



“Oberoi Realty Limited Q4 FY-20 & Q1 FY-21 Earnings
Conference Call”

July 15, 2020



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

Moderator: Ladies and gentlemen, good day and welcome to the Oberoi Realty Limited Q4 FY20 and Q1 FY21 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 you 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 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 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 would now like 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: Good morning, good afternoon and good evening to all of you as per the time zone from which you have logged in and welcome to the Conference Call of Q4 FY2020 and Q1 FY2021 Results and Business Update. Thank you for taking time out and attending this call. I hope your family and you are doing well and keeping yourself safe.

Before I begin, I would like to share a few quick update: most of you would have read in the paper that we have just concluded our deal with Morgan Stanley to lease 1.1 million square feet of office space. This is at our upcoming project, Commerz-III. This is the third commercial building in Goregaon. This is also one of India's largest office space transactions and it's a meaningful step towards our annuity asset buildup. With this we also want to let the world know that we want to be a serious office development player and we will now be seriously looking at land and building such projects. With this I will now hand over the call to Mr. Saumil Daru, our Group CFO. He will take you through the numbers, post that both Saumil and I will answer your question when the Q&A begins. Thank you. Over to you Saumil.

Saumil Daru: Thank you Mr. Oberoi. I guess most of you must have seen the presentation on the website and we have also filed our results with the exchanges after the meeting.

In terms of consolidated financials; we achieved consolidated revenue of Rs. 625 crores for the last quarter as against 536 crores for Q3 FY20 and 597 crores for Q4 FY19. The consolidated PBT stood at 350 crores for Q4 FY20 as against 209 crores for Q3 FY20 and 220 crores for Q4 FY19. The consolidated PAT for the same for the last quarter was 250 crores as against 148 crores for Q3 FY20 and 155 crores for Q4 FY19. The consolidated revenue for FY20 stood at 2,285 crores as against 2,661 crores for FY19. The PBT for FY20 was 968 crores as against 1177 crores for FY19 and the PAT numbers were 689 crores for FY20 as against 816 crores for FY19.

For Q1 FY21, the consolidated revenue was at 126 crores which PBT at 39 crores and PAT at 28 crores. Oberoi Mall which is the retail asset contributed about 39 crores to the operating revenue for Q4 FY20 as against 40 crores for Q3 FY20 and 38 crores for Q4 FY19. The operating revenue for the full-year FY20 was 160 crores as against 150 crores for FY19. The EBITDA margins in this vertical stand at about 95%.

Commerz which is the office space asset contributed about 4 crores to the operating revenue for Q4 FY20 as against 6 crores for Q3 FY20 and 10 crores for Q4FY19. The operating revenue for the full year was Rs. 31 crores as against 41 crores in FY19 and the EBITDA margin in this asset is in excess of 85%. For Commerz-II which contributed Rs. 32 crores for Q4 FY20 as against 31 crores for Q3FY20 and 25 crores for Q4FY19. The operating revenue for the full year was 123 crores as against 83 crores for FY19 and the EBITDA margins in this vertical is in excess of 90%.

The Westin Mumbai Garden City contributed 29 crores to the operating revenue for Q4FY20 as against 38 crores for Q3FY20 and 37 crores for Q4FY19. The operating revenue for FY20 full-year was 131 crores as against 137 crores in FY19. The EBITDA margins for this asset continue to be in excess of 30%.

In view of the lockdown enforced during the quarter ended June 30 due to the ongoing COVID19 pandemic the operations of Oberoi Mall and The Westin Mumbai Garden City were severely impacted and however the commercial leasing operations continued as usual.

Moving onto the residential projects; for Esquire, of the total project size of 21.22 lakh square feet we booked a little over 20,000 square feet in this quarter or rather Q4FY20. Till date we have booked about 17.21 lakh square feet which is about 81% of the total available inventory. The total booking value for Q4FY20 was 41 crores as against 59 crores in Q3 FY20 and 97 crores in Q4 FY19. The total revenue recognized for the project in Q4 FY20 is Rs. 26 crores on account of the 100% project completion.

Similar number for Exquisite; we booked about close to 6000 square feet in Q4 FY20, till date we have booked about 14.49 lakh square feet. The total booking value for Q4 FY20 was 13

crores and the total revenue recognized was the same as 13 crores on account of 100% project completion.

For Prisma; again we have booked a little lower 7,800 square feet in Q4 FY20, till date we have booked about 2.59 lakh square feet. The total booking value for Q4 FY20 is 15 crores and the total revenue recognized for this project in Q4 FY20 is again 15 crores on account of 100% project completion.

For Maxima; of the total project of 4.1 lakh square feet we have booked little over 9000 square feet in Q4 FY20, till date we have booked a little lower 22,000 square feet and the total booking value stands at 14 crores for Q4 FY20, cumulative booking value till date is 36 crores. For Mulund totally we booked about close to 36,000 square feet in Q4 FY20 between Eternia and Enigma and till date we have booked about 11.32 lakh square feet, the total booking value is 51 crores in Q4 FY20 and the cumulative booking value in Mulund till date stands at 1653 crores.

For Sky City we booked close to 46,500 square feet in Q4 FY20, till date we have booked about 18.8 lakh square feet. The total booking value for Q4 FY20 was 74 crores as against 100 crores for Q3 FY 20 and 83 crores for Q4 FY19 and till date the gross booking value is 2995 crores. The total revenue recognized for this project in Q4 FY20 was 145 crores and cumulative revenue recognition till date is 2036 crores.

For Three Sixty West in Oasis, the cumulative booking value till it stands at about 2474 crores. Again due to the COVID-19 pandemic the operational activities for June 30 were impacted.—I am not getting into individual asset wise breakup of the bookings—the total area booked in Q1 FY21 was about 12,300 square feet, the booking value of 24 crores and the total revenue recognition in this quarter stood at 57 crores. Coming back to some key financial parameters, our adjusted EBITDA margins for Q4 FY20 was 62% and the PAT margins were at 40% for Q4 FY20. The EBITDA margins in the Mall and Commerz businesses are much higher than average, excluding them the margins for our pure residential business is 59% for Q4 FY20. For Q1 FY21, our adjusted EBITDA stood at 52%, PAT margins were 22% for the Q1 FY21 and EBITDA margins in this quarter Q1 FY21 for the residential business stands at 31%.

With this we would like to hand the floor back to the question and answer session, happy to take more questions. Thank you.

Moderator: Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. We have a first question is from the line of Kunal Lakhan from CLSA.

Kunal Lakhan: So just quickly on the fundraising plan; you have taken the enabling resolution that you do every year but you also mentioned in the opening comment that you are seriously looking at acquiring land. If you can give us some color on what kind of opportunities are you seeing in the market

and how do you plan to capitalize on it and what kind of capital outlay are you looking at especially on the land parcel?

Vikas Oberoi: Yes this is an enabling resolution and we continue to look at opportunities. In fact given COVID they will come fast and thick and we are evaluating. I think it's going to be long until this flow continues and so on, so we are going to wait and watch and see where it really want to resettle and only then they will venture into taking more land parcels or things like that.

Kunal Lakhan: Just a follow up on that; are we still looking at opportunities in and around Mumbai or we instead have those plans of venturing out of Mumbai?

Vikas Oberoi: No, we are looking at land across Mumbai and outside, in the external we have very few geographies. We would like to look at NCR and probably Bangalore, but major focus will be on Mumbai and NCR.

Kunal Lakhan: My second question is on the new article which was there last week on the sale of two units in the Three Sixty West, if you can confirm on that and additionally if you can give us some color on how the interest has been especially post easing of the lockdown, not just Three Sixty West but even other projects.

Vikas Oberoi: The visits to site have been very encouraging. I must say that I did not expect people to be coming out and visiting sites and visiting our experience center. But I was very pleasantly surprised; in Mulund alone probably we would have done more than 200 visits since it opened. We have done some 40 visits in Worli and another 200 probably in Borivali, so the numbers are staggering; people really have come out and looked at it. Of course there have been misleading articles I would say that real estate prices will drop by 20% and this that and the other which obviously is working on the mind of people and some of them want to wait and watch, very few have like gone ahead and concluded it. But to answer your question the response has been amazing. We have to yet see conversions but they have come out and it's been a pleasant surprise.

Kunal Lakhan: And on your comment on the news article last week on those two apartments getting sold in Three Sixty West?

Vikas Oberoi: So, yeah I mean like I said that Three Sixty West is very well received. Obviously the document is registered and the newspaper article is simple reproduction of what they see in the registrar's office and so there is a constant demand and constant sales happening in Worli. We are very happy. We would love for it to increase in terms of pace but yeah, it's got very good clientele, it's got a very good sub-section of society in that building.

Kunal Lakhan: Lastly on our Thane project; just considering the oversupply situation there and the prices having already weakened in the last 6 months, how are we looking at that project in terms of positioning our product and pricing as well and if you can give us some indication on the launch time.

Vikas Oberoi: Firstly let me answer that I don't see there being a scenario where there will be oversupply and that takes me back to my earlier comment that I made that misleading article which say 20% drop in prices. If you see most of the developers, their balance sheets are stretched at current prices. I don't know where will they get this 20% discount from and give it to the buyer that is point one. For that input cost has to come down and I mean government is not really doing anything to bring that input cost down. We are almost paying 35% of our revenue to the government in the form of premiums and so many other heads and we as an industry have made a representation to the government that this is too much and you should really look at it otherwise most people in the industry are dying. So having said that if that part is true and if you feel that not many developers who will survive this pandemic then there is no question of supply or additional supply coming in play. So, I feel we are very comfortably positioned. When we launch Thane we will not really have major competition and I'm not saying that but major competition will literally get decimated or wiped out because of the pandemic. Our land purchase is being very prudent and we will come up with very attractive pricing and very attractive deals and I think for us it will not be an issue at all. In fact, for a few of us the market share is actually going to increase irrespective of the actual market also reducing and I see this happen.

Kunal Lakhan: And the launch timeline?

Vikas Oberoi: So we continue to build our show apartment, we continue to build our experience center and I think we should be ready around Diwali. We are looking at this entire thing, how it's playing out literally by the month and we will just see how this plays out and basis that we will probably take a call. We still haven't given up hopes of Diwali launch or maybe later this year, launch for Thane and we feel that we will have to do many new things. We will probably use a lot of technology and reach out to people in a very different way and market the entire thing in a very-very different way. We were the first ones to pioneer something like on a ready possession we gave—what you call—a subvention scheme where people could pay only 25% and move into the actual apartment. So going forward we have many such ideas. We as a company now have really focused that we are going to solve the customer's problem. Whatever be the customer's problem we are at ORL should be able to solve that problem and make sure that we help him buy that house and that in turn of course gives us business. So that's like really the mindset that we are coming up with and we will come up with many different schemes. It could be financials, it could be structural, many such things which will probably propel us and these 3 months have really got us to think on those lines.

Moderator: We have next question from the line of Puneet Gulati from HSBC.

- Puneet Gulati:** So if you don't mind me asking, I thought you are probably the best managed company, why is it that you are reporting Q4 only now if you can give some color there?
- Vikas Oberoi:** but then on the other hand we are the first ones to even give you Q1 2021, so I think we deserve a pat there as well. Having said that actually look at the lockdown, look at the kind of time we had to take to do these and we actually thought that we will give both these results together. We were ready with Q4 probably two weeks earlier but then we thought that we can bundle it together and finish it off. We have no shame in saying that Q1 has been a washout literally, so we just clubbed it together and put it through.
- Puneet Gulati:** Secondly can you give some color on what's the rental on Morgan Stanley deal is, both kind of fit-out periods are you guaranteeing them.
- Vikas Oberoi:** We are some sort of confidentiality with them. It's a great deal; it's a win-win for both parties. We are able to provide them with the world class campus here and they are able to consolidate all their operations throughout Mumbai and putting under one roof and ability to provide even better facilities and amenities to the people who are working with them and for us we get such a marquee anchor tenant which will propel rest of the developments. It's like really a win-win. It's pretty much in line with what we have done Commerz-II at, so they are not very different from that number.
- Puneet Gulati:** And when does it start flowing into revenue?
- Vikas Oberoi:** We have to finish the project and we have to deliver it to them in 2022 they start their fit-out by 2023 they should be in, and our rentals start from then, March of 2023. So really this is like the biggest silver line in this quarter.
- Puneet Gulati:** Undoubtedly, especially in the sentiments where everybody is talking a work from home, it's an interesting development.
- Vikas Oberoi:** Correct.
- Puneet Gulati:** My last is on the slightly technical thing, in your Q4 you've recorded area booked for Three Sixty West but there are no units booked, how is that flowing in?
- Saumil Daru:** Just some upgrade by some person that's it.
- Moderator:** We have next question from the line of Sameer Baisiwala from Morgan Stanley.
- Sameer Baisiwala:** So Vikas, first question is on demand side. How do you see the recovery playing out I mean you talked about good footfalls but just to get back to 200 to 300 crores for the quarterly pre-sales

rate excluding Three Sixty West, over what time period do you think business can normalize there?

Vikas Oberoi:

Great question. We have been thinking how do we really do that? Firstly real estate is a big ticket purchase and given what has happened to the world and people in their lives, so many people losing their jobs, there being uncertainty around their businesses. Obviously people are a little worried about writing such a big cheque. Having said that the only positive is that in the lockdown people have realized value of a good house, so that has got people really going out and looking for it and they are serious about shopping. So when that happens obviously there is hope. We don't have a structured timeline but we also thought that there are two things that are going to happen, one, we will see thinning down of the offerings which people will have or what they will also want to go to. There will be clear set of developers who will not last this pandemic and there will be this set of developers who will probably come out stronger. People will want to go with people who are strong because this is the biggest cheque of their life that they write so they want to be very sure about who they are dealing with. So at one end we feel that the markets will thin down, they have already. There will be consolidation and basis that we will probably be able to increase our market share. So that is our first thing. Second, we have also already hired experts to look out how do we reach out to our customer, how do we make an Uber or an Amazon out of our product. Today we also feel that earlier when you wanted to buy a house he would go and see 10 projects; today you are going to only see 3. You will decide basis the material that is given to you, probably through VR or through some walk-throughs and stuff like that. So we are hugely investing in upgrading on how you will visualize our project. Our first aim is to become one of the three. Once you put your foot in our project then the project will speak for itself and conversions once people come in is like really high, so we hope that we will be able to capture the market. Multiple things like I said, we will use technology, markets will support itself, there will be some elimination of developers, there will be concentration of these customers. I feel these are the positives we have to keep focusing on them and keep working on them. I wish I could give you a timeline, but I always want people to stay positive, I always tell them that we are just a vaccine away. Once that happens we are all back to normal. There will be pent up demand. All of us want to go back to the restaurants; all of us want to travel. Trust me once that is found you will not get a single room to holiday, you will not get a table to sit in a restaurant because we all are so frustrated. So that's going to really burst out and then again I jog my memory to 2009 when the Lehman crisis happened. People thought the world has ended. In the whole year we were able to sell hardly 18-20 apartments and then in the subsequent years it just bounced back. Luckily our product doesn't have a shelf life, it doesn't deteriorate as such. There is a carrying cost but that's about it. So I just feel that this is the time one needs to sit, focus and build and once you can build that the demand will always come back and we will be able to ride this through. In fact I just want to add one thing though it's not a part of your question but kind of relates to that. What we have done is we've actually gone into individual projects and its numbers. Saumil just told you that we are close to 3000 crores of sales in Borivali with three towers. We have collected a little over (+) 2100 crores. We have to spend

anywhere between 600-700 crores and we have to collect almost 900 crores. Even if I don't do a single apartment sale I can finish Borivali absolutely and deliver it with some moneys in my bank. The same thing goes for Mulund, we are pretty much even-STEVEN on how much I need to spend and how much I need to collect. Worli is fully ready, so Worli is only going to give us cash. In fact let's say we have another 200-250 crores to go in spending and we have to collect over 500 crores, so there is a surplus there also. So if you see all this we have been able to secure our projects for us, safety first and then growth and we are clearly focusing on that and that is not only our DNA but it's also our strategy because going forward people are going to really test you on these and then decide whether should I be booking with this developer or not. So, we are 37 years old as a company and we never defaulted or delayed a possession and we are going to keep that track record going. We are ahead of schedule for all these projects as far as RERA dates go. That's really our strategy and I think we need to do our job well the markets will do its job and probably reward us for what we do.

Sameer Baisiwala:

My second question is what's the supply side situation which is on the ground picture on the site as far as the man and material movement is concerned?

Vikas Oberoi:

We are very pleased to see that labors coming back. What we all don't realize or did not realize then was that these people need jobs. They of course need the life and safety first, so they went back to their villages thinking that this COVID is a rich man's disease, it's come from somewhere abroad and we will get this thing, in our villages everything is safe. Of course it was because it had not reached the villages. They went to the villages, probably some of them carried it, the villagers got it and now they realized that the infrastructure from the city is far better than what was there in the villages. That's one plus they need jobs. They are all coming back. Our staff strength as in the labor strength had come down to 25; it's gone back to 60. It was at 40 then went to 25, now is gone back to 60. We are at 60% capacity and contractors have also become smarter. Earlier we had more people than what we required. Now they are able to streamline things better, make it a little more efficient. So I feel the fact that's going from all the verticals of businesses whether it's production, whether it's management or anywhere. I feel that this will be back and we will not have a problem with labor, material of course is very easily available. There is in fact a problem of plenty again because very few developers are buying material or paying for it. So elevator companies, steel, cement, it's like really and very easily available. There is really no issue on that.

Moderator:

We have next question from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni:

My first question Vikas is since you spoke about this Morgan Stanley deal makes you quite positive about the commercial aspect but if we just look at the retail part of the portfolio and clearly there are two malls that are part of our future plans, Borivali and Worli, is there a change of thought on how we look at those assets now post COVID given the situation of malls, multiplexes etc. or we are going to go ahead with what was originally planned on those two assets?

Vikas Oberoi:

Firstly we have pushed the dates for our Worli commercial building, pushed back date for that. Borivali we continue to go ahead as planned. In fact we have a very large anchor tenant; literally 10% of my mall is taken by INOX. I had a call with Siddharth and I asked him, I said, 'Siddharth you have three options, one is you can cancel, second is you can downsize and the third is you can actually go ahead with what you planned'. He says, 'I am very bullish' and again he believes that we are just a vaccine away, once this happens people are going to come out and they are going to do this. This is the time to build and you get reminded of what people did in '09. A lot of people who are building commercial because of cash flows moved into Resi, so there was a huge shortage of office supply in 2015. I clearly see that's what is going to happen within malls. We yet don't have literally 10%-20% of the retail world and we don't have enough space and good mall. So this is where we are again we believe in the business and yeah maybe we will have a few quarters that are bad but overall going forward I don't see the style or life people changing like I said that once you get the vaccine you are a different human being altogether. So what you are thinking, what I'm thinking today is relevant only in the absence of the vaccine and the whole world can't go like this and we are seeing now, we are keeping track of the medical progress that the world is making. So you have to pivot your business decisions around all that. Already today from a life threatening it become something which is manageable and not many people are dying, statistics say that this is the least lethal of anything that we have seen in the world in terms of numbers and stuff like that. So I just feel that this fear has to play out, it will take its own time. The cure will come, it will take its own time and we will all get back to our regular life with the vengeance and then these assets can't be built. So we are taking a very calculated risk. My mall at Borivali will literally get built out of the cash flows of my Sky City project. The one that we talked about is already fully paid for and done with. Same nervousness is there with retailers also. They don't know how things will pan out but I think you have to be brave and cautious both, so either or cannot do if you are in business. So I think as far as those are concerned we are on the right trajectory.

Pulkit Patni:

My second question would be is there any of our projects where we are looking at making some changes in the product offering so as to make it more today market friendly in case of Mulund since we have spoken in the past that that's not a market where a cash involvement typically tends to be higher. So, post COVID any structural changes or any market positioning changes so that we are able to see faster sales or things go as is right now and when we launch Thane's when we rethink about how we need to position that post COVID?

Vikas Oberoi:

No, not really again so I told you we are going to come up with different products. There will be financial products. We will approach it very differently, we will understand people's problem and we will build a deal solution around it and we will work this through. So we are very confident. Multiple things have happened; one our building will be ready. It's going to be the best building in the eastern suburbs. Then we will bring a financial product such that it will motivate people to buy and like I said that we will increase our reach, we will use technology and we will look at things differently. We will continuously try things and make it happen. So

it's not like we want to sit on how we did is, what we want to continue with. If something is not working we are going to rework it and represent. We did that like I said last year with Esquire. We changed the product, we gave subvention post possession and that really did very-very well and where our run rate was 40 apartments a year, it shot up to 90 and 100 and we were able to do almost a \$100 million plus sales in that year for that product. So if we are able to create something like that we will be able to attract a lot of traction.

Moderator: We have next question from the line of Saurabh Kumar from JP Morgan.

Saurabh Kumar: I had two questions, both on Worli. So first is Saumil after the two apartment sale should Worli now come into revenue recognition next quarter? So that's first and secondly effectively if I look at the company, so beginning with Goregaon and Worli developments you have almost 3000 crores of completed inventory I mean that seems to be your share. What are your thoughts on liquidating or just accelerating the sales because this has completed at some prices in sale? I just want to get your thoughts on how you are thinking about these two specific projects.

Vikas Oberoi: So I will answer your second question first and Saumil can take the first one. I already told you that we are going to look at multiple ways of approaching the customer, selling and we will do both very aggressively and we feel that we will be in a position to do that. In fact let me tell you the fact that we have ready assets, we are unlevered literally, is a huge asset for our company. This is like clear visible cash and one can take that and literally and again you should add by next year we will have Borivali and Mulund. So if you put all this together the number will probably cross 10,000 crores of ready assets with us. Of course we will be selling them but we will be one of the few companies who will have so much inventory which is ready and whereas others would be struggling to either complete their project and all that. I think this will give us a much bigger bite into the customer and that's what I feel will be actually a winning streak. Saumil over to you.

Saumil Daru: As far as Worli is concerned we are also pretty close to getting the occupation certificate over there. So once we get the occupation certificate it genuinely doesn't matter because any which way we will have to do the revenue recognition for everything. So irrespective we would want to look at recognizing revenues now more in Worli on the basis of the occupation certificate rather than the percentage part.

Saurabh Kumar: And when is that OC coming?

Saumil Daru: We expect it shortly.

Vikas Oberoi: In literally a matter of month, 2 or 3 months.

Moderator: We have a next question from the line of Murtuza Arsiwala from Kotak Securities.

Murtuza Arsiwala: On the commercial office on the mall space can you just give us a sense on how much is the CAPEX spent so far and what is the balance CAPEX and is there any shift in timelines for completion based on the months lost? Also if you could give us some color on Oberoi Mall I believe the revenue recognitions not been there in the quarter and where do you think stand on that front?

Vikas Oberoi: As far as the office and the mall go we have started work at two ends, one is the Commerz-III and the other one is our mall in Borivali. Commerz-III is going to be almost 2.1 million square feet of carpet, so the leasable area will go to almost 2.8 million square feet odd. There is an increase there. The remaining mall continues to be as designed and I will let Saumil give you the expenditure bit. Our delivery of Commerz-III will be as I said that we have to deliver in 2023 operational, 2022 for fit-out so that is cast in stone. As far as Borivali is concerned obviously we were not able to work for the last 3 months and so there will be a delay bases that and also maybe going forward like I said that today we are at 60% capacity, so we are able to do about 60% of the work or maybe 75% of the work. So there probably could be addition of a few more months. We are working our way to mitigate that but if let's say your question is that probably might get pushed by 6 months or so today and what was your other question I am sorry I missed that?

Murtuza Arsiwala: On the Oberoi Mall,

Vikas Oberoi: On the Oberoi Mall obviously retailers haven't paid anybody. Some people have come up with a formula where they are doing part rental, part revenue share, some people have come up with waivers. So we are also waiting and watching. For us also relationships are important. We want to make sure that we retain our relationships.

Murtuza Arsiwala: So would that mean that we have not recognized any revenue but that doesn't mean that it's a no revenue quarter and maybe you recognized subsequently or how do we think of it?

Saumil Daru: So answer your question, it's only a deferral of revenue in all fairness. So basically at the moment there is certainty around this that's when you will actually see things coming back.

Murtuza Arsiwala: So probably in the subsequent quarters once you've got clarity you will recognize this quarter also, whatever the number is.

Saumil Daru: Yeah, exactly. So we've only so to say suspended the revenue recognition. We are not saying this is revenue which is never going to come up. As far as the spends are concerned I can at least tell you what the spends are, on Comm III so far it has been close to about 300 crores and on the Borivali mall it has been close to about 150 crores. As far as the construction costs are concerned, this will all range in the region of about Rs. 4000 to 5000 a square feet and once we have a little more idea about where things are going I think we will come back to you with the more formal numbers around all of this. There will also be certain FSI costs which will be incurred in addition to that. So there I will need a little more color myself, so maybe if we can answer that to you

separately once off-line maybe Mayank and I can connect with you and we can have that discussion.

Moderator: We have next question from the line of Swagata Ghosh from Franklin Templeton.

Swagata Ghosh: I want to understand how much of our customers are NRIs generally in the normal quarter and we have heard some other developers that in the June quarter the demand whatever little has been there has been mostly from NRI customers because of the rupee depreciation. So I want to get your comment on what you are seeing in terms of demand in that segment and if there is any way we can also maybe incentivize our demand to those NRI customers?

Vikas Oberoi: I will be very precise because we did this analysis and because we were seeing where our customers come from, what should we do to attract them and all that. So we have exact number, we have 7% of our buyers are nonresident Indians and most of them lease their apartments, so this is where they are. We also have had an increase in enquiries in the early part of this quarter and again I must say that there has been no conversion. There have been only enquiries and we have answered their queries but waiting and watching as to what they will eventually do.

Swagata Ghosh: Second question I have is for the June quarter we have some reported numbers for the sector overall, for the MMR market and also we have a news that developers are offering some discounts, so I just want to understand have we actually underperformed the market because we have not offered any discounts whereas others have and if that's the case will it continue for some time?

Vikas Oberoi: I strongly believe that discounts don't seem to work. It's never worked out. The discounted price becomes the new price and then they will want a discount on that price. I strongly feel that they don't work. We will need to work around the needs and issues of the customer. And like I said that we are coming up with overall in the whole the entire marketing strategy of the company and we brought in some real experts which have not worked in the real estate sector as the peers they are working with us now. So basis that we will come up with the marketing strategy and address it, we don't want to do, this is a knee-jerk reaction of anybody to kind of circumvent lack of sale. It's just to kind of come in and discount the product. But I genuinely feel that it doesn't work. It creates more confusion in the minds of the customer.

Swagata Ghosh: I understand that that is your strategy but if others are reacting in that way and if the crisis situation prolongs then like how far can we actually maintain this strategy that is what I want to understand?

Vikas Oberoi: Let me tell you that other with full price also and if you look at their balance sheets, they are stressed, they are actually literally on their way out, so I genuinely don't know with the discounted price how will they look really and if they are discounting it's like almost saying that you will get high interest rate but you will never get your capital back. It's like that you might

get a cheap deal but you will never get the apartment. I feel that customers are very smart, they will read through that and they will not fall for anything like that, anything that cannot be built at a price cannot be built at all. I don't think these developers will put money out of their pocket and build it. So I feel it's a trap and I'm sure customers also get it, it's not easy unless it's a ready apartment and people are willing, ready to move in and all that. I don't see how these guys will be able to deliver.

Moderator: We have next question from the line of Atul Tiwari from Citigroup.

Atul Tiwari: What will be the current operational cash burned in the Westin Hotel and the Oberoi Mall on a monthly basis?

Vikas Oberoi: I will just tell you, we did this math also and I called my GM and I told him that the given the way things are what do you see, will we have to put in money or will you be able to manage by yourself. So he has promised he said that I will not take a single rupee. Westin was always a hotel that we build and we were always worried that we will probably have to put money to operate but we've never had to, from day one we've never put any money and in fact it goes through even today. You will be surprised that Westin has been able to maintain almost 80% occupancy in the last month because we were able to sell rooms to essential services guys and were able to manage its operational cost. So very-very pleased with the way things are moving at Westin and again on the mall front every cost is a pass through. So we don't see that there will be any cash burn from the company. The least is even if let's say things go into revenue and there's a small quotient of rent it's still is going to be cash flow positive for us and there'll be no cash burn, absolutely no cash burn the way these are structured. And both of them have no debt on them, so there is no additional interest burden on these two projects. So they are clean.

Atul Tiwari: My second one is on the Commerz-I, in fourth quarter and first quarter the occupancy seems to have dipped to about 30% level from 77% in the second quarter of FY20, so can you give some colour on what is happening?

Vikas Oberoi: So we had a large anchor tenant move out because we could not give him space. Major part of that has been leased and we had given 6 month's for fit out. This question was asked in the last quarter also. In coming quarters you will see the rental again come back there at least in case of these additional floors.

Atul Tiwari: So after this how much the occupancy will be about 70%?

Vikas Oberoi: We will come back to our original 70% number.

Moderator: The next question is from the line of Manish Agarwal from JM Financial.

Manish Agarwal: I was just looking at the timeline for Worli mall, Borivali mall, and Worli hotel. Are there any delays?

Vikas Oberoi: So Borivali mall I told you we are probably looking at another 6 months delay. As far as Worli mall is concerned we haven't even started the mall and as far as the Worli hotel is concerned we are trying to rejig the numbers we might reduce the number of rooms in that hotel and probably relook at that asset and get some better use of that asset. So that part is being considered and that's why I don't want to venture into saying anything but we are looking at reconfiguring small component of the hotel there and then we look at the asset the Tower A of our Three Sixty West.

Manish Agarwal: On the Borivali mall has there any talks been regarding leasing momentum—I understand—that anchor tenant is large which you communicated but apart from that?

Vikas Oberoi: No, so the last 3 months one could have not even gone anywhere and obviously retailers are struggling with existing stores that they have. So obviously one cannot expect them to come on the table and start negotiating with us. They are busy negotiating their existing leases both with other mall owners and ours and we are mindful of that. Again like I said that this is being built for the future and we are quite confident that the market will come back once the vaccine is out and we all will I think see better days.

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

Manish Gandhi: My first question is on our two upcoming malls and its design; so with fast changing world even before COVID, so how different or flexible of a design with respect to retail versus entertainment for future of malls like how Wanda has changed transformed in last 5 years or say Westfield Shopping Destination of 2028. Anything I would love to have your thoughts on that?

Vikas Oberoi: So again you're absolutely spot on. In the last 3 months we've looked at how we can upgrade the mall and its experience. Of course again I'm saying that this will all be post COVID, today malls are not merely spaces where people transact. It's an entertainment hub and if you really look at Mumbai where unfortunately we hardly have any public spaces where one can go. So this is where we are like again where we are trying to learn from the world and in fact the same architect who the Westfield of the world and Wanda have used are our architects for this mall so we are very lucky. We are not only getting the best practice we are also getting the next practice. What people are doing these architects actually discuss with us and actually tell us how do we bring in and engage our people for longer. If he's coming to buy something he probably gets in and goes out but I want him to spend 3- 4-5 hours of his time there. So we are looking at multiple ways of engaging with him. Pre COVID it was even the 'we work' kind of space that existed in malls that actually got people do work there. But now of course things are dynamic and changing so we are also learning and building together I would say. These are fantastic examples, great companies to learn from. Luckily like I said that we've already hired the same architects, so we're getting insights on how these companies have planned, are planning for the

future because these guys are doing more malls for them. So we are getting an insight and we are very mindful and a very good question at your end, how to keep ourselves current that's the whole thing. And that goes with everything why only malls. How we approach our customers, how we treat our customers, we have got current with everybody and we will have to come up with ideas that may be more engaging for the customers, more innovative more controls in the hand of the customer. We are looking at new projects will literally have you designed your own house, pick the colour that you like, pick the tile that you like and maybe some internal layout changes and so on and so forth. So literally like a bespoke home directly from the developer. So lot of technology use will come in play and all that so that's what we are doing now.

Manish Gandhi: So my second question is how you're thinking say maybe not changed but say one or two deals you were looking very closely example, a big re-development in a prime location. So how differently you think about those now?

Vikas Oberoi: Well I'm open to everything. Businesses don't change. It's just the way you do your businesses change. Like you said the mall will always be there but what kind of mall and a building will always be there but what kind of building. Deal will always be there what kind of deal are you really looking at? So these things one needs to address because the basic premise of everything is going to remain the same. What Uber did? People still want to go from A to B, you still want a taxi but how you approach it has changed. Am I solving the problem of customer? That's my only question today in my head and if I'm solving his problem he's going to stick to me and that's really everything around my customer. So this is like big drive in our company we've made that into our motto that we're going to solve people's problems and be it ability to buy or whatever that may be we will make sure that we are solving problems.

Manish Gandhi: So what we have all learned in Mumbai and a pain-point for Mumbai is the slums and I had shared one article also with you very historical article about the Paris and Amsterdam how the cities changed after pandemic in 17th century, so do you feel hopeful about in the next 10 years it can radically change which is a win-win for all including Oberoi Realty because very developers are capable of doing all those things or is it too much to expect from the authorities?

Vikas Oberoi: No, you are absolutely spot on. The authorities are very serious and they have taken this upon themselves that they will resolve this. I must tell you in the last 3 months things have gotten so easy, we made an application to MMRDA for connecting the metro station to our project and we got an online approval. Never heard of. So it's beautiful I would say. So the mindset of even the officers are changing. In municipal corporations I have got an approval for additional CC for my Mulund project without going there because we were in a lockdown and in one week's time the file moved through literally one box to the other box electronically on the computer and we got approval. So the department is very serious in doing this. There is a wakeup call. I hope that the seriousness and the momentum continue even after the problem is solved we don't go back to being normal and this abnormal bit is nice, the euphoria I think is great. So we should keep some traits of being in trouble alive even though the trouble is gone it'll actually help.

Moderator: Ladies and Gentlemen due to time constraint that was the last question. I would now like to hand the conference over to Mr. Oberoi for closing comments. Over to you sir.

Vikas Oberoi: So I firstly want to thank everybody for taking their time. I know this is a trying and testing period for everybody. I hope you continue to join our conference and continue to advise us, your questions are very relevant. They literally help us understand and go deeper into the business that we are in and we really value them so thank you again. I wish you all good health and continue to stay safe and stay healthy. Thank you.

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

This transcription of the Earnings Conference Call for Q4FY20 & Q1FY21 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.