be leased out for Commerz II?
- Saumil Daru:** Definitely before the end of the year would be a very good assumption for that.
- Ritwik Sheth:** And lastly, on the Worli project. Can you throw some light like we have sold 6 units in 45 days, so what is the kind of enquiry that we have seen in the first 45 days? The number of visits and conversion if you can have some light on it?
- Saumil Daru:** So typically there have been tons of visits. I do not want to get into the exact numbers. But it is not that somebody visits today and closes out today. Like Vikas mentioned some people have been very quick decision makers and for them you saw that the conversion happened pretty quickly. But for some of them yes, they do end up taking time. So considering the ticket size between this and may be an Exquisite you will expect that there is a little more time which people take to close out something this.
- Ritwik Sheth:** And sir, just one final on the construction cost for Worli. Correct if I am wrong that like earlier we had envisaged the cost of around Rs. 8,000 to Rs. 9,000 per square feet and according to the balance construction to be done and currently we have spent around Rs. 1,500 crores approximately. So that comes around Rs. 1,300 crores to Rs. 1,400 crores and more than that. So am I missing anything or like the cost has escalated a little bit and?
- Saumil Daru:** No, the cost has not escalated but again out of the Rs. 1,500 crores there is about Rs. 200 crores or Rs. 250 crores which has gone into the hotel component. So if you just look at the pure resi component then roughly at about 18 odd lakhs square feet we are at about Rs. 1,800 crores. So we have another Rs. 600 crores to Rs. 700 crores to go there.
- Ritwik Sheth:** So the spend till date may be roughly around Rs. 10,00 crores to Rs. 11,00 crores for the residential and the balance is for the hotel part?
- Saumil Daru:** Correct.

- Ritwik Sheth:** And on the hotel part, do the current land owners have any stake or is it just Oberoi?
- Saumil Daru:** Yes, it is a 50:50 JV.
- Ritwik Sheth:** And Ritz Carlton will manage it?
- Saumil Daru:** Yes.
- Moderator:** Thank you. The next question is from Abhinav Sinha from CLSA. Please go ahead.
- Abhinav Sinha:** Sir, just going back to the Worli project. Now there is see some bit of uncertainty from a buyer's perspective given that you still have undecided amount of FSI to possibly come up here. So how are you positioning the project with respect to direct timelines etcetera?
- Vikas Oberoi:** So Abhinav, we have already informed them that we will be giving them possession by 2019 early and we have a short window within which we will try and get approvals. In fact, if we do not get the anticipated approval the delivery date might get preponed. And if we get approval, then we will probably push it to 2019 but nothing other than that. And fortunately people have that implicit faith in the company and we will not let that get diminished by any chance. So be reassured the late date of delivery is 2019. We are working very hard towards it. Again like I said, there is a short window for us to get the approvals and if we do not get approvals within that time we will shut it and we will move in.
- Abhinav Sinha:** So fair to say that next 12 months is the possibly the deadline for this?
- Vikas Oberoi:** Not even 12 months it is much lower than that.
- Abhinav Sinha:** Sir, secondly on the pre-sales itself. So for Borivali the pre-sales were flattish on a YoY basis at around Rs. 1.7 billion to Rs. 1.8 billion. Now how do you see this panning out I mean I think most of the projects have seen single digit sort of sales during the quarter. Do you see a pick up here later or even on pricing I mean is there any movement?
- Vikas Oberoi:** Well, I do not think there can be any upward movement on pricing. The way things are like, I see the buyer's confidence is just about coming back. People have now come to believe that Indian story is a growth story and stuff like that. Though I see that the buyer confidence is coming back, it is too early to predict any price increase. Offtake will of course increase once the confidence is fully back. The good part it that we see a lot more visits happening from people at our respective project sites.
- The stock market itself is an indicator of the new confidence that people seem to be building up. And with some of the new government policies you see that suddenly things are moving. So

obviously all these build that confidence up. But again like I said that the momentum for sales will go up while price rise I see is probably still six months away.

Abhinav Sinha: Okay, separately Saumil, I think just wanted to check with you. Whether the Worli project now will fully feature below the EBITDA line item only, right?

Saumil Daru: Yes, it will fully feature below the PAT item.

Abhinav Sinha: And how are you accounting for the interest on the debt portion which is associated here right now?

Saumil Daru: The interest on the debt portion?

Abhinav Sinha: Yes.

Saumil Daru: The debt in Worli gets accounted for in Worli books and what we pull in to the books is only the consolidated you know it is basically our share of the profits. It is now a single line item.

Moderator: Thank you. The next question is from Parikshit Kanpal from HDFC Securities. Please go ahead.

Parikshit Kanpal: Saumil, just on Exquisite. The realization during this quarter was Rs. 22,000 per square feet which was a drop versus last quarter which was Rs. 26,000. So can you please explain this why was this fall?

Saumil Daru: Yes, it is a question I think we have answered earlier also in our earlier calls. Effectively this is all a function of which floors get sold in a particular quarter. So at about Rs. 175 per square feet on floor rise the mix of floors start showing an immediate impact on the average realizations per quarter. But there has been no change per se in our base price or any of those.

Parikshit Kanpal: And just pertaining to Esquire we have seen drop in sales from 7 apartments sold last quarter to 3 while there has been some pickup in Exquisite. So is there anything else to be launched? I think last time when we had spoken a quarter back you had said there are some higher floors were opened and people wanted some views. So what has been the progress son that? Why has been the sales velocity has been coming off so sharply?

Saumil Daru: See in a way as far as Goregaon is concerned I always look at more a combined total of Exquisite and Esquire both rather than any one. So if you will see one going up you will see at times the other one is not able to keep up or something like that. But having said that more related to Esquire the reason we did those 7 apartments or 9 or whatever it was in the earlier quarter was also because we had opened certain higher floors.

As we mentioned earlier in the call we have now got approvals for all the floors. So we will also look at releasing the inventory or the inventory which people prefer having a view over Aarey and stuff like that. We will be looking at opening up that inventory also soon. So you will start seeing the numbers cranking up back again in Esquire also.

Parikshit Kanpal: And lastly, what was the spend on FSI on Esquire during this quarter, Esquire and Prisma?

Saumil Daru: On Esquire was about Rs. 74 odd crores and Prisma was about Rs. 24 odd crores.

Parikshit Kanpal: And if you just if I can squeeze in when will be the subsequent launches in Mulund and Borivali? I mean because again there also the sales velocity has now come off sharply but still Borivali is performing but Mulund has been really I mean nothing much happening there?

Saumil Daru: So as far as Borivali is concerned we should shortly be opening up our show flat and we are targeting that we do that before the festivities come in. So we expect that that will give another little bit of a flip as far as Borivali is concerned. As far as Mulund is concerned unlike Borivali, Mulund does not have additional towers it is just opening up inventory on the upper levels in the same tower. So that is the phasing as far as Mulund is concerned.

So the work is going on at a good pace over there. So we will see and as for the present moment if I look at the quantum of sales done in Mulund that is more than enough to cover our construction cost as far as Mulund is concerned. So we have got healthy cash flows going out there and as and when additional sales will happen that will only contribute more and more to the cash flows there.

Parikshit Kanpal: So we are looking towards the festive demand from these projects?

Saumil Daru: Yes.

Moderator: Thank you. The next question is from Vipul Shah from Sumangal Investments. Please go ahead.

Vipul Shah: My question relates to your Worli project. So if you get additional FSI, how many units it will jump to from 200?

Saumil Daru: I would want to answer that question once we get the FSI.

Vipul Shah: Roughly?

Saumil Daru: Let us see but as I said for the present moment we do not want to comment on how much additional FSI till we actually see the approvals come through.

Vipul Shah: And sir, are you not disturbed by the slowing momentum in Borivali and Mulund where your sales for the last few quarters are in single digit units?

- Saumil Daru:** No, actually if you will look at it every project once it is launched there is a particular steady state it reaches. In the lifecycle of a project you will get one burst at the launch. You will get a little bit of a burst when there is a sample flat which opens up. In fact, in Mulund also we had opened up our sample flat last quarter. So you are seeing the impact coming through in this quarter. So there is a particular midrange which is there and then you will see another burst which comes in towards the end of the project. So this is very typically following the normal lifecycle of a project. If we look at it from a cash flow perspective also there is enough which has been done. So genuinely not something which concerns us.
- Vipul Shah:** So you are perfectly okay with the momentum right?
- Saumil Daru:** I mean in response to an earlier question on Worli also I had said more the merrier so obviously the more the merrier but yes, this is not something which causes us any concern.
- Moderator:** Thank you. The next question is from Abhishek Anand from JM Financial. Please go ahead.
- Abhishek Anand:** Just a small clarification. The operating cash which we disclosed does this include our Worli cash flow as well or that is excluded now?
- Saumil Daru:** No, that is excluded right now. So on that the consolidation does not come through.
- Abhishek Anand:** So it is not in the operating it will be in the investing income?
- Saumil Daru:** Yes.
- Moderator:** Thank you. As there are no further questions, I would like to hand the floor over to the Chairman and Managing Director, Mr. Oberoi for closing comments.
- Vikas Oberoi:** Thank you all for taking time out to attend this conference call. We really like receiving your feedback and this only helps us think better, think harder and perform better. Please continue to share your thoughts during your call. We are also available otherwise. My entire IR team is available for you. I genuinely want to thank you once again and have a good evening ahead.
- Saumil Daru:** Thank you.
- Moderator:** Thank you. With this we conclude this conference call for today. Thank you for joining us and you may now disconnect your lines.