



“Oberoi Realty Limited Q3 FY-23 Earnings Conference  
Call”

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**MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN & MANAGING  
DIRECTOR, OBEROI REALTY LIMITED  
MR. SAUMIL DARU – DIRECTOR OF FINANCE, OBEROI  
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**Moderator:** Ladies and gentlemen, good day and welcome to the Oberoi Realty Q3 FY23 Earnings Conference Call.

From the Company we have with us on the call Mr. Oberoi – the Chairman and Managing Director, and Mr. Saumil Daru – Director of Finance.

Please note that this call will be for 30 minutes and for the duration of the call all participant lines will be in the listen only mode and this conference call is being recorded and the transcript for the same will be put up on the Company website. After the management 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 “\*” and then “0” on your touch tone 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 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 expectations and projections and may involve a certain 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.

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 zone from which you have logged in and welcome to the Conference Call of 3<sup>rd</sup> quarter financial Year 2023 results and business updates. Thank you all for taking time out for this call.

While globally we are all combating pressures of inflation, domestic consumption here has been robust and demand for residential segment has been well established. The resilience of Indian economy in the coming years will be something to closely watch for. The demand for commercial, industrial warehouse is being fueled by increased consumption, e-commerce and broad policy level support. Before we begin, I would like to share with you some quick business updates.

I am pleased to announce that ORL has successfully concluded the acquisition of residential premises in 360 West. We now, almost own the entire inventory available for sale, which puts us in the driving seat for future sales. With conclusion of this transaction, we have also freed up a lot of management bandwidth as well. We're also happy to announce the acquisition of another 8.5 acres of land in Pokhran Road. This is purchased from Blue Star. This will also give us an additional saleable area of about 21 lakh square feet and another 1.5 lakh square feet of commercial area.

With this I want to hand over the call to my Group CFO – Saumil Daru, after which we will be taking question and answer. Thank you.

**Saumil Daru:** Hi, very good afternoon everybody. If we can move into the question and answer, the operator can give time for people and the queue to form.

**Moderator:** Sure. Ladies and gentlemen, thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question at this time may press \* and 1 on their touch tone telephone. If you wish to remove yourself from the question queue, you may press \* and then queue. Participants are requested to use handsets while asking the question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question is from the line of Parikshit Kandpal from HDFC securities. Please go ahead.

**Parikshit Kandpal:** Vikas, congratulations on the 360 West closure. My first question is on 360. Now we have seen such a large sale of inventory as reported by the media report. Do you think the pipeline is still very strong for this product? What would be probably the leads running now and on the pricing also if you can give some view, because this seems to be at a huge discount to the current prevailing prices?

**Vikas Oberoi:** Firstly, the deal itself shows the ability of the brand to be able to sell such large inventory. That's one, this is actually not the real pipeline that we have. This is over and above the pipeline that we have been having. You all know that my partner had debt obligation. He has prudently sold his inventory and made sure that he's repaid all the debt. This actually, like I said that the building now has Occupation Certificate. The purchaser of this large inventory also happens to be marquee names. Like I said that we have a separate pipeline for the rest of our inventory and we are very confident that we will be able to sell the rest of it. You all know that this is going to be all cash for the company. The entire expenses are paid for and now having transferred the inventory into ORL, we've also paid part of the tax and stamp duty. We will net off a lot of cash out of this deal.

**Parikshit Kandpal:** Okay. The second question is now both Mulund and 360 have OC and they will generate an excess of 7,000 to 8000 crores of cash flows, if I interrelated with the BD activities we have been talking for more than a year that we are accelerating our BD land acquisition but we have not seen any large announcements coming out while our peers have been going out all guns and announcing big deal. If I combine the two, how do you see deployment of this excess cash flow, surplus cash flows which will get generated in terms of median growth? Both if you can break it up in resi and commercial?

**Vikas Oberoi:** So, Parikshit, it is nobody's guess that obviously all the money that will get generated will get deployed back into business. We are in the market looking for land and again not that it's a big deal, but buying Blue Star next to our property in Thane is a testimony that we are in an investment mode, irrespective of whether we get these cash flows or not, now having got this in

place that much more. So, the focus is absolutely on BD and like I also said in my statement that this has freed a lot of management bandwidth. We will use this now going forward in making sure that we acquire more land.

**Parikshit Kandpal:** How big will be the BD pipeline?

**Vikas Oberoi:** Like I said that I don't want to give any forward-looking statement. All the money that you get generated will go back into BD. I mean, let's say if I'm generating 6,000-8,000 crores, I want to go and buy land worth that much and more. Because all our residential projects are cash flow positive, you are only looking at just two projects where construction is done and we have so much receivable. If you see all our land parcels, look at Goregaon. Even Goregaon is cash flow positive. For us, this additional cash has to be deployed in buying new land.

**Parikshit Kandpal:** Okay, and just the last question. Are you on track to launch the Thane, Pokhran in this quarter, fourth quarter?

**Vikas Oberoi:** Yes. We are fully geared to launch Thane in the fourth quarter. I mean, that's really our internal plan. The ballpark date is about 16<sup>th</sup> of March and we are really working towards it.

**Parikshit Kandpal:** Both Kolshet and Pokhran?

**Vikas Oberoi:** No, this will be Kolshet and Pokhran will follow immediately after that. We want to get the master plan of Kolshet right, sorry we want to get the master plan for Pokhran right. We have pretty much cracked it, but we want to make sure that, see this is the large development. We want to commit to building phases, but we also want to have flexibility in changing the sizes, like how we did the Goregaon. We have learned a lot out of the Goregaon layout and want to implement all the learnings. Just for everybody's reference, Thane is as big as Goregaon is.

**Parikshit Kandpal:** But both will get launched in March only or Pokhran will be later?

**Vikas Oberoi:** No, Pokhran probably will be a quarter later.

**Moderator:** Thank you very much. Our next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:** Congrats on Thane land transaction. Firstly, again on 360 West. Will the partner continue to sell units at the pricing which he has sold the previous transactions for? Just in terms of the units that got sold are each one of those for end consumption or there would be some units who can again come back as inventory to the market.

**Vikas Oberoi:** To answer your first question, my partner now does not have much of an inventory left. He's pretty much done with it. Like I said that we will almost be the sole sellers. Now, I can't comment

on people who have purchased it. They have purchased, they paid stamp duty and a lot of them are almost wanting to start interiors. So, I'm hoping that they are not going to be reselling, but one can never say. I would love to believe that they have acquired something in such a nice building. I don't think anybody in their right mind would want to sell but if, let's say, financial compulsions requires them to, there's nothing stopping anybody. As far as we are concerned, like I said that we have our inventory and we will be going about selling that..

**Pritesh Sheth:** Okay. Just a clarification, partners would still have good chunk of units because we had 63 probably the project had around 120 odd units out of 50 odd units 28 are sold. He still has like around 25, 30 units, right?

**Vikas Oberoi:** So, he has his majority stake now, in A tower. He also is keeping a few for his family and that's why I'm saying that there is not much of an inventory left for him to sell.

**Pritesh Sheth:** Okay, that clarifies. Second again on business development, continuing from previous participants. We have a lot of cash generating and there are players who are doing business development. A couple of days back there was the news about an Ahmedabad based developer buying land in Andheri, where are we not making progress in sourcing such lands? Is it specific margins that we are particularly looking for and that we are not getting or what's the strategy?

**Vikas Oberoi:** Our strategy is very simple. Okay, so if you really see all our land acquisition have been marquee land. Can you repeat your question please, We are very, very clear that when I say that in my head that I'm a customer centric company, I want to make sure that all my land parcels are well located. That's point number one. Number two is we want to make sure that they are of a particular scale. That's point number two. After that they are purchased from good sellers. Like most of our lands are purchased from multinationals. We do have our own set of parameters where we want to deal for land and we'll continue to apply those parameters. That's about it and there is enough and more available. I just want to tell you that we are looking at 15 million square feet at Thane itself. Like I said that it's actually another Goregaon in the making. If you see the amount of money we've generated in Goregaon we probably end up doing more than that in Thane. That's simply because the pricing, I mean in Goregaon we started at Rs. 2,500 a square foot and Thane, we will start at my neighbors are selling at 20,000 and Rs. 22,000 square foot. Again, like I said, that there is enough and more with the company and we have very good pipeline for land transaction also. So, we are absolutely not worried. We've been in the business now, I mean, listed for the last ten years plus. This question keeps coming again and again. Just before, when we bought the Tata Steel property, there was this question. After that, we bought Thane, again there is this question. So, again, I'm not saying that it shouldn't be there, but we are very mindful and we are really looking at BD in a very big way, and we will continue to do that. We like buying land in large chunks, and that kind of works for our strategy.

- Pritesh Sheth:** Sure, that's helpful. Anything you want to comment on your expansion strategy outside of Mumbai? There was one transaction, obviously which was reported in media as well, about you looking at land in Gurgaon, if you can comment on that part of your business?
- Vikas Oberoi:** I said that we have done an MoU and we are now close to doing the definitive agreement. If everything goes through well, you will hear something in the next quarter, that it's done. There again, it is marquee land, good quality land and it will be a great launch for ORL there.
- Pritesh Sheth:** Sure. So, that transaction is still on?
- Vikas Oberoi:** Yes.
- Moderator:** Thank you. Our next question is from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.
- Murtuza Arsiwalla:** Just to clarify, on 360 West, Oberoi Realty now has no stake in the partner share of inventory, which is there in 360 West and we are only concerned with the inventory that the company is bought over. Is that understanding correct? Also, your presentation does not have any details on 360 West, should we assume no sales this quarter or how should we think of it?
- Vikas Oberoi:** Correct. You're absolutely right. In light of our own settlement taking place, we obviously had to almost suspend sales because we were figuring out how do we really bifurcate our areas and how does ORL end up buying it's stake and stuff like that. So, we had paused for a bit. Now we'll start rolling.
- Murtuza Arsiwalla:** So, going forward, whatever comes from 360 West is really from Oberoi 100% owned inventory?
- Vikas Oberoi:** Absolutely.
- Moderator:** Our next question is from the line of Kunal Lakhan from CLSA. Please go ahead.
- Kunal Lakhan:** Just to follow up on the previous question, so but for the 63 units from Oasis Realty. What will be the unsold units remaining in Oasis Realty?
- Vikas Oberoi:** Again, whatever is my partner's inventory, Tower A and a few flats in Tower B, very few and some that like I said that he's keeping for his family. That's about it nothing else.
- Kunal Lakhan:** That leaves a lot of inventory right, because about 123 units we had at the end of September quarter. That would leave 60 units in Oasis Realty of which we sold the whole transaction happened with Damani and family.

- Vikas Oberoi:** In fact, that's only a part of the inventory. There is more that he has sold and you will see that happen. It's already sold. They're just being registered and all that is happening.
- Kunal Lakhan:** Okay, but all that inventory would be still in Oasis Realty where we have a 32.5% stake, right? Is that understanding correct?
- Vikas Oberoi:** No. So, there is more to it. We will, there are many things that are playing out. Let that happen and you will know it when things actually happen on the ground.
- Kunal Lakhan:** Okay, just going back to your previous statement that our stake in the project is now restricted or limited to 63 units and we don't have any other interest in that project. Is that understanding correct?
- Vikas Oberoi:** Almost correct, yes. Like I said that there is still dotting the I's and crossing the T's of the entire process. Once that is done, you will have full clarity. This bit is done. Whatever was, whatever inventory we owed to ourselves, we have taken that. The permission that we had asked for, from our AGM, from our investors at large, whatever we went to, we've got that done.
- Kunal Lakhan:** Okay, sure. Also, secondly, there were no sales in Goregaon this quarter and we have taken a price hike this quarter. How should we read this? I mean, is the price hike getting absorbed in the market or are we getting any pushback on the pricing side?
- Vikas Oberoi:** There is obviously, it's not like I would say pushback. They are getting to, see secondary sales ready sales are happening at a much higher prices, number one. Number two, we have only good cost and other things from that point of view. So, I'm again saying that it started. We have what you call footfall happening and it will culminate into sales going forward. I don't see that as a problem.
- Kunal Lakhan:** Okay, sure. And lastly, this Thane, Pokhran I understand that like you're still trying to get the master plan right, but it's been a while since we've been talking about this launch. How certain are you that this will happen in Q1 now because we were planning to launch it in Q3?
- Vikas Oberoi:** Correct very certain. There is no doubt about that. That's not a problem.
- Moderator:** Thank you. Our next question is from the line of Mohit Agarwal from IIFL. Please go ahead.
- Mohit Agarwal:** My question is on your earlier statement that both Kolshet and Pokhran will get launched within a gap of a quarter. Are these two products very different in terms of pricing and ticket sizes? Because these both are going to be the initial stages so how are customers going to differentiate? How are we going to differentiate between the two projects?

- Vikas Oberoi:** Okay, so questions, they are locationally very, very different and they will be different from price point of view and there'll be marginal difference in area also, so all three positive.
- Mohit Agarwal:** Okay, understood. Anything on I-Ven? Have you decided on the configuration or what kind of launch you want to do? You want to do a launch on I- Ven?
- Vikas Oberoi:** So, like I said that our management bandwidth, mental bandwidth and all of that is now free from Worli. We will now start focusing on other things and I- Ven is on top priority.
- Mohit Agarwal:** But is it decided will it be a residential or a commercial or a retail?
- Vikas Oberoi:** You will know in one quarter. We have plans for it, but we like to want to keep it tight lipped now.
- Mohit Agarwal:** Okay. The last one for me, post this Worli transaction, is that on a net basis? Is the debt going up like you've invested 4,000 crores and I think construction cost has come back. But net-net, is there a net debt increase?
- Vikas Oberoi:** I'll let Saumil answer that.
- Saumil Daru:** Yes, hi, Mohit, Saumil here. For the Worli transaction we did take on debt to basically fund the outflows that we mentioned in the release to the exchanges. But simultaneously, as you are aware, the Mulund project also the OC has come through. We also expect the loan over there to kind of start coming off as the collections come in and by the end of March with some of the sales in Worli if that happens, then we'll also look at deleveraging on this loan which we have taken for 360 itself. So, in the end, as of March, I would want to believe that our net debt ratio should come back to what it was at the end of December.
- Moderator:** Thank you. Our next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.
- Sameer Baisiwala:** Can you talk a bit about the rental rates for Borivali Mall and Commerz III?
- Vikas Oberoi:** Borivali Mall again we have topped up, finished superstructure, interior work in progress. One of the marquee international brands also signed, other than the Cinema brand and huge traction, I can say that it's surprising. I think we can without breaking any rule of forward looking statement. I can only tell you that we can literally close the entire Mall in one quarter. That sort of demand and very good rentals, I would say that's one. What else?
- Sameer Baisiwala:** And for Commerz III rough rental?



- Vikas Oberoi:** Okay. Commerz III, the market I would say, I'll just tell you about the market. On a carpet basis it is at about Rs. 250. We are hoping that we should be somewhere around that on the carpet area. Again, they are depending on the size of the deal, like if somebody is taking a large area then you do give a discount. It oscillates anywhere between Rs. 220 to 250 bucks square foot on carpet.
- Sameer Baisiwala:** Okay. If I have to take a guess, for Borivali Mall, because on average, once you're fully done 200-250, is that range possible or?
- Vikas Oberoi:** Per square foot?
- Sameer Baisiwala:** Per square foot, yes.
- Vikas Oberoi:** You will be pleasantly surprised if you have set your expectations at that. I think we could beat it by 50% also.
- Sameer Baisiwala:** 50 or 15.
- Vikas Oberoi:** 50.
- Sameer Baisiwala:** Okay that's great. Basically, what math is running in my mind is our journey from roughly 350 crore rental to I think 1200 that we have articulated in about a couple of years from now. Do you think with these numbers we are well on course for that or it looks like we may fall a bit short on that?
- Vikas Oberoi:** No, I think we are pretty much on course to get that, pretty much.
- Sameer Baisiwala:** Okay. That's great. Vikas, any thoughts on the budget announcement regarding the capping of the capital gains at 10 crores for the residential units because you do luxury housing?
- Vikas Oberoi:** Yes, in fact, for me, I feel that this is one market which actually is not sensitive to any of these. Luxury globally I mean, if you see they've always ended up doing well, irrespective. It doesn't really matter for them whether the cost goes up or goes down by whatever. I don't see this as a bummer at all. I just don't see that as a bummer.
- Sameer Baisiwala:** Okay, finally, from my side. In Goregaon, you have launched two towers and three more are left, right?
- Vikas Oberoi:** Correct.
- Sameer Baisiwala:** Any thoughts on that? When would you be launching the third tower?

**Vikas Oberoi:** So, two things in fact. One, I did not answer the last time. The last question they asked is that we've increased the price. Firstly, I don't have much of an inventory left of four bedrooms or the locations that people have been wanting. They're all sold. Me increasing the price, whether I increase the price or I don't, my sales wouldn't go up because I don't have the inventory these guys want. For me also, I also saw that Exquisite and Esquire continue to sell at 30% and 40% higher than the prices that I am actually selling today at. We did a simple math that if people are willing to pay today for something that is ready and I am likely to give this product 3 years later, if I were to discount that or whatever time that I've committed, if I were to discount that, I'm still selling this cheaper with the current pricing that I'm offering. So, hence, we increase the price and now, like I said, that when we launched the third tower or the fourth tower I already have people who have said that whenever you open at whatever price you open, I want this side of the inventory and here's my commitment to it or whatever. Of course I can't take cheque, but they are ready to close it today. It's like that kind of demand for Goregaon.

**Sameer Baisiwala:** That's great. What's the time for the third tower launch?

**Vikas Oberoi:** Again, I don't know how many of you know, but we have started work on the two of the three towers already. In fact, not only started, we are at level four or level five and all that. We are not wasting any time doing that. We know that this is like literally like a running tap for us. Whenever we open, we can sell. If I'm already working, my profit recognition, revenue recognition, all that happens simultaneously, so it doesn't hurt the company delaying that launch, we're only building it up and so on and so forth. So, everything is set. We could either look at September or something like that, maybe September, October, that sort of launch.

**Moderator:** Thank you very much. Our next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

**Dhruvesh Sanghvi:** One question related to the pre planning in terms of building. How does the approval allow you to probably rechange the configuration and positively so, because you said that you will use the learning, because sometimes, let's say now Exquisite or Esquire has a 1300 or 1500 carpet range and none of our few the incremental projects have something like that. Let's say if we decide to choose on 1300 and 1500, but if were already building, does the regulation allow you to probably change and the plinth work can be replanned in between just some thoughts to understand how the industry and regulatory body work?

**Vikas Oberoi:** How we do it is our own trade secret. I don't want to divulge much into that, but like I said, that if you see these are all termed as future projects and the plinth is not always done. We obviously haven't started work there and these are parked as future projects. And that's how one can do it, anybody can do it really.

**Dhruvesh Sanghvi:** That flexibility is there. You have cracked that model in terms of making it as ready as possible and then changing it depending upon the market requirements and your understanding of it.

**Vikas Oberoi:** What we do is we allocate locations for the buildings that we want to build and we mark some sort of footprint because it's very important for us to make sure that all the buildings get a particular view and all that and then we play within the marking that we have in our hand. Like I said that this is our little trade secret. I don't know how much of it is, but nevertheless we enjoy doing this.

**Dhruvesh Sanghvi:** And one more. The way you are saying that Thane is Part 2 of Goregaon, at least in your master planning and your broader estimates of how long can this take? If the master planning being done thinking that, okay, in 10 to 12 years we should be out instead of 15 or 17 years or some thoughts around it. Of course this is too long, but just to understand what kind of launch we can expect maybe we can reverse it in our head.

**Vikas Oberoi:** Like I said that Thane could be potentially the one 15 million square feet. Even if I were to launch, let's say 1 or 2 million every year, we are looking at a 10 to 12 year horizon. This also will, also like absorption, what's the velocity, all that needs to be tested. I feel that when we do a development, we make sure that the entire market gravitates towards or rather into our project not even towards that area. We try to get maximum from the entire market into our project. We've been successful in doing that in Goregaon. I feel we will and we did that in Borivali. We would hope to pretty much do that in Thane as well.

**Dhruvesh Sanghvi:** One strange advertisement on the website. I assume that might be from a broker. It says, 2 and 3 BHK launch in South Mumbai by Oberoi Realty. This is the first time I ever saw a 2 BHK written under the name of Oberoi Realty. So, is this true? If so, can you give some understanding of what this project is?

**Vikas Oberoi:** Please forward that to us. We will have, we will complain to cybercrime and get this guy knocked off. There are many of these who we come across many such advertisements. People have started advertising for Thane also and it's a real pain, but we can't help it.

**Moderator:** Thank you, ladies and gentlemen, we take that as the last question and I now hand the conference over to Mr. Oberoi for closing comments.

**Vikas Oberoi:** Thank you for taking the time for this call. We look forward to hearing from you on an ongoing basis. If you have any queries, please feel free to reach out to us and we'll be more than happy to answer the same. Thank you again.

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