



# “Oberoi Realty Limited Q3 FY-21 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Oberoi Realty Limited Q3 FY2021 Earnings Conference Call. We have Mr. Oberoi – the Chairman and Managing Director of the Company and Mr. Saumil Daru – Director of Finance of the Company with us for the call.

Please note that this call will be for 60 minutes. And for the duration of the conference call all participant lines will be in the listen-only mode and this conference call is being recorded. The transcript of 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 the conference call, you may signal an operator by pressing '\*' and then '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 prospects.

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

I would now hand the conference call 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 zone from which you have logged in and welcome to the conference call of Q3 FY2021 results and business updates. Thank you all for taking time to attend this call. I hope your family and you are doing well and keeping yourself safe.

Before I begin, I want to share a few quick updates with you. In Q3 we achieved our highest ever pre - sales number for a non-launch quarter. The gross booking value stood in excess of 1000 crores, as you would have all seen, the numbers were strongly supported by all our projects. Borivali continued to outperform with 100 units being booked in this quarter and Eternia crossed the 1000 crores booking value milestone.

We also completed the acquisition of the hotel property The Ritz-Carlton Mumbai from our JV partner and now a 100% owner of the hotel component of Three Sixty West.

We also prepaid 50% of our first tranche worth 200 crores of the 700 crores NCD, 21 months ahead of the schedule payment. This only goes to show how strong our collections have been from our customers despite everything happening around us.

With this I will now hand over the call to our Group CFO – Mr. Saumil Daru for details of the numbers. I'm here and will be happy to address your individual questions once we begin our question and answer session. 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 filed with the exchanges. Will keep things short to help us allocate adequate time for Q&A.

In terms of consolidated financials, we achieved consolidated revenue of 837 crores this quarter as against 325 crores for Q2 FY21 and 536 crores for Q3 FY20. The consolidated profit before tax was Rs. 360 crores for this quarter as against 168 crores for Q2 FY21 and 209 crores for Q3 FY20. The consolidated PAT stood at 286 crores for this quarter as against 138 crores for Q2 FY21 and 148 crores for Q3 FY20.

Moving to the asset performances and beginning with the investment properties; Oberoi Mall, the topline this quarter was 49 crores as against 34 crores in Q2 FY21 and the revenue of Rs. 40 crores in Q3 FY20. The EBITDA margins in this vertical is at about 97%. Commerz which is the office space asset contributed 6 crores to the operating revenue this quarter as against 5 crores in the preceding quarter and 6 crores in the same quarter last year. EBITDA margins in this asset is at about in excess of 92%. Commerz-II contributed about 33 crores for this quarter as against 32 crores for Q2 FY21 and 31 crores for Q3 FY20. The EBITDA margin in this asset is in excess of 98%. The Westin Mumbai Garden City contributed 11 crores to the operating revenue for this quarter as against 6 crores for Q2 FY21 and about 38 crores for Q3 FY20.

Moving to the development properties; for Exquisite, the total booking value in this quarter was 27 crores as against 67 crores in Q2 FY21 and 35 crores for Q3 FY20. The cumulative booking value till date in this project stands at close to 2500 crores and the total revenue recognized for this project in this quarter is 27 crores and the entire cumulative revenue recognition till date stands at close to 2500 crores on account of 100% project completion.

For Esquire, during this quarter we booked close to 1,07,000 lakh square feet. Till date we have booked close to about 87% of the inventory. Total booking value in this quarter is Rs. 234 crores as against 30 crores in Q2 FY21 and 59 crores for Q3 FY20. The cumulative booking value till date it is about 3100 crores, the total revenue recognized for this project in this quarter was 238 crores and the cumulative revenue recognition till date again is about 3100 crores on account of the 100% project completion.

Moving to Maxima; here we booked close to about 36700 square feet in this quarter. The total booking value for this quarter stands at 61 crores as against about 0.04 crores in Q2 FY21 and 21 crores in Q3 FY20. And the total booking value till date is 97 crores. Moving to Mulund, we have booked close to 52,600 square feet this quarter. In Eternia total booking value for this quarter was Rs.76 crores as against 2 crores in Q2 FY21 and 17 crores for Q3 FY20. The

cumulative voting value till date stands at 1052 crores. The total revenue recognized for this project in this quarter was Rs. 58 crores and cumulative revenue recognition till date has been 684 crores. Continuing with Mulund, in Enigma, this quarter we booked close to nearly 1,03,700 square feet. Total booking value of which was about 157 crores as against 40 crores in Q2 FY21 and 9 crores in Q3 FY20. The cumulative booking value till date is at about 883 crores in Enigma, the total revenue recognized in this quarter was 135 crores and the cumulative revenue recognition till date is 556 crores. Thus for Mulund totally we booked close to 1,56,300 square feet in this quarter, the total booking value of which was 233 crores and the cumulative booking value of both Eternia and Enigma together stands at close to 1935 crores.

For Sky City we booked close to about 1,75,000 square feet in this quarter. The total booking value of which was 293 crores as against 60 crores for Q2 FY21 and 100 crores for Q3 FY20. Till date the booking value in this project is about 3350 crores and the total revenue recognized for this project in this quarter was 227 crores and cumulative revenue recognition till date stands at about 2367 crores.

For Three Sixty West in Oasis, we booked about 24,600 square feet in this quarter. The total booking value was about 121 crores. Till date the booking value is about 2722 crores. Coming back to some key financial parameters, our adjusted EBITDA margins for this quarter was 44%, the PAT margins was 34%. The EBITDA margins for Mall and Commerz are much higher than average, as I mentioned earlier. Excluding them the margins for our pure play residential business is about 37% for this quarter.

With this the floor is now open to questions that you all may have. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Parikshit Khandpal from HDFC Securities.

**Parikshit Khandpal:** Going ahead how do you see this trend now, so do you think is it because of pent-up demand or do you think the demand is going to sustain for next couple of quarters, if you can just comment on the outlook on the real estate side?

**Vikas Oberoi:** Good Afternoon, thank you for your kind words I feel that I think many things have been said, many things have been predicted in the past. I would only say that actual users are out there to buy, pandemic has shown that money in the bank is of no use. People need decent sizes homes. We are very lucky, we are very uniquely placed. If you see Esquire is ready for delivery and the numbers only show that how people have lapped on it. Borivali, getting ready for completion, Mulund getting ready for completion, Worli getting ready for completion. So a lot of our inventory is either almost ready or getting ready to be delivered and that really instills a lot of confidence in the buyer and also the fact that our track record is good. So all this put together has done really well for us and I feel that this trend will continue to grow. I also very strongly feel that there will be a large amount of consolidation and I feel it will be more of customer

consolidation than developer consolidation because what you really get from a developer is only a land, so that we can continue to see happen. So this is how I will probably see that from my end, this is how things probably will look.

**Parikshit Khandpal:** But as a portfolio when most of the projects have done well, so counter intuitively would have thought that Three Sixty West would have also followed the trend. So what are you doing there to accelerate sales because whatever stimulus we got, the stamp duty cuts and all, that is already there but still we are not seeing any acceleration in that project. So how do you see the pickup in that project.

**Vikas Oberoi:** I can only tell you Three Sixty West is the next project that will surprise everybody in the market in the next quarter itself, in the present quarter itself. And I have full confidence the product is good, people who come love it and you will see that we will really have similar results and similar reactions also when Three Sixty West joins the party.

**Parikshit Khandpal:** Just the last question to Saumil. Saumil, this Oberoi Mall if we compare like to like for this quarter and there is some impact of the revenues which we have not booked earlier has come in. But if I have to look like to like how do you see the area which has been opened for operations, so if you compare YOY is there any growth or what would be the consumption if you can give some sense on that.

**Saumil Daru:** So basically in all fairness we will have to wait for the entire financial year to get over before anything becomes meaningfully comparable because there are whole bunch of accounting adjustments on straight lining and everything which you will see. So all in all if you look at the overall commercial deal which we had even discussed with you all during our earlier calls that as far as the retailers are concerned we are saying that overall they will pay us about 50% for the year. So I think that's where that number will finally come to from a pure—I think you are asking from a—cash flow perspective that's what will happen.

**Parikshit Khandpal:** I'm asking about consumption, how much is the consumption reach in that market? if I compare to same area has it reached Rs. 800 YOY or is it like still at 60%-70%?

**Saumil Daru:** Obviously it's not reached the entire amount of what was there pre-pandemic. But within this context what you see is many of the retailers are way beyond 100% of what they were doing pre-pandemic, so including some people who are at close to 115% or 120% of where they were, obviously some of them are lower than that. And this is becoming a month on month kind of a trend and it is changing all the while. So we are also keenly following it but we are looking at it in terms of what finally comes down to us. But what you are clearly seeing at mall level is a very healthy recovery in consumption and on an average I think I just want to circle back with the mall guys but it's pretty healthy. Even I was there in the mall yesterday evening for that matter and it was actually buzzing and most importantly what you are seeing is the hard-core shoppers

coming in, they are the serious shoppers, so that is converting into a fair amount of cash as far as the retailers are concerned.

**Vikas Oberoi:** Parikshit I will just add a line to this, in fact I look at number of people who are on a revenue share with us and you will be surprised that there are some businesses that are back 85% and there are some businesses that are doing 110% of what they were doing last year. So on an average I can only tell you that even though we still don't have a vaccine—I mean there is a vaccine in place but people are yet to be vaccinated—the business are already back to near 100% on an overall basis like I said that some are below 100 and some are even above 100. So it's remarkable, surprising us also and we are very happy about it.

**Moderator:** The next question is from the line of Abhinav Sinha from Jefferies.

**Abhinav Sinha:** Now with some bit of inventory which has come down, are we looking to get on to the next set of new launches anytime soon or you think there is still lot of momentum inventory that we have.

**Vikas Oberoi:** No, the good part is none of our projects compete each other. So we are very clear that we are going to start the third phase of our Goregaon launch and our Thane both within this quarter and we are at a very advanced stage. It's just little bit of minor tweaking here and there, some process which we need to follow with RERA, all these things are happening and we are ready to launch.

**Abhinav Sinha:** On the platform deal that we were considering last quarter, if you can update on its progress and anything significant is outstanding for completing that?

**Vikas Oberoi:** When we go out to people and want to do the platform level deal, there is a gap between their expectation and our numbers. We are getting money really-really cheap, at times even sub 9%. Actually, always sub 9%, at times even lower than that. so we are really in two minds whether one should do a platform level deal or continue to build it and create a critical mass and do that because giving them a piece of our business was actually giving them almost 15% return on their investment. So we are still contemplating whether one should do it or not. Though we have a nonbinding term sheet done but somehow we are having a re-thought on that.

**Moderator:** The next question is from the line of Sameer Baisiwala from Morgan Stanley.

**Sameer Baisiwala:** So question Saumil maybe for you, the operating cash flow that the company has generated, slide no.3, 187 crores versus 287 is net profits but as you said more and more of finished goods such as Esquire I would have expected the operating cash flows to be far more stronger. Just your thoughts on that.

**Saumil Daru:**

You are right Sameer, so the only thing is that when you also sell these things you also give customers a period of anywhere between 30 days to 60 days to pay up the entire consideration in Esquire. So for bookings which would have happened in October or early part of November you would have seen the entire cash flow coming by end of December. But for bookings which would have happened from 15 November onwards and again towards the end of December also we saw a fair amount of conversion coming in, in those cases the cash would come in over a period of 60 days, so which will spill over into the next quarter. When you look at other projects also because this bottom line is across all projects, so when you will start looking at other projects also for example Mulund or Borivali, there anywhere only about 70% to 80% of the consideration is due and that also comes in again over a period of anywhere between 60 to 90 days. So that's where he will see little bit of a mismatch. But give it a quarter or so and you are actually coming off from a situation where a lot of working capital have got frozen in the first couple of quarters. So, in usual circumstances you don't see these gaps in operating cash flows but give it a quarter or so and you should see this entire cash getting collected.

**Vikas Oberoi:**

Sameer I will just add up a bit, for most of our sales the documents are registered, people have paid stamp duty. We would have received anywhere between 10% and 25% from the buyer, the remaining 75% is like what Saumil said is committed between either Jan or February. We give 30 days but lot of these deals have happened in the third or the fourth week of December and most people have been wanting to first pay stamp duty, get things done in terms of the registration, some of them have bank loans. So by the time we circle back to the bank and the quarters gone and that's why it is. But these are solid sales and that's how it is.

**Sameer Baisiwala:**

Just on the Ritz-Carlton deal doing this transaction of 1040 crores, we have been tracking you with us also very long period and very stingy about how you do your capital deployment. So what's your thought process behind this and do you think you can get the same level of ROI that you do with transactions such as Thane transactions etc.?

**Vikas Oberoi:**

So Sameer firstly ORL's arm itself has purchased this asset, so that's point one. In this we have basically only taken our moneys out and our partners have almost also only taken the moneys that they had spent on the project. Per se there is no profit here. So we have not like done barring the money that we paid our partner, we have not done any fresh capital deployment. This is our own money which was invested and spent on the project that has come back and it was their money that has come back. So really whether if it were to be lying in the AOP or whether it comes into us, per se it's not changed much. So we have just kind of crystallized our ownership. We were 50-50, there is always an issue of running.... see the residential component is self extinguishing. Every time we sell a flat money is coming, it gets distributed this is the agreement and we are done with it. Once all flats are sold the AOP doesn't exist. But our hotel partnership would continue to exist. So this actually has been a very elegant way of parting ways with the existing partner and like I said that there is no major fresh capital deployment. There is really no way in which I can look at the ROI as such. But to your point we have always maintained that we would not go out and buy a hotel. If it's a part of the development we will build it and its

always complementing our development around what we do, not as a business we are never attracted to it and we maintain that.

**Sameer Baisiwala:** The partner gets 1040 or 520 crores?

**Vikas Oberoi:** No, partners spend was much lower, some 200-300 crores is what he got and the rest was only a book entry which was our spending. We gave it to the JV and the JV gave it back to us. very simple and hardly any money spent like I said both parties simply took their cost off the table and that's what we really did actually.

**Moderator:** The next question is from the line of Saurabh from JP Morgan.

**Saurabh:** I have two questions, one is after the stamp duty cut, the rationalization in the first quarter of fiscal '22, would you expect the demand to go down because the pent-up would have got some exchanges between last quarter and this quarter? And the second is essentially Saumil if you can update us that what will be the current expectation of the completion dates of your major commercial projects which are under construction? I'm just trying to see whether our 1400 crores guidance or rent for fiscal 24 will still be intact.

**Vikas Oberoi:** Firstly the stamp duty cut continues till March, so we basically know that's how it is. It's very difficult to predict whether there will be a drop in demand or no, one can't say that. But certainly this is working out both for the government and for us because government is never been able to collect this kind of stamp duty even when the rates were 5%. So I think government also made a note and would like to keep it attractive. Having said that there is enough momentum in the market also which looks like it will continue. Two, there is a huge reduction in supply. There are two things, post-COVID not many developers have been able to get up and running. Their projects are not been able to up and running as well. We have been lucky despite the world believing that there is shortage of labor we have enough and more labor at site and this also is because not many people have been able to start their work. So I feel that we are very strongly moving towards a supply constraint and I read somewhere and I can dare to resonate or agree with that person that the prices are likely to go up. You can see commodity prices having gone up, many things in the real estate industry are going to cost more than what it did when we build it. So there is enough for people to believe that the prices could go up, so people who don't buy up today will end up buying something expensive later. Of course government is giving all the benefits. There is a reduction in premium, there is a reduction in stamp duty, so all this is there but I don't think it's enough to pull lot of developers who are already in the grave. So these are multiple factors one has to consider before we kind of decide how the next quarter look like.

**Saurabh:** And Saumil on the completion date.

**Saumil Daru:** As far as Comm III is concerned Saurabh we are looking at a staggered delivery between some part completing in March '22 but everything completing by March '23, so that is one bit. Then



as far as the Sky City-Mall is concerned we are looking at completion by about anywhere between March '22 to about June '22 and as far as the GSK one is concerned with the way things stand that could be anywhere around September '23.

**Saurabh:** So basically by fiscal '24 everything is done, right?

**Saumil Daru:** Yes, exactly.

**Moderator:** The next question is from the line of Abhishek Bhandari from Macquarie.

**Abhishek Bhandari:** I have two questions pertaining to the residential business, so Vikas if I heard you correctly, you said that the premium cut and the stamp duty cut won't be enough to reduce the prices. So could you just run us through some basic math when we keep reading and hearing that the premium cut might be bringing about 5% to 7% fall in the property prices, do you think it's otherwise that there should be no reduction in property prices?

**Vikas Oberoi:** I will just tell you that most developers have very heavily leveraged balance sheets. The numbers that you are talking about get covered in six months on their interest cost if they delay their project or anything like that. So I don't understand where reduction will come in plus look at how steel has ramped up, look at how commodities gone up. We are already facing so much heat from our contractors that they want to kind of find a way to get more money out of us because prices of commodities have gone up. Nobody kind of hedges here in India at least not in our business, long enough for them to be ensured that they will either get copper or steel or whatever or cement at that price. So these are variables and are further going to hit, so I don't feel I am very clear that even if one is selling at current prices, either you want to take the money off the table or you want the momentum to continue or something like that. But the minute this supply ends I can clearly tell you the replacement cost of what people are buying and what we are selling will probably end up being a lot higher. So given that I clearly see that at some point markets will look at a price increase. I know it doesn't sound correct in the given scenario but please understand we are going towards a supply constraint market and supply constrained due to many things, developers, I mean how many developers are actually building on-site and how many will deliver it so on and so forth. This is going to be a huge thing.

**Abhishek Bhandari:** If you could help us understand what portion of your sales are coming from subvention schemes because I feel that you are still running subvention schemes across all your project may be Worli doesn't have it but everything else seems to have it.

**Vikas Oberoi:** Our subventions schemes are slightly different unlike lot of people who come with 1-99, 5-95,10-90, ours are 25-75. 25% of money comes to me, 75% of money comes at completion, number one. Number two, almost all my sales are bank subvention that means my buyer is kosher he has the money or rather he is bankable enough to get a loan for this. All I have to do is complete it and sell, complete it and deliver it and take money from the banks that's about it. I

would say that bank subvention and actual sales are different in different projects but by and large I would say they are about 50-50.

**Abhishek Bhandari:** This is regarding your mall or the retail projects...

**Vikas Oberoi:** Abhishek can I stand corrected. My team tells me that in fact we have got more non-subvention payment and less subvention. So it's not 50-50, it's more skewed towards down payment, just stand corrected to that.

**Abhishek Bhandari:** The other land parcel at Worli where we are still in two minds whether to make a sale mall or an office and I think in the last call you did mention that also depends on the platform what you might be wanting to make. Given that it looks like probably we are putting the platform on a back burner? Any change in plan now there and also Vikas you mentioned to one of the questions earlier that you like lean structures which is good, that is the reason for buying out the hotel. So here also you still have that 50% stake in your personal capacity so any plans to take it out specially given that probably the valuation of the land at this stage might be lower compared to a development stage?

**Vikas Oberoi:** Abhishek firstly I will answer the last question first. In this case I have an interested party directly. All valuations are always an issue. Having said that like I said I am very committed. I will be judged by how I get out of this. I am very mindful of that and I am going to find a very elegant way of getting out so that the company benefits and everybody believes that the way we run our company, the transparency, the way we run our company is like shown in the way we are going about doing this transaction. I am personally very committed, very invested in how this is done; too much is at stake for us. What was your second question?

**Abhishek Bhandari:** Any confirmation on the plan on what you want to do with that land? Hotel, mall or office or you still would want to keep it on a slow process till you make up your mind firmly on the platform or not?

**Vikas Oberoi:** Abhishek I will just tell you the new DCR is out and there is a clarity to that new DCR that's coming. Then there is also, this has been for a very long time, the Government of India had come up with a transit-oriented development policy at the center for all the states to adopt it. Finally our state is waking up to the fact that there is money to be made. All the FSIs and TODs sell, government gets a premium and that actually helps them build the Metros and stuff like that. There is a huge drive that this should now get activated or affected so basis that we probably will get FSI or more FSI. We just want to be sure, once we have a clear understanding of what FSI one can get when we build commercial, what FSI can get one if we build residential or when we build mall or a mix of that, we will take that call. I think when we speak next in the next quarter call; we will be very clear with that also.

**Moderator:** The next question is from the line of Kunal Lakhan from CLSA.

- Kunal Lakhan:** You mentioned that most developers are heavily leveraged and some are already in the grave. How are you looking at the opportunity in the market in terms of new acquisitions and how are we approaching it?
- Vikas Oberoi:** Approaching it the way we always do, very cautious. We are clear that at the end of the day we must make money, we must make money without lot of complications and lot of stress, do a good job for the customers. We have a set of criteria, if it fits in, we will go out there and buy that land and we want to be very-very clear that it should fit in only then we will buy. We don't want to ideally take Brownfield projects because they come with their legacy issues. There is this one stress in the market that also keeps the land prices at check so we would either look at land purchase from the developer where they had clean or even companies like Glaxo and X and Y, when they come out to sell, they have property in a market like this, they will get market price. They wouldn't get super-duper premium on it and stuff like that. We prefer buying those and we are continuing to look at good land parcels.
- Kunal Lakhan:** Do we have any urgency now like considering like Thane was the last land which we bought, which was few years back now?
- Vikas Oberoi:** We have to launch Thane. If everything goes well it will be 15 million square feet of area to build and sell so I am just saying that there is enough on our plate, we have three towers in Borivali to build, we have five towers in Goregaon to build, we have so much in Mulund to build and sell, we have got Worli also happening. Again I said that strategy is very clear, let's not really psych ourselves that the last property was purchased 2 years ago. If I get great property the next day I will go and buy, if I don't get something for the next few days or a few months or a few years, I will wait for the right opportunity.
- Kunal Lakhan:** Saumil just couple of bookkeeping questions. In our cash flow statement, there is an investing cash outflow of 505 crores odd. I am presuming out of that 200 to 250 crores was towards our purchase of Ritz-Carlton stake. So the balance 300 crores would be?
- Saumil Daru:** Between Comm-III and the Borivali mall.
- Kunal Lakhan:** That's quite an outflow for one quarter.
- Saumil Daru:** It is because there is also some FSI which has been purchased and all of that in those cases. TDR basically.
- Kunal Lakhan:** Second one is on we repaid fair bit of our NCDs. Was that in Q3 or was that in current quarter?
- Saumil Daru:** That was in Q3 so it was...
- Kunal Lakhan:** Financing cash flows seems kind of flattish so was it more like a refinancing than repayment?

- Saumil Daru:** Because on the one side where we were repaying there were also some other lines where we were drawing down so that's why it has remained so to say constant but otherwise it's not refinancing.
- Moderator:** The next question is from the line of Parvez Akhtar from Edelweiss Securities.
- Parvez Akhtar:** With regards to future launch of inventory in Borivali, what are our plans and second just wanted to get your thoughts on the recent premium cut by the Maharashtra government. What are the kind of benefits that we see for ourselves?
- Vikas Oberoi:** Firstly, I think premium cuts is a great call. This was a recommendation by the Deepak Parekh committee. I think the government should engage with people like Deepak Bhai more often to understand the real dynamics and today like the spike in stamp duty collection, the Government of Maharashtra will see a huge spike in premium collections. For the last 1-year they have got nothing really and now they will see this huge, like a hockey stick curve kind of collection. So it will be great for the Government of Maharashtra, it will be great for the industry also, it is great for the industry and as far as launches go, we have three towers in Borivali to launch. We will be doing it as we speak, we have five towers that we are building in Goregaon, you will see that launch happen this quarter. You will see another Thane launch in this quarter so lot of work will happen in this coming quarter.
- Parvez Akhtar:** Just a follow-up, with regards to the next year, on which are the projects where we can get a benefit of the lower approval cost because of the premium cut?
- Vikas Oberoi:** All the projects, all my projects I am going to make sure that I get approvals within the year and I get the benefit of lower premiums. We will do that.
- Moderator:** The next question is from the line of Alpesh Mehta from Motilal Oswal Financial Services.
- Alpesh Mehta:** One of the follow-up questions on the launches that we have. Can you quantify the total leasable area which should be launched in this quarter like a ballpark figure would also work?
- Vikas Oberoi:** Leasable area, we are not launching any.
- Alpesh Mehta:** Saleable areas for these three projects that we are going to launch?
- Vikas Oberoi:** The two towers here in Goregaon will probably be about, each tower is about 9 lakh square feet. So two towers will be about 18 lakh square feet and we have Borivali also about another 24-25 lakh square feet, we have Thane again if we probably might launch a million square feet there. Almost 50 lakhs odd square feet all in all we will launch between 40 and 50 lakh square feet.
- Alpesh Mehta:** As you are mentioning that we are moving into a supply constraint kind of environment in Mumbai and now this premium cut has come. Do you think that this will kick in the supply for

developers probably maybe the gray A developers and if this is so then will it change our near-term strategy for next 2-3 years from the business development perspective in an aggressive way?

**Vikas Oberoi:**

Good part is like whatever we will buy and try to build today will only be coming in there is a market as a supply after 3 years and that is also if everything continues to be the same way. Just because premiums are down doesn't mean supply will increase because there is so much more that one needs to do and I told you earlier that the benefit of interest premium can be lost in 6 months of interest cost if you are heavily leveraged so this is something that one needs to be mindful of.

**Moderator:**

The next question is from the line of Manish Gandhi, an Individual Investor.

**Manish Gandhi:**

I would love to know thought process behind our CST bid and in future do you see many such opportunities opening up as a mindset of the government is also changing towards asset monetization?

**Vikas Oberoi:**

Firstly, CST is a very simple project as such. You have to build certain area for them, they have a land parcel which they want to monetize so we look at it like any other land purchase really and that's how we are looking at bidding for it and buying that but you are absolutely right also that there is a change in the mindset and if the government comes up with projects which are so clean, we would be very happy to bid for it and buy them. It's almost like if MMRDA were to sell any of their Bandra-BKC land, we will be very happy to bid there as well and we are considering it like that.

**Manish Gandhi:**

On Goregaon so you said that you are planning to launch two towers. Of course there were lot of rumors in the market from channel partners as we have one tower, RERA already, earlier it was saying one towers and two I don't know. Why not launch three towers because we are launching after 10 years and of course great demand and I know so many people that they are ready to buy?

**Vikas Oberoi:**

Manish you know we have started work at four of the five towers. We are at the fifth-sixth-seventh slab of that and again there is no real reason why we can't do three and why we can't do two. Between like I said it's like we will start with one, we can always start with two, we can move into three. From sales point of view there is nothing really holding us to start more sales. Like work has already started, we can do that but we prefer making sure that we have enough sales done on one project because the way things are and we are identifying individual building as a project as far as RERA goes so that the money within the project is also used in building it, RERA has its own set of conditions, so a little bit of thought on that has also gone in mind. Instead of scattering your sales in 3-4 of them, I would rather concentrate my sale in one building and if I have to fund it I can fund my own building as and when I want but whatever is committed to the RERA, whatever is committed to the customer will get built faster and better. We just

want to be sure that, it's a big commitment going forward. Next 3 years if I build these five buildings, we are looking at almost 2500 crores odd of expenses to be done. So we need to be sure that the flow is correct. If I focus on one tower and I concentrate every customer in there then moneys will help us build that also. That's the whole idea; it's clearly a prudent business call, nothing other than that.

**Manish Gandhi:** Because I had a few channel partners I was just talking to them and they were saying that if we launch only one tower because lot of interest from people and there could be a disappointment because as you know the views and vastus and all, of course you know better. The last one is, since last many quarters your commentary about commercials and your upbeat about commercial so is it fair to assume that will be having lot of commercials in Thane and on that also we have two adjoining plots in Thane which are Blue Star and one other. Is there a possibility because I just went there and if we have any possibility of buying that then it makes a beautiful L shaped plot?

**Vikas Oberoi:** Manish we have 60 acres of land and we have literally 15 million square feet. 1.5 crores foot we have to build there. Whether again Blue Star comes in or no we have literally even if I am going to sell a million square feet a year it's 15 years. I will have to do it faster to consume that adding more land and it doesn't really do anything great for us. I would rather take that money and buy land in a suburb where I don't have any supply. So that was my thing. What else did you ask me about Thane?

**Manish Gandhi:** About your commentary since last...

**Vikas Oberoi:** Commercials, we are not doing any major commercials there. We are very happy doing residential. You have seen we are a residential-centric developer and residential really-really has been an outperformer and has been an outperformer for a longer time. We will continue to focus on commercial but resi is our bread-and-butter, we want to do that more.

**Moderator:** The next question is from the line of Girish Choudhary from Spark Capital.

**Girish Choudhary:** My first question is on the Three Sixty. If you can just highlight us, is there any progress on the OCs for the project?

**Vikas Oberoi:** Come again, what is your question?

**Girish Choudhary:** In terms of the OC for the Three Sixty West project, is there any development there?

**Vikas Oberoi:** For the hotel bid we already have OC; we bought that with Occupation Certificate. For the rest of the project also it's like work in progress as usual. All our buildings in the city have OC whichever one we build and we are building always has it. It's only a matter of time, there are

certain commitments from our partner to complete in terms of his SRA commitment and all that but they are all usual stuff. They will come absolutely, it's a matter of weeks and that's it.

**Girish Choudhary:** My second question is on the collection on specifically for the Sky City project while we are seeing very strong pre-sales closed to around 300 crores for the quarter but collection has lacked significantly to the tune of just 130 crores and this is much below the quarterly run rate which we saw in FY19 and '20 could you please explain this on the Sky City project collection?

**Vikas Oberoi:** I think Sameer has asked us this question and we told him that most of our sales are done in December; money's of that come in probably in Jan and Feb. All these are registered sales with very reasonable anywhere between 10 and 25 % already paid the balance 75 to come-in in between Jan and March so no such worry as such.

**Moderator:** The next question is from the line of Sameer Baisiwala from Morgan Stanley.

**Sameer Baisiwala:** I have a question on the other current assets and current liabilities I can see that the other current assets have gone up by 240 crores and current liabilities have come down buy 200 crores. So, basically creating of 400-450 crores of cash deficit, so just your thoughts for this.

**Saumil Daru:** You know when it goes up it basically is a result of these revenue recognition so what we just discussed for example, in Borivali when I sell even though I have not collected the cash as far as the work completion percentages concern and let say for example it is 70% I end up recognizing revenue to the extent of 70% though I have not collected it. Hence it becomes billing in excess of revenues and that's what drives that particular number up. When you see the current liabilities come down it's essentially a matter of recognition, so wherever you have billed out earlier and that amount is lying as unrecognized sale, corresponding to the recognition in this quarter that's where it comes off. So this is essentially the percentage completion at work.

**Sameer Baisiwala:** Vikas just on the rental platform monetization, so is it what largely off the table? Because I thought the moneys that you would have got would have been to acquire new land parcels to do more of these rental assets.

**Vikas Oberoi:** Again nothing has been ruled out, it's just that when you do the math, basically they want us to bring in our existing portfolios and they want to bring in something that we are building going forward and I'll just tell how what they are telling me is that they want to discount the under construction portfolio by almost 15% to today's market value. And why would I want to do that I am very clear that I can build it, I am very clear that I can get money at much lower price so I think there is too much that one ends up leaving in terms of value for them. And I am sure they are getting many desperate deals in the market where is we are not desperate as such and number one, our plan to build doesn't change, what basically they are also saying is that you take this money from us and go and buy more office land. So we cash out and do that if you cash out you end up paying taxes. So again we know it's not very efficient way, we thought that like

Commerz-III, we have to give the possession for fit out to one of a largest tenants next year and then after that one more year we have to give it ready and we are gearing up for that. I mean we said we don't really need anybody today for doing either or and it doesn't even stop us from buying more land and that's where we are you know. So we are very minutely studying all the pros and cons, the tax issues, there are issues with regards to simply the way they want to value that, of course they still make money, it's not that we don't make money. But why would I want any of my projects getting discounted at these values.

**Sameer Baisiwala:**

You made a very interesting comment on the pricing in Mumbai, so it's a two parts to that, one are you actually thinking for your current projects which are ongoing and second is for the new launches, I know you can't share the pricing, but what's a Framework in your mind is it going to be time value adjusted for the comparable completed projects or how should you think about that.

**Vikas Oberoi:**

Totally I just want to tell you that we want to be very attractive for the market that is very-very clear and a pricing will be keeping in mind the current values keeping in mind the fact that the people have to wait for these to get completed. We will also have developer subvention and bank subvention schemes, the way will create some sort of differentiation and I can tell you because it's a great platform for the world to know that as far as Bank subventions go, we might ask the buyers to pay us near 10% and 15%, which is 25% and 75% on possession. If you are coming to developer subvention then you might have to pay 10 more percent. So we will end up collecting 35% from this guy and probably end up keeping the price similar because people don't like paying more money in terms of price but they don't mind paying up more down payments and our rationale here is that one is more Bankable and the other one needs to put that much in the game. And I feel that this sort of collections will make sure that are construction cost is way easily covered with the percentage that we collect from them. So again price, terms, we want to make a massive success out of it, we love doing this and we will really play to the galleries.

**Moderator:**

The next question is from the line of Abhinav Sinha from Jefferies.

**Abhinav Sinha:**

Just one question, we haven't seen much progress on a QOQ basis on percentage completion for both Sky City and the Eternia projects, nearly about 1%. So I thought the work up is battling for its strength, so can you please explain it.

**Saamil Daru:**

So, you know some of the work has been happening around, one is the areas around that thing. The other thing is you know I think there is also a lot to do with the ways things get rounded off. So actually, the work done is in excess of 2% but for the earlier quarter is rounded off higher and for the next quarter rounded off lower or something. So that's the case but again you know with the way we are seeing the ramping up happening on the site I think the next quarter you should actually see the normal things getting restored.



**Moderator:** Thank you very much, ladies and gentlemen, due to the time constraints. That was the last question for today. I now hand the conference call over to Vikas Oberoi for closing comments.

**Vikas Oberoi:** Thank you all for taking time to attend this call. We take back with us a lot of good feedback from these interactions and we will continue to seek your input and help. Our team is always available to interact and speak with you all if you have any further feedback, please feel free to share with us. Thank you once again and have a great day ahead and Happy Republic Day as well, thank you.

**Moderator:** Thank you very much. On behalf of Oberoi Realty that concludes this conference.

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