



“Oberoi Realty Limited Q1 FY 2022 Earnings  
Conference Call”

**July 30, 2021**



**MANAGEMENT:**

**MR. VIKAS OBEROI – CHAIRMAN AND  
MANAGING DIRECTOR, OBEROI REALTY  
LIMITED**

**MR. SAUMIL DARU – CHIEF FINANCIAL  
OFFICER, OBEROI REALTY LIMITED**

**Moderator:** Good day, ladies and gentlemen, and welcome to the Oberoi Realty Q1 FY 2022 Earnings Conference Call. We have with us today on the call Mr. Oberoi – the Chairman and Managing Director of the Company and Mr. Saumil Daru – Director of Finance of the Company.

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 call is being recorded and the transcript for the same may be put up on the website of the company. After the management's discussion, there will be an opportunity for you to ask questions. Should anyone need assistance during this conference call, you may signal an operator by pressing '\*' followed by '0' on your touchtone telephone.

Before I hand the conference call 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, strategy of the company, the future financial condition and growth prospect.

The forward-looking statements are based on expectation and projections and may involve a number of risks and uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by such statements.

I am now glad to hand the conference over to Mr. Oberoi, the Chairman and Managing Director of the Company. Thank you and over to you, sir.

**Vikas Oberoi:** Thank you. Good morning, good afternoon, good evening to all of you as per the time zones from which you have logged in. And welcome to the conference call of the first quarter-financial year 2022 results and business updates. Firstly, let me thank you all for taking time to attend this call. I hope your family and you are doing well and keeping yourself safe.

We all know how the financial year 2021 started. And we were all fortunate that financially, at least, for most of us, it ended really well. First quarter of 2022 started with a bit of a challenge, we saw the second wave coming in, and disrupting a little bit of our business. However, keeping and given all the constraints, we were still able to operate our offices. And we now see that the second wave with the way the government has controlled, with the way our city has responded, seems to be in control. And we now see that even shopping malls and restaurants are going to open up. So, we are very hopeful that the second quarter comes back to normalcy. And we all can hope that the entire operations are back.

I will obviously be answering most of your questions as we go along. I will now hand over the call to Mr. Saumil Daru, our Group CFO, for him to take you through the details of the numbers. And like I said, I will be very happy to address or answer any individual questions during the Q&A. Thank you.

**Saumil Daru:**

Thank you, Mr. Oberoi. I guess that most of you would have gone through the presentation which is available on our website along with the results which have been filed with the exchanges.

Moving to the numbers:

In terms of consolidated financials, the total consolidated revenue for Q1 FY 2022 was Rs. 294 crores as against Rs. 126 crores for Q1 FY 2021 and Rs. 800 crores for Q4 FY 2021. The consolidated PBT for this quarter stood at Rs. 109 crores as against Rs. 39 crores for the same quarter last year and consolidated PAT for this quarter stood at about Rs. 80 crores as against Rs. 29 crores for the same quarter last year.

Moving to the asset level performances:

Beginning with the investment properties. As far as Oberoi Mall is concerned, as you would have noted from the notes and the presentation, that there was only a limited recognition. We have not recognized any revenues for the non-operational stores. As far as Commerz, which is the office space asset is concerned, this contributed about Rs. 7 crores to the operating revenue for this quarter as against Rs. 4 crores for Q1 FY 2021 and Rs. 6 crores for Q4 FY 2021. As far as Commerz II is concerned, this contributed about Rs. 32 crores for this quarter as against Rs. 29 crores for the same quarter last year, and about Rs. 32 crores for Q4 FY 2021. The EBITDA margins in this vertical are in excess of over 90%.

The Westin Mumbai Garden City, this contributed about Rs.7 crores to the operating revenue for this quarter, as against Rs. 2 crores for Q1 FY 2021, and about Rs. 12 crores for Q4 FY 2021.

Moving towards the development properties:

Exquisite, the total booking value for this quarter is Rs. 26 crores as against Rs. 35 crores in Q4 FY 2021. The total revenue recognized in this quarter was Rs. 26 crores on account of 100% project completion.

Similar numbers for Esquire, the total booking value this quarter was Rs. 22 crores as against Rs. 148 crores in Q4 FY 2021, and Rs. 16 crores in Q1 FY 2021. And the total revenue recognized in this quarter is at about Rs. 11 crores.

For Elysian, of the total project of about 11.8 lakh square feet, we booked another 10,000 square feet in this quarter, and till date we have booked about 5.42 lakh square feet. Total booking value in this quarter was Rs. 18 crores as against Rs. 991 crores in the quarter of launch. The cumulative booking value till date is close to about Rs. 1,009 crores. The total revenue recognized for this project in this quarter is at about Rs. 4 crores and cumulative revenue recognition till date is about Rs. 56 crores.

For Prisma, the booking value during this quarter was Rs. 6 crores and the total revenue recognized again stood at the same number of Rs. 6 crores on account of 100% project completion.

For Maxima, this quarter the total booking value stood at Rs. 11 crores as against Rs. 7 crores for the same quarter last year, and about Rs. 66 crores for Q4 FY 2021. The cumulative booking value till date stands at about Rs. 175 crores. Revenue recognition for this project in this quarter stands at Rs. 5 crores. Cumulative revenue recognized till date is about Rs. 90 crores.

Moving on to Mulund, Eternia:

Total booking value in this quarter was Rs. 11 crores as against Rs. 69 crores in Q4 FY 2022, and no bookings in Q1 FY 2021. The cumulative booking value till date is at about Rs. 1,133 crores and the revenue recognized in this project in this quarter was Rs. 18 crores, cumulative recognition till date is about Rs. 738 crores.

Same location, Enigma, for this quarter the total booking came in at about Rs. 19 crores as against Rs. 153 crores in Q4 FY 2021 and Rs. 5 crores for Q1 FY 2021. Cumulative booking value till date is about Rs. 1,056 crores. Revenue recognition in this project in this quarter stood at about Rs. 37 crores. And cumulative revenue recognition till date stands at about Rs. 662 crores.

Moving on to Borivali:

In Sky City, in this quarter the booking value for that project was Rs. 54 crores as against Rs. 2 crores in the same quarter last year, and at about Rs. 443 crores for Q4 FY 2021, which as you would all recollect, included the launch of one more tower. The total revenue recognized for this project this quarter stood at about Rs. 101 crores and the cumulative revenue recognition till date is at about Rs. 2,751 crores.

For Oasis, 360 West, till date we have booked about 6.6 lakh square feet and the booking value till date is at about Rs. 2,770 crores.

For the overall residential vertical to summarize during the quarter, the total booking value across all the residential apartments came at Rs. 170 crores and the collections during the quarter was at about Rs. 639 crores.

Coming back to some key financial parameters:

Our adjusted EBITDA margins for this quarter was at about 45%. PAT margins was at about 27%. As we have always said earlier, EBITDA margins for Malls and Commerz are much higher than the average, as mentioned. Excluding them, the margins for our pure residential business is 37% in this quarter.

Thank you so much. And with that, I would like to hand the floor over to all of you for any questions that you all may have. Thank you so much.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Kunal Lakhan from CLSA. Please go ahead.

**Kunal Lakhan:** Just quickly on, what is the traction we are seeing post easing of restrictions, say, in July? And how have the sales been, considering like last quarter was a little disappointing in terms of sales. And I can understand it's primarily on account of lockdown for the large part of the last quarter. But July onwards, how are you seeing that restriction? And like I wanted to understand, are you seeing some impact of the rollback of stamp duty also in the numbers now?

**Vikas Oberoi:** So, frankly, we are not seeing any impact of the rollback as such, number one. Number two; let me save the good news for the next quarter call. I don't want to reveal much about this; again, it will look as if I am giving more information about the next quarter than what I should, so let's leave it at that. But I can only tell you that obviously life is pretty much back. And all I can say is, we all are back in business.

**Kunal Lakhan:** Okay. Sure. And last quarter, I think you had highlighted that you are ramping up the redevelopment projects team and that part of your business, any update on that side? Any new projects that that you have signed? Or any update would be helpful?

**Vikas Oberoi:** So, absolutely, we have taken this up big time. We have increased our team as in we have already put together a team and we are looking at it in a serious manner. Also, this is a slow process, unlike a buyer and a seller you have anywhere between 150 to 500 people who make a decision about redevelopment. So, we have put the right kind of people in place and are simultaneously negotiating with multiple societies.

**Kunal Lakhan:** Sure. And lastly, can you just update on the HBS, the Shivshahi project. There was a news article some time back about an HBS taking about Rs. 1,600 crores from your society for the deal getting called off, any update there?

**Vikas Oberoi:** So, firstly, the society has appointed us and now we are collectively resolving their old issues. Obviously, we will sign the development agreement once this issue is resolved. And like I said that, right now all I can say is that the society has appointed us as developers, and we are collectively looking at getting this sorted out.

**Moderator:** Thank you. The next question is from the line of Abhinav Sinha from Jefferies. Please go ahead.

**Abhinav Sinha:** Just a few questions. One, on the cash flow front, we had a strong operating surplus, but has there been some CAPEX heavy item this quarter? So, the CWIP has gone up by about Rs. 400 crores.

- Saumil Daru:** Yes. So, one was, obviously, there will always be two components to anything in CWIP, one will be land related or FSI related, if I can say that, and other will be construction related. So, there was some amount of FSI purchase that happened in Comm 3. So, a large component of the increase that you are seeing is coming from there. And the balance is coming in from both the construction costs incurred over here, as well as in Borivali for the Sky City Mall.
- Abhinav Sinha:** Sorry Saumil, which project you mentioned for FSI?
- Saumil Daru:** For Commerz III is where we made the FSI payments, and the construction cost is for both Commerz III as well as the Sky City Mall.
- Vikas Oberoi:** And just to add, Commerz III is the building where we have Morgan Stanley taking the office space, it is that building.
- Abhinav Sinha:** Right. And secondly on the retail bit itself, I think last year we were able to negotiate some settlements, and the subsequent quarter revenues were better. So, how are those negotiations sort of trending this time around?
- Vikas Oberoi:** Frankly, we haven't even started negotiations because most people want to start the operations. I mean, from whatever we read in the papers, I think very soon, maybe in a day or two malls will be now made operational. So, the state government has taken a call, they will now ask individual municipal corporations, basis their comfort, to allow people to operate. Once that gets done, we will all sit down. I mean, this is a partnership between both retailers and us, and we have always taken a very fair ground. And we will have this sorted out once, we know what the extent is, when will it start and so on and so forth.
- Abhinav Sinha:** Sure. And one more if I may ask, and this is on the project progress bit. So, for example, for Eternia, Enigma, we are at about 64%, 67% completion, and I believe the deliveries are expected in the next three to four quarters. So, isn't it lagging a bit in terms of percentage spend? And would you expect this to significantly pick up in the months ahead?
- Vikas Oberoi:** Not really, I mean, what we have actually done is that most of the finishing is done, we were just waiting for certain approvals to come, which have already come as we speak. And now you will see the pace increase. And we are within the extended timelines that RERA has given. With God's grace, we will finish it within the timeline, there will be no extension to that. And even velocity of sale and all, you saw last year, was really very good. So, finally, I would say that Mulund has woken up in a big way. In fact, if you see FY 2021, it pretty much matched the sales of Borivali. So, it's very heartening to see that.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** So, my first question is on the business development side, so you said that you are building up at least. So, in terms of little more granularity on this, what kind of potential additions you are

looking for your single project could be potentially of what size in terms of sales, pre-sales potentials, if you can give some granularity.

**Saumil Daru:** Parikshit, basically we are looking at any redevelopment project, where one could generate a revenue of anywhere between Rs. 500 crores and Rs. 700 crores. And as a company if we could make Rs. 200 crores to Rs. 300 crores out of it, is something that probably falls within our project size. So, this is like, this is a sweet spot, we wouldn't want to go below this, anything bigger is obviously always welcome.

**Parikshit Kandpal:** So, these will be like short cycle projects, like single phase and go launch it and exit in like two, three years and take your money?

**Vikas Oberoi:** Correct. And what we are doing is, internally we have created multiple project directors. So, as a group what we have done is we will now have a project director who will look after the redevelopment bit, and he will have probably anywhere between 10 and 15 such projects, and he will be responsible for execution of those. So, we do not let go of our quality, the focus is as much as it would be in a large project. But at the same time, we will get the scale part of it also.

**Parikshit Kandpal:** Second question was on the Shivshahi Society. So, this has gone into litigation, do you think that this is resolvable, or at some point of time you will have to give up this and then move on?

**Vikas Oberoi:** You know, obviously we have got in, we are sure that it can be resolved, otherwise we wouldn't be wasting our time. But yes, I mean, that's where we are. We are fully supporting the society to help them get out of this and then get into the development phase. It is unfortunately a complicated project that one has got in. I mean, not that others are not. Any brownfield project comes with its set of challenges. Like, the earlier question was that the developer has made a claim of Rs. 1,600 crores, but so has the society made a counterclaim of I don't know how much, another Rs. 2,000 crores or so. But all these get contested. The society has the property back in their possession. And our lawyers are talking to see how we can entirely mitigate it. Because we want to start investing our monies once this litigation is cleared. We are fully supporting them, we are legally with them, we are trying to structure everything, guide them also, help them as well. But we want to see it settled, then we will do the development agreement.

**Parikshit Kandpal:** From the launch perspective, like this will be a couple of years away from launching?

**Vikas Oberoi:** If things get sorted out, we are looking at maybe even a six-to-nine-month launch.

**Parikshit Kandpal:** Just lastly on 360 West, Vikas, just your views, last two quarters we have drawn a nil there and I think the first point is on OC, so when it is expected? And even in terms of pipeline and enquiry and footfalls, so how do you see the traction building up on this project, if you can touch upon. And whether in this year we can see some profit recognition happening?

**Vikas Oberoi:** So, we are literally, I would say, we are knocking on the doors for as far as occupation certificate is concerned, we should get it any moment. It's probably days or some weeks away. And we

took a conscious call that we will sell only now once the OC is in hand so that there is no surprise or suspense to this. So, another four weeks, we have a lot of sales that are lined up, and you will see bulking up of the sale, if everything goes well, going forward.

**Parikshit Kandpal:** And in terms of profit recognition this year, is it possibility of hitting the P&L this year?

**Vikas Oberoi:** Yes, once I have occupation certificate, instantly we will recognize that entire profit and we will do that. The way things are, it's nobody's guess that once OC comes in then we will obviously be recognizing that. We have already applied for occupation certificate, we have already said to the government, come, please have a look, check, and all that.

**Moderator:** Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

**Sameer Baisiwala:** So, a quick thought, Vikas, on the pricing environment that you are seeing.

**Vikas Oberoi:** Good question, Sameer. One, I want to tell everybody that input costs have gone up big time. So, I clearly see that even at current prices, most developers are sweating, I don't know how they will be able to sustain the pricing. So, I feel that in, let's say, not an immediate future, but in future I see prices going up. The other aspect is, the supply also has come down big time due to pandemic, a lot of work was stayed. So, whatever was in the ready condition, has actually got sold, I mean, you clearly see even our own Esquire, I don't think we will have much left in some time to come. So, I see prices moving upwards at some point in time. Today, obviously whatever is ready, is still priced in the old regime, people are wanting the money, they are selling and moving on. But this probably won't last for too long. So, frankly, if you are a buyer, please quickly buy it, because prices are likely to go up.

**Sameer Baisiwala:** Okay. And Vikas, just in this context, Elysian is that 18,000, Esquire and Exquisite are 22,000 and 23,000. So, how does the gap get filled up over the next few quarters?

**Vikas Oberoi:** So, see, Elysian, we have three schemes, one is bank subvention, we have developer's subvention, and we have construction linked plan. And as Saumil told you, 50% of the sales are done. Frankly, with the amount of money I get out of Elysian, I can almost finish superstructure of all the five towers without even going to anybody, that's the kind of cash we have been able to generate out of this, we are sitting with money in the bank as far as that goes. So, what is your question, I mean, I am sorry if I have digressed.

**Sameer Baisiwala:** Well, I mean, not exactly in the sense that, will you take price increases 5%- 7% as you get more and more volumes? Because at some point in time Elysian will have to converge with the pricing of the other two.

**Vikas Oberoi:** Absolutely. So, the delta that you see between Elysian and Esquire is clearly the time Elysian will take to completion. As that time reduces, obviously, we will keep increasing the price, that's one. Two, like I said that there is a very strong likelihood of prices going up, it's actually



unaffordable for most people. We are very lucky that we have margins wherein we can play, if I want to play the volume game I can play the volume game, not really pushing the prices up. But you are right, that at some point in time it will catch up. And the other natural catch up will also be that I will run out of Esquire stock in the next maybe two, three quarters, at best, maybe even earlier. So, once I am done with that, I have no choice but only this product left. And I have no control over Esquire pricing.

Now, the resellers will start driving the Esquire pricing. And I have seen over time that resellers push the prices up by 10%, 20%, 30%. And once there is non-availability, then the prices even go up. And please, the next apartment that will get ready and delivered is Elysian, and there is no new supply in our entire Goregaon project. So, that also we play in the minds of the buyer, when they will look at Esquire. And obviously, if they push that up, that gives me that much room for pushing Elysian out as well.

**Sameer Baisiwala:**

Okay, great. And just another, so can you update us on the Borivali adjacent commercial project? And the last one from my side is, any updated thoughts on the equity raise? And I ask that, Vikas, you made it very clear last call, but I ask that because the equity markets are doing very well, it's quite a buoyant market. And at the same time, you are seeing opportunities on the acquisition side, so your thoughts on that?

**Vikas Oberoi:**

So, Borivali, again, there are two commercials in Borivali, one is the mall itself that we are doing. If your question is on the mall, then the mall superstructure should get ready any time within the next four months, we are fully topping up, it's more than 1 million square feet of retail. We have a hotel on top. And we are literally like holding our pen to sign the contract with one of the leading hotel management companies. Just ready, I was actually looking at Saumil, have we signed, he says no, but we are ready to. So, it could be in the next two weeks probably we will sign the hotel contract. And so that part gets done. Then we have acquired a slum redevelopment, which is next to our property. That's where the commercial component is. So, we already have the LOI, it is equivalent to an approval. And I believe the site will start getting vacated in the next three to six months. And we will immediately start work there. Even there the plans are done, so that's where we are. And on the fund raise, I can only tell you that you are absolutely right, there is tremendous interest in the market. And we are very lucky investors like us. So, obviously, we haven't really thought about it. When we look at our own cash flows that will come out of projects, somebody said Mulund is 66% complete, Mulund is, as far as we are concerned, a lot more than that, we have only built for 60% but a lot more is complete. There is so much inventory in Borivali and Mulund which is like fully paid for. So, I see a huge cash flow coming from these projects. And you guys know when we bought Thane, we bought it out of the cash flows of Esquire. And let's say, in the next three quarters Thane will be fully paid for with zero debt. And we haven't gone and raised any money. So, again, like I am saying that we keep contemplating within ourselves, that should we play this game or should we play that. But like I said, we are very lucky, we have the convenience of playing any game out. And we haven't ruled anything out, again I am saying that. We keep all channels open. Tomorrow if I get a

project which requires me to throw in \$200 million, \$300 million, million upfront, anything is possible. And we have the gunpowder ready in multiple ways to really go out there and do it.

- Moderator:** Thank you. The next question is from the line of Saurabh from JP Morgan. Please go ahead.
- Saurabh:** Hi, Saumil, just one question. So as per your annual report, will it be fair that about 700 crores of cash was repatriated from the Worli project into Oberoi?
- Saumil Daru:** Yes, this was when we did the hotel transaction.
- Saurabh:** So, the money came in from the 360 entity?
- Saumil Daru:** Correct.
- Saurabh:** So, the cash distribution which is now left is basically you will get the Rs.1100-odd crores which is balance left as preferential and then the profit share starts?
- Saumil Daru:** Yes, absolutely.
- Saurabh:** Vikas, your last pre-sales was about Rs.3,200 crores, 1Q is obviously impacted by COVID. But do you think full year basis your launch pipeline you should be at least around that number?
- Vikas Oberoi:** Again, I would love to answer your question, but it's just look like we are speculating. I can only say that we aspire to do a lot more, but I leave it at that.
- Moderator:** The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.
- Pulkit Patni:** My first question is on Thane. Any update on launch timelines there, anything you can share in terms of what is going to be the configuration of launch, commercial, residential?
- Vikas Oberoi:** In Thane, we will be obviously launching residential. What we are looking at is probably close to Diwali launch. We are fully ready, I mean our show apartment, as committed by my team should be ready by September. So, we will be ready with our Experience Center and plans are ready, I would love to disclose it, but I want to keep it tight because there is a lot of time from now till the launch. We have learnt from these car companies how they don't let you see the model till the car is launched. So, we want to build the suspense around what we are doing. Trust me, the market has not seen anything like what we have planned. Very confident, very happy and very proud of what we are doing. And it will be a game changer. So, I will only request you to wait, and you will be very happy.
- Pulkit Patni:** Sure, Vikas, but since the timelines have been moving, should we assume that Diwali is confirmed in terms of all our approvals in place, plans in place, etc.,

- Vikas Oberoi:** I already have an approval. We were just waiting for the right time for us to launch it. I think Diwali looks like a good time and we will do it around there.
- Pulkit Patni:** My second question is expansion beyond Bombay. Any thoughts there, anything that you could share on that front?
- Vikas Oberoi:** We are very-very bullish about moving out of Mumbai. We have a fantastic franchise. It will be a pity if we can't take this franchise and all our learnings to other parts of India. So that's very-very clear. So, we continue to look for it. I would say that we are like 1 person away from starting any office anywhere outside Mumbai. We will literally run it like a separate division. So, it will be Mumbai and something parallel for outside. And we will build from there. So, I am actually in talks with people. If things materialize, then the right kind of guy take over as whatever CEO, rest of India and grows that business, we obviously use our brand name franchise, everything and getting to do this. So, this is really our strategy there. I am happy you asked us because it's only more and more serious. When you see the good players depleting due to whatever COVID and all that, it gives us that much more reason for us to venture out as well. And it will not be at the cost of Mumbai. I will continue to run Mumbai as an MD., and I want to give fresh legs to other than Mumbai, give a CEO this opportunity and get them to run it.
- Moderator:** The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- A Chattopadhyay:** First question is when do you see the Ritz-Carlton now starting off, any soft launch date which is...?
- Vikas Oberoi:** We have internally set a target for next year end. Now, we have already started the interior work and it will pick up pace because we have a new design guy, we are doing all the mockups and things like that. So, anywhere between 12 and 14-months is what we think we will take to finish it. So, safely next year end December 2022. Ritz-Carlton team for 360 west is already in place because 360 west is also going to be served by Ritz-Carlton. So that team already is in place. They are building that team up because we are getting ready once OC comes in, people will start moving in and so we will be providing them with all the services. And simultaneously, this interior work will go on.
- A Chattopadhyay:** Second question is for Saumil. For this have we gotten some savings because of the FSI payment schemes which has been extended till 31<sup>st</sup> December this year over there?
- Saumil Daru:** Oh yes, yes, absolutely. That was in line with that 50% and whatever the government has extended, so that has worked in this particular case.

- A Chattopadhyay:** So, for our Worli Glaxo land parcel, I think DCPR also been finalized, some clauses of it, so do we have some clarity on the FSI now and would you be like going ahead with the FSI payments over there, if you can give some clarity on the sort of saleable area we could see in that project?
- Saumil Daru:** As far as the Worli area is concerned, we have always maintained at about 1.6 million-odd square feet kind of a development. Obviously, as we keep looking at the plans and as we keep fine-tuning the plans, we will work it out. And we will let you know at the right point of time as to what the actual timelines and what the size and what the anticipated payments and all of that. Ideally, yes, for everything leave alone Worli, for all our projects, wherever this concessional FSI regime is available, we would like to take advantage of it as much as possible. You have already seen us do that for Com-III. So, that's something playing on our mind. So, let's just see how things go ahead.
- A Chattopadhyay:** This Borivali Mall, when do we see it becoming operational?
- Vikas Oberoi:** Borivali, our super structure will be ready by December and then we give it fit-out, I think probably mid next year or third quarter next year.
- Saumil Daru:** So, we would ideally like to see the mall starting before Diwali next year so that the retailers are able to get advantage of that season.
- Vikas Oberoi:** Just to add to what Saumil said, the mall is right adjacent to the metro and the metro work has also gone very-very well and the government is telling us that they will probably have the metro up and running by this October end. Now even if that gets extended by six months, we will have the station ready and we will be doing the fit-outs. So that also will give us a very good boost.
- A Chattopadhyay:** Any chance of getting additional FSI, by providing some connectivity to the metro station or something just...?
- Vikas Oberoi:** Not really, we have enough and more in FSI. What do we do with FSI anymore?
- Moderator:** The next question is from the line of Parvez Qazi from Edelweiss Securities. Please go ahead.
- Parvez Qazi:** Two questions from my side. When can we see further launches in Goregaon? And second, Saumil did mention about the Glaxo project, but any kind of idea about timelines or what exactly are we planning?
- Vikas Oberoi:** Goregaon, Borivali and Thane, we will probably be launching one tower each this Diwali.
- Moderator:** The next question is from the line of Girish Choudhary from Spark Capital Advisors Private Limited. Please go ahead.

**Girish Choudhary:** On the spending cost to complete the rental project, so what are the pending cost? And then where are we in terms of pre-leasing across both the mall and commercial building?

**Saumil Daru:** In terms of cost, we have always guided the markets in terms of what the likely construction cost is per square feet. So, over a period of time, you will see us spending that money, I think some bit of idea you would have already got from the March end financials. So as far as Com-III pre-leasing is concerned, the one deal that we did, which we discussed with you all last year that was the transaction with Morgan Stanley for their requirement for office space here. Obviously, in addition to that, we continue to talk to people, but as you're aware, the building is still at a construction stage. So, obviously, in many of these cases, and especially if you look in commercial offices, the pre-leasing interest only picks up for as you keep getting closer to end of construction. So, let's see how that goes. As far as the pre-leasing in the Borivali mall is concerned, as it is right now, if you would have heard, in terms of our response to one of the earlier questions on the Goregaon mall, right now, we would firstly want to talk to the retailers and ensure that the Goregaon mall gets operational. And, again, in terms of timelines, and in terms of where we stand in Borivali, we know that we have a little bit of time to complete the construction, and in all fairness, once we start closing out transactions in Borivali, it's not going to take long. In all fairness, most of your retailers in the Goregaon mall itself are likely to follow there. And then in addition to that, whatever else is required can also be done quite fast. So, in all fairness, if you are looking at finishing the superstructure by December or January, we know that if we are able to crank up a little bit of the pre-leasing by then, then that will ensure that, the mall opens with a fantastically high level of occupancy at the time of opening.

**Girish Choudhary:** My second and last question on the Mulund project, just wanted your views, last year was pretty good, the second half, third and the fourth quarter where we were clocking almost 65 units per quarter. But this quarter, the slowdown is understandable. But for the rest of the year, how would you get the momentum coming back? What kind of expectation you are building from this project?

**Vikas Oberoi:** Frankly, we don't want to speculate too much, but all I can say is that life and business both are back, and we clearly hope that this year will be better than the last year, because last year we only got the last six months and here let's say, to the second wave we've lost out probably only the first quarter and there's always a catch up that's happening.

**Moderator:** The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

**Amandeep Singh:** Firstly, when we look at the MMR market, so March our registration of anywhere around 17,000, 18,000 units, then lockdown impacted mid-April to May, June and July, when we see the numbers, the monthly run rate is at around 8,000 to 9,000 conveyance and restoration each. So, in that context, Vikas, can you help us understand what's happening on ground, whether it is more of previous agreements executed during the stamp duty cuts and now getting registered, or the resale has also increased or are you still seeing the momentum of healthy demand being

sustained in your area booking was at sub-10% of previous quarter and 30%, 40% for other developers with the MMR exposure also?

**Vikas Oberoi:**

So frankly, speaking, it's a bit of everything. You're absolutely right, that some of these registrations are happening, which were done in the earlier regime, some of them are new sale. And once the lockdown kind of eases out, you continue to see that demand, because the underlying theory or the fact is that people have realized that they want a good house, it's not like money in the bank is doing anything for them. And we don't see this only in Mumbai, we see this across India, and not only across India, but globally, wherever people have been saving money, there is a huge mindset shift into spending and spending on something which is more tangible, which is a house. And most people clearly see house as an investment that they can consume or use and not like an expense. So that also plays a very big role. So, if you really put all this together, you will, then be able to deliver the fact that this is how the customer mind thinks. And whatever you just said, is an outcome of that, and I feel this is going to continue to grow, it's not going to just continue to be, it will grow. And that's where I see that the market itself will increase.

**Amandeep Singh:**

In terms of your commercial portfolio, we also note that Commerz witnessed some fresh lease-ups during the quarter. So, in that context, can you specify what sectors are driving higher occupancies? And what's the outlook for further lease ups given vaccination drive now in place?

**Vikas Oberoi:**

So here again, I mean, if you see that the entire fad of work from home has died much faster than what people actually anticipated it to be. People are very quickly bored of being sitting at home and they want to come back to office. You see this happened globally. It's happening in India for sure. Again, two years there were hardly any supply. So, in the short run, you will see that because of the pandemic, maybe there were some people who downsize and there will be some supply available, which probably might either check the price from growing or probably one might see even like softening of the pricing, but to a very small extent. But very quickly, you will also start seeing the rentals go up. Again, here, the logic is that there's hardly any supply and people are going back. And I see this in micro markets has already started to happen. So, there is no new supply, people who will want offices will want and you clearly see some of the sectors have been beneficiaries of COVID. So COVID in all has not been a super killer for everything, look at the stock markets an all-time high. There are so many other businesses that are doing really well. There are people who are hiring and are being hired. So, all this is a huge positive I feel. And I'm very bullish on the office market also that it will bounce back much faster than what we all anticipated it to be.

**Amandeep Singh:**

On new launches, you mentioned about Thane, Goregaon and Borivali around Diwali. However, can you indicate any update with respect to your IVEN project at Worli, which you are planning to convert into residential?

**Vikas Oberoi:** Again, like I said that we have enough inventory in 360. We want to first see that part is taken care of. We continue to plan, we might even start work, but we will not launch immediately. So, you don't see IVEN launch happening instantly or anytime immediate.

**Moderator:** Thank you. That was the last question. I now hand the conference over to Mr. Vikas Oberoi for closing comments.

**Vikas Oberoi:** Thank you all for taking time for this call. We take your feedback and your interaction very seriously and we deliberate about all your questions and ideas. This only helps us perform better. You all know that our team is always available for you to interact. And we look forward to doing that with you. Thank you all for your feedback once again and look forward to speaking with you all again. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Oberoi Realty, that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.

---

*This transcription of the Earnings Conference Call for Q1FY22 may contain certain discrepancies. Further, certain edits have been made to the transcription for the sake of brevity. We have made all the efforts to ensure that the intent and purpose of the wording remains intact. However, we would not be responsible, if any discrepancies or deviations are observed in the transcription.*