



“Oberoi Realty Limited Q4 FY 2021 Earnings
Conference Call”

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REALTY LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Oberoi Realty Limited Q4 FY 2021 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 ‘*’ 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 of the Company 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 cause the actual results, opportunities, and growth potential to differ materially from those suggested by such statements.

Mr. Oberoi, the Chairman and Managing Director of the Company, thank you and over to you, sir!

Vikas Oberoi: Thank you. Good morning. Good afternoon. Good evening to all of you. As per the time zone from which you have logged in, and welcome to the conference call of Q4 FY 2020-2021 results and business updates. Thank you all for taking time out for this call. I hope your family and you are doing well. And keeping yourself safe. These are very testing moments.

Before I begin, I would like to share a couple of updates. In Q4, we commenced booking for the third phase of Oberoi Garden City with the launch of one tower Elysian and also for the sixth tower in our Sky City project, Borivali. Both these projects received overwhelming response and our cumulative sales in this quarter crossed the Rs. 2,000 crores mark as we sold a million square feet across all our projects.

We ended this year with our highest ever sale value in any given year with Rs. 3,400 crores of sales; and with 1.7 million square feet of areas booked.

With this, now I hand over the call to Saumil for details of the numbers. I will be happy to address your individual questions once we begin the Q&A. Thank you.

Saumil Daru:

Thank you, Mr. Oberoi. I guess most of you would have gone through the presentation, which has been uploaded on our website. If not, it is already there right now. We will keep things short and sweet, so that we have enough time for Q&A.

In terms of consolidated financials, we achieved a total consolidated revenue of Rs. 800 crores for this quarter, as against Rs. 837 crores for Q3 FY 2021 and Rs. 625 crores for Q4 FY 2020. The consolidated PBT for this quarter was Rs. 354 crores, as against Rs. 360 crores for Q3 FY 2021, and Rs. 350 crores for Q4 FY 2020. The consolidated PAT stood at Rs. 287 crores for this quarter, as against Rs. 286 crores for Q3 FY 2021, and Rs. 250 crores for Q4 FY 2020.

Moving on to the asset level performances. Beginning with the investment properties. Oberoi Mall, which is the retail asset contributed about Rs. 30 crores to the operating revenue in Q4 FY 2021, as against Rs. 49 crores in Q3 of FY 2021 and Rs. 39 crores for Q4 FY 2020. The EBITDA margin in this vertical is at about 83% this year.

Commerz, which is our office space asset contributed Rs. 6 crores to the operating revenue for Q4 FY 2021 as against about Rs. 6 crores for Q3 FY 2021 and Rs. 4 crores for Q4 FY 2020, the EBITDA margin in this case is in excess of 73% and Commerz II, which contributed about Rs. 29 crores for Q4 of FY 2021, as against Rs. 33 crores for Q3 of FY 2021 and Rs. 32 crores for Q4 FY 2020. The EBITDA margins in this asset is in excess of 91%.

The Westin Mumbai Garden City contributed Rs. 12 crores to the operating revenue for Q4 FY 2021 as against Rs. 11 crores for Q3 FY 2021 and Rs. 29 crores for Q4 FY 2020.

Moving on to the development properties. For Exquisite, we booked about close to 14,700 square feet in Q4 FY 2021, till date we are booked about 15.05 lakh square feet, which is about 97% of the total inventory in that project. The total booking value this quarter was Rs. 35 crores and the total revenue recognized in this project is also Rs. 35 crores on account of 100% project completion.

Similar numbers for Esquire, we booked close to 64,000 square feet in this quarter. Till date, total 19.14 lakh square feet and the total booking value for this quarter was about Rs. 148 crores, as against Rs. 234 crores in Q3FY 2021 and Rs. 41 crores in Q4 FY 2020. The total revenue recognized for the project in this quarter is also Rs. 148 crores on account of 100% project completion.

Moving onto the Third Phase in Goregaon for Elysian, of the total project launched of about 11.75 lakh square feet we booked close to 5.32 lakh square feet and the total booking value stood at about Rs. 991 crores.

For Maxima, of the total project of 4.1 lakh square feet, we have booked close to 44,000 square feet in this quarter and till date, we have booked close to 1.03 lakh square feet, the total booking

value in this quarter is Rs. 66 crores as against Rs. 61 crores in Q3 FY 2021 and Rs. 14 crores in Q4 FY 2020. The cumulative booking value till date is about Rs. 164 crores. The revenue recognized for this project in Q4 FY 2021 is Rs. 59 crores and the cumulative revenue recognition till date is about Rs. 85 crores.

In Mulund, for Eternia we booked close to 45,000 square feet in Q4 FY 2021. Till date, we have booked close to 7.68 lakh square feet. Total booking value in this quarter was Rs. 69 crores as against Rs. 76 crores in Q3 FY 2021 and Rs. 33 crores for Q4 FY 2020. The cumulative booking value till date is about Rs. 1,121 crores and the total revenue recognized in this quarter was Rs. 35 crores and cumulative revenue recognition till date is about Rs. 719 crores.

In Mulund, Enigma, we booked close to 98,000 square feet in this quarter, till date about 6.93 lakh square feet. Total booking value this quarter was Rs. 153 crores as against Rs. 157 crores in the Q3 of FY 2021 and Rs. 18 crores in Q4 FY 2020. Cumulative booking value till date is Rs. 1,036 crores. Total revenue recognized for this project for Q4 FY 2021 is Rs. 68 crores and cumulative revenue recognition till date is about Rs. 624 crores.

Moving on to Sky City, we booked about close to 2.56 lakh square feet in this quarter, till date about 23.48 lakh square feet. Total booking value this quarter was at about Rs. 443 crores, as against Rs. 293 crores for Q3 FY 2021 and Rs. 74 crores for Q4 FY 2020. Till date, the booking value is about Rs. 3,794 crores and the revenue recognition in this project was Rs. 281 crores for this quarter and cumulative till date is at about Rs. 2,649 crores.

For Three Sixty West, Oasis, this quarter we booked one more apartment and till date we have booked 6.6 lakh square feet. The total booking value in this quarter was Rs. 48 crores and total booking value till date stands at about Rs. 2,770 crores.

Coming back to some key financial parameters, our adjusted EBITDA margins for Q4 FY 2021 was at 47%; PAT margins was 35%; the EBITDA margins for Mall and Commerz as usual are higher than average as mentioned before, excluding them our margins for your pure residential business is 46% for this quarter.

With this, I will hand over the floor for questions that you all may have. Thank you so much.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet from HSBC. Please go ahead.

Puneet:

What I want to understand is whether you see this kind of sales momentum continuing into April as well? Obviously, in the current environment is all shut. But do you see that going into April as well?

Vikas Oberoi: So, Puneet, frankly, we are in a lockdown situation again. So, April and May pretty much look like a washout. We had that window when the lockdown opened post September and we saw this entire sales momentum in the last five months.

What is heartening or good to know is that we do not deal in product that is perishable. So, whatever does not get sold today, will get sold later. We have more than covered up for the whole year last year. I had in fact told my team that we will literally have to land our plane with both engines shut as in like we probably not have any sales and not have any fuel coming in.

But we will really need to use the height and glider down. But luckily, for us, we got super tailwind, we not only managed, but managed it beautifully well. I am very hopeful that whenever you see a quarter like what we are seeing this year, between April and June, we will always have a quarter which will do exceptionally well and cover up.

So, to answer your question, April and May look like a washout, because there is lockdown. We are not even allowed to show apartments to anybody. I mean, how much ever one does in technology, people still want to touch and feel the property. So, once the lockdown opens, one will know really how the momentum get set. But I am very hopeful, whenever it opens up, we will obviously see this sort of latent demand coming in and forcefully catch up, like how we did the last year.

Puneet: But first 10 days of April, when it was still open, was there any slowdown because of stamp duty going back or there was...?

Vikas Oberoi: Not really, I mean, again, like in those few days one does end up doing some sales. But you know, we were just getting out of a period where everybody exhausted their energies, buying everything before March, because they all were saving on stamp duty and stuff like that. I mean, we did exceptional numbers.

I mean, the sales that Elysian stands beyond Rs. 1,000 crores. And these are payments where people have made anywhere between 35% and 45% of the payment. So, like, when you see Rs. 1,000 crores - Rs. 1,100 crore sales, you are also seeing, a collection of Rs. 300 - Rs. 400 crores coming from people.

So, to answer your point, we had exhausted ourselves out in March and we were looking at that momentum, obviously, to build-up and first few days of April are always a bit slow. So, that is where we are. But like I said, we do not deal in perishable products, number one. Number two, there are many answers to your question, I feel India is hugely under build. Number three, there are hardly any developers who will probably, be able to stand the test of COVID and the financial mess.

So, there will be few of us who will probably build India, I mean, I am very hopeful. And I am telling my team and gearing up for that sort of mindset, so, we will be building volumes, we will be building a lot. And we feel that we will have a very large share of the market. Just because, we have the ability to give quality, we have the brand name to back it up and we have the knowledge so that is where we are really.

Puneet: Great. Can you also comment a bit upon your three projects, potential Thane launch, what is the status on the Glaxo land project, what is likely to be the final built up between commercial office and mall? And third, whether the progress on Commerz III is on track for March 2022 delivery?

Vikas Oberoi: So, let me begin by talking about Thane. We are currently designing Thane and according to the initial feel of the project, it is probably one of the best we have ever done. We have not done anything like that till today. And it is going to be one of its kind and we are gearing up for a launch somewhere around September - October, we will be fully ready with our show apartment, everything. And so that is one.

On the second bit, which is our Worli project, what we intend to do is we see a huge demand in residential, so we are tempted to do residential, in fact design work for that is also ready or rather getting ready. We may play with a little bit of commercial on the ground floor. We are talking to a very high-end retail player. So, if that happens, we will probably look at doing that. But otherwise, it is an out and out residential project. That is the second.

The third is the work progress, and despite all the challenges it is amazing. I wish we were on a video call; I would have shown you because it is happening right behind my desk. We are on the sixth level gearing up for the 2022 finish. And with no surprises being thrown at us, the overall date, at least internal target is to meet that date.

Puneet: Okay. And rent will start from April 2023 onwards?

Vikas Oberoi: Correct.

Puneet: So, Worli, how do you see this, would not it be conflicting with your existing product, which you still have to spend quite a bit...

Vikas Oberoi: Not really. In fact, I want to just tell you all, that even another project, society has appointed us as their developers. This is the Shivshahi Society, which other developer was doing. Saumil will have to help me with the name, HBS. So, we will have three projects in that very close vicinity. We have HBS, in fact, the society has appointed us, there is nothing to do with HBS. We have our own GSK project, and we have Three Sixty West. It is one of the best areas, we are putting a Ritz Carlton there, the Residential product has turned out to be really well. So, I do not see that as a problem.

- Puneet:** Sure. Got it. And can you also give some number on what did the construction spend for FY 2021?
- Vikas Oberoi:** That you will have to talk to Saumil, I am very bad with numbers. Because he is good with numbers. I am bad with numbers. Take that offline.
- Saumil Daru:** Yes, I can discuss it with you offline. We will just ask the team to do the total computation. If I get it before the call is over, I will let you know on the call itself.
- Puneet:** My last question is on the enabling resolution, which you guys are intending to pass on for raising equity. Any thoughts on what is the intent?
- Vikas Oberoi:** Not really. You have just said it, it is only an enabling resolution. We just want to be ready. It is not only gunpowder, it is gunpowder loaded as and when we required to fire, we will fire. But right now, we do not see a trigger, so it is okay.
- Moderator:** Thank you. The next question is from line of Kunal Lakhan from CLSA. Please go ahead.
- Kunal Lakhan:** Just quickly on sustaining sales right now I am barring the new launches, I think sustaining status are also very strong this quarter in the ongoing projects. Particularly in Mulund, Esquire and Exquisite, so should we expect like we will continue to clock Rs. 200 crores per quarter at Esquire going ahead?
- Vikas Oberoi:** You know, we want to do much more than that. And I will tell you something that the Mulund project has eventually started coming to its own. You can see the difference between the product and the quality that we have built. We now have multiple floors that finishing is complete, we started taking our buyers, existing buyers to see what the apartment looks like from inside. Even new purchases are coming.
- So, everybody who was on a borderline, wanting to buy our product but waiting, has now realized that this is a different product. And I feel that we will do something very similar that we did in any of our project, be it Borivali or in Goregaon, by sheer of quality and the design, that we are able to create, being able to drive sales, I think Mulund's time has come. This entire financial year, Mulund will be the one that will like lead the pack or at least I mean we will be at par.
- Actually, if you see, between Borivali and Mulund, if I remove the F-Tower, both have done pretty similar numbers. So, it is very heartening to see that Mulund has come into its own and it is so much more ready today. So, very excited about Mulund and thank you for that question. I think, we will be able to, like I said that, we are not dealing in a perishable product. Whenever it opens, it is bound to catch up and do well.

So, I am not looking at a quarter-on-quarter because last year was the way it was, we are looking more like an annual target. And we know that whenever the markets open up, we will be able to do that.

Kunal Lakhan:

Sure. Thanks, Vikas. Just want to continue on the same question. So, the product configuration at Mulund is pretty premium to the market per se. Are we thinking about the same lines for Thane also like we had earlier plans of making little more aspirational over there. But how are we thinking of in terms of product configuration for Thane now?

Vikas Oberoi:

Firstly, I have realized one thing, so 95% of people who buy home from us are not first-time buyers. They are second time buyers, and they are all looking at an upgrade. So, very frankly, all my apartments are aspirational. So, they aspire to be in a better place from where they are. And then these are people who are willing to pay me my price. And then I am not even competing with the rest of the world.

So, obviously, our product configuration is going to be way different, it is not going to be the typical market configuration, everyone is doing a particular product, I do not want to do that. You would not believe that we have got maximum revenue from Enigma, which is a product, where we have four bedroom and three bedroom, which are much larger than Eternia, which are smaller three bedroom and a smaller four bedroom.

So, literally, the larger four-bedroom sales have been 2.5x of what the other one was. If you see Borivali also, the larger configurations are doing much better and all that. In fact, in Elysian, you will be surprised that we are a minimum 20% higher on area configuration from Esquire and done exceptionally well. I do not have a single four-bedroom hall to sell up to a particular floor in that building.

And internally we were fighting, should we do four bed, should we not do four bed? Should we do this larger four bedroom and not do that larger four bedroom? But it seems to be lapped up by the market and it has been really amazing. So, we will continue to follow that.

Kunal Lakhan:

So, one can expect like a three-to-four-bedroom kind of configuration in Thane as well?

Vikas Oberoi:

I do not want to say anything and kill the surprise. I want to ensure that everyone is interested, and it will be something very unique. We are really working very hard on the plan and it will come out to be something really amazing.

Kunal Lakhan:

Sure, sure. And my second question was on leasing side. Any update on new leasing at Commerz III and if you can give us some just a brief on like how much total areas will be so far? And also, are the part of that question is that the current momentum in office leasing remains kind of subdued with physical occupancy is being so low. Does that worry you because we are expecting completion next year this time around?

Vikas Oberoi: No, not really. I just want to clarify, thanks for asking me that again, so that I can actually answer Puneet's question as well. We are positioning ourselves to complete the project in 2023. We have to give Morgan Stanley entry in 2022 for them to do their interiors. So, they need a particular level of finish, which is what we are trying to achieve.

The work above and around will continue, and we intend to finish it by 2023. So, we are two years away from that and I really hope that we all will be seeing the end of this pandemic, by then, not just because I want to lease my buildings. But we all are tired. And we all are praying that we have this behind us, you know normalcy comes back.

In fact, one of my Board members very interestingly said that this is not the new normal, this is the new abnormal. So, it is like, even beyond the normal, abnormal, and it has not been factored for and all. So, I feel that in two years' time, the world will settle. Hopefully, that continues also but apart from U. S., all are coming back to normal lifestyle, we also hopefully will be within the next 1 year - 1.5 years - 2 years. And then, things will be back.

Kunal Lakhan: Great. And if you can share the data point on how much the area is yet to be leased?

Vikas Oberoi: So, barring Morgan Stanley we have not leased anything else, we have not lost tenants anywhere else, either. We did a few small additions in Commerz I, which was left by somebody, now occupied by somebody. So, barring that there is nothing, there is no major shift, since the last quarter as such. I would say it is pretty consistent.

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

Parikshit Kandpal: So, my first question is that now we are topping out in terms of sales for the year we did Rs. 3,400 crores of sales. So, if I see your projects, they are reaching their potential in terms of developable area left, be it is OGC or Borivali or Mulund, though the growth will come from Thane. But this question was more from the business development side. So, you said, you want to gain market share, you are good at your brand is strong. So, how do you gain market share from here on? And if you can touch upon the business development side what kind of opportunities you are looking at? Because traditionally we have been doing in large township projects. So, do you see those kind of opportunities there or we will now spread ourselves in the smaller project. And also, if you can touch upon geographies we are looking? Thank you.

Vikas Oberoi: Thanks for asking this question because part of your question is very important. One is that we have never shied away from taking smaller projects. It is just that we by default ended up getting large projects and we have enjoyed working on them. We are always open to doing smaller projects, it could be 3 -4 lakh square feet - 5 lakh square feet, we are pretty okay doing that. So, that is one.

Two, I still have at least 50 plus lakh square feet over residential area to be built in Goregaon and 50 lakh square feet is Rs. 12,000 to Rs. 15,000 crores of revenue here. We have three more towers in Borivali to be built. Even if you see the development cycle of some of these projects, at least Mulund will be done by next year. Borivali will be done in another two years. And we are very open and constantly buying.

So, I know that I have personally always been under pressure from the market to buy. So, after Borivali what? Okay, so after Borivali Thane happened. After Thane what? This is the only business we are in unlike many of my other competitors. And this is what we know best. So, we will continue to buy land, we are very, very, consistently and constantly looking at buying new land parcels.

This is the best time I would say, because most of the developer coffers are empty. And we are doing well. They also have their brand erosion happening. So, obviously, they know they cannot even sell. This is the best time for us to go out and look for land. There are very few options for the landowner. And we will look like one of those who will raise their hand when it comes to.

Parikshit Kandpal:

And in terms of geography besides MMR earlier we had plans about NCR so any thought there now just most of your competitors are now looking at new geographies and even new JDA, so there I think a lot of people are chasing JDA also, if we can get some sense on that?

Vikas Oberoi:

So, personally, I am really not a big fan of JDA I prefer buying out. But I understand, how JDA's function. We will give it our own twist and make sure that there is clarity between landowner and us. Wherein, there is very little accounting that takes place. So, we give them a x amount of area and get done with it. So, that is literally our land cost.

So, there again, I want to say that we have re-aligned ourselves to being open to doing JDA's. But in a different way, where there is no conflict and complete clarity. We are open to it. We are open to buying new land. And we are very aggressively looking. In fact, I want to tell the people that we are building expertise. Within our business development, I have hired new people and I am hiring more people to make sure that we do this redevelopment business as aggressively as we do fresh land.

So, one team, their KRA will depend on how they pursue redevelopment projects. So, we will be doing a lot of these redevelopment, they could be JDA's, or they could be redevelopment of societies, larger societies and so on and so forth. So, we are very open about it.

Parikshit Kandpal:

Just last thing on the 360, last time I think, I asked this question, you said that the fourth quarter, there will be some positive surprise there. But despite doing so well at Three Sixty, so that project has really not done phenomenal sales this year, as a whole. So, your thought process about how things are actually here.

Vikas Oberoi: We want to get occupation certificate, which we will do now. We want to cross the threshold of 25% sales, also at such a time then we plan our tax flows also within this financial year. There are multiple reasons why we are where we are today. And going forward, like we are hoping to get OC and then once you get OC obviously you have to pay taxes. And then the thing is momentum will also take place. So, we are trying to align all these three things together.

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

Abhinav Sinha: So, firstly on Elysian itself. Now, we have seen a strong sell through. And how would you pace the remainder of the project now in terms of new launches and also, what would be the product positioning here?

Vikas Oberoi: Abhinav, very frankly we obviously were hoping for something amazing. But did not expect it to be this great. So, internally, our target was literally, 25% or 30% of what we actually got. And we were so pleasantly surprised that with COVID and with all this also, people were queuing up and it did not really look like that there was COVID. So, very heartening, I would say.

And we came up with very attractive pricing. We have really upped the product. I do not know, how many of you know, we introduced a zoom meeting room in the apartment. So, literally people can be doing their zoom meetings out of this small little area we had carved out in the planning. So, that kind of really hit the chord.

We have four other towers to be built in the same vicinity. And we will keep rolling out. In fact, this one project will give us enough cash flows to build all the four at least the superstructure. So, one, we are cash flow positive by that much of a mile literally. So, the work for all towers is on. The work for the towers will continue. In fact, can I tell you it is funny that I do not have a single four-bedroom apartment to sell.

And I already have a list of people who want four bedrooms, they want four-bedroom apartments, so we are waiting, and we will launch, maybe in one of those festive seasons. Surely this financial year, we will launch one more building. It could be maybe you know close to September, October, November that sort of a time, when other things will also settle.

And we have realized the good part is Borivali has nothing to do with Goregaon. Thane has got nothing to do with Borivali. And Mulund has nothing to do with Thane. So, the good part is that I can literally do a launch for all four sites at one go, on one day and I will still see the same momentum because they are different micro markets.

And this is not by default, this has really been our strategy also, that we will be in multiple micro markets. So, they are not competing with each other. And so that is why we are very confident that whenever we start, we will be able to pull that.

Abhinav Sinha: Sure, good to know that. And secondly, on the various projects, the pricing was also a bit higher, this quarter by about 3% to 5%. So, have you taken some prices there or it is more of a mixing?

Vikas Oberoi: Sorry. Sorry, sorry, come again. I am sorry, I did not get your last part.

Abhinav Sinha: On most of the projects, the pricing or the realization that you got was higher by about 2% to 5%, on a Q-o-Q basis. So, you took some price hikes there?

Vikas Oberoi: Okay. No. So, we did not do any price hike. In fact, what we really want to tell everybody is that all these sales were achieved, without dropping a single rupee. We have not reduced the price. These are higher floors that obviously fetch you a higher per square foot rate. And that is why the average looks higher. So, we firstly do not want to take any credit that we increase the price. But the other part is that we did not even reduce, because I saw a lot of my competitors, literally discounting and selling, we did not have to get down doing that. We were able to achieve the sales without reducing prices.

Abhinav Sinha: Okay. And lastly, if you can comment on how the construction phase or the worker availabilities right now because of the second wave?

Vikas Oberoi: So, we have had a mixed bag, I would say. We had 1,700 people in Borivali that unfortunately, came down to 400 - 500 because a lot of people decided to leave. As far as Goregaon is concerned, we had a decent number, staying put here, who did not leave us. So, it is a mixed bag really, lucky or unlucky I would say.

There is nothing fortunate about COVID. But labor realize that their best bet to get medical attention is in Mumbai. If they are here, they will still get a hospital bed, down in the village and all they do not have that facility. So, unlike the last year, you did not see a lot of people really leave as such, so that part was good. But yes, like I said that, it has been a mixed bag, really.

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

Sameer: And Vikas, the big story about Oberoi also was about rental scale up from Rs. 300 crores going to Rs. 1,500 crores and all the offices and the malls come to completion. So, how is this prospect looking like and especially in view of you thinking of converting Glaxo Worli into residential? So, just your thoughts on this.

Vikas Oberoi: The Borivali Mall is being built as planned. So, that part is happening. The Morgan Stanley commercial building is continuing as planned. The only change really is the Worli project. If I give you numbers, really even the back of the envelope numbers, I am looking as if I do residential I can do a sale of about Rs. 8,000 crores and more, whereas my costs will be about Rs. 2,000 crores. So, I can make a surplus of almost Rs. 6000 crores, I mean, I can give you, numbers later.

I am just saying these are back of the envelope numbers. Very compelling reasons, if I can do a PBT of Rs. 6,000 crores on one single project in Worli, should I be doing commercial? So, again, I mean, value accretion to the company will be far higher when we do residential and we decide to do residential.

So, really the toss up is between the two and given the pandemic, given the slowdown in office uptake and given probably I would say not even the slowdown, the opaqueness in which this will play out and at the same time, residential is really bouncing for us. We just thought that maybe it is not a bad idea to do that. And that is where we are.

Sameer: Okay. And if I am not wrong, the society that you mentioned is just across the road HBS.

Vikas Oberoi: Yes, correct. Correct.

Sameer: And it is under construction project. So, what is the status? Have you taken over that project?

Vikas Oberoi: I will tell you the society, the only thing that is under construction is the society building. Nothing on the free sale component was made or is built. The society has terminated the earlier developer's agreement and has appointed as developer. And so, the stage is like, as I tell you, and so the appointment is done, we got 100% of the members appointing as a developer. Now, we will obviously move in and start building.

Sameer: And what is the economic arrangement for you?

Vikas Oberoi: So, there is no economic arrangement? I mean, we are developing the rehab component for the existing society. We have to pay them rent and we have to pay them some corpus. It is a decent deal, I would say, it is a decent deal. It is a good deal. And we also get to control the micro market that was also the idea.

Sameer: And your take home is the entire commercial portion of that?

Vikas Oberoi: Residential portion, the entire Residential. So, there is a rehab component for the people. There is a rehab component for the existing guys and there is a free sale component for us.

Sameer: So, how big is the free sale component?

Vikas Oberoi: If everything goes well, we are looking at close to about 800,000 square feet carpet.

Sameer: All right. Awesome. Okay, that's great.

Vikas Oberoi: And it quietly happened. Again, like, I want to tell you this is all because of the brand name and the kind of trust the society had on us. And the way we went about it and stuff like that.

Sameer: Okay, great. And I would presume both this project and GSK Worli would be running in parallel, almost overlapping three years - four years off.

Vikas Oberoi: Yes, pretty much. So, we will have to make a product differentiator and stuff like that. And all that we will do.

Sameer: Okay, one final question with your permission. So, Elysian, I think, very impressive. I was just going through my notes, if I am not wrong, I think what you did in one quarter, half a million square feet something that for Esquire you took three quarters to do that when you launch in 2011. So, a great job done. And in the brochure of that, I think there are four towers, four more towers that it is reflecting.

Vikas Oberoi: Correct.

Sameer: They are behind the Commerz I, Commerz II and Commerz III. So, all of these five put together is 5 million square feet is that what you are saying?

Vikas Oberoi: Correct. So, I just want to give you a little justification, Esquire was launched and prior to Esquire I had nearly given Exquisite and Woods. But after having built Esquire, I mean, when we launched Elysian, we had already delivered Esquire, we had Exquisite, we had Woods, these developments.

Now, Elysian is working on not just brand Oberoi Realty but also on Goregaon as a suburb is now woken up literally. Today, people are very happy to live here and COVID also showed them that this contained environment, the way we had created the development. So, everybody, we have got so many people complimenting us and which is so heartening, telling us that when we look out, we do not feel claustrophobic.

We feel so good when we come down and we walk in the lockdown and all. So, when they use the common facilities and stuff like that, it is all words that goes out and that kind of has helped Elysian a lot. And I feel, the rest of the apartments also will get the benefit of all the development once has been done and happy customers living here and all that probably will play out for us. And we are hoping for that.

Sameer: Vikas, it has been awesome journey. I remember Woods used to be like 1,400 square feet per unit. So, now from there to 3,500 square feet is one way up journey.

Vikas Oberoi: In fact, the Woods was 1,295 and 880 carpet and all that. So, from there to 2,500 carpet, so literally 3x and now you would not believe that I have customers who were originally in Woods, then move to Exquisite then move to Esquire and now have bought Elysian. So, they are literally within that ecosystem, they are growing, they have made money and they are very happy to

upgrade within the same complex, and stuff like that. And they are able to sell their old apartment.

So, technically, if you see, the price difference between Woods, and Elysian is not there, you can sell your 1,200 square feet, you invest on another 1,200 additional area, and you can buy 2,400 square feet. So, they have not depleted off their value also. On a per square foot carpet rate, they are pretty much the same.

So, you are only paying for the additional area and there is always somebody who wants to buy 1,200. So, that supply is continuing within the old apartments. And the new ones are the ones which are with additional area. So, Exquisite was 1,000 square feet - 1,100 square feet carpet. Esquire was 1,400 carpet. And now Elysian, three bedroom is 1,800 carpet. So, there are buyers for 1,480 carpet, there are buyers for 1,100 carpet and these guys are buying 1,800 carpets. So, I am also understanding the psyche of the buyers and what drives them and all that. What comes out is brilliant.

Moderator: Thank you. The next question is from line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: So, Mr. Oberoi, on Three Sixty West, if I understood you correctly, did you defer your sales intentionally so that you do not pay taxes in FY 2021?

Vikas Oberoi: Very difficult question, can you ask something else, please?

Swagato Ghosh: I think it is slightly important because all other projects were like all other projects benefited from the stamp duty cut your Three Sixty West did not. While it should have been a big beneficiary because of the overall numbers that we have seen some luxury projects. I have seen real up ticks in the march quarter.

Swagato Ghosh: No, what we can simply say is that we have left it for this financial year rather than running for the last financial year, if let us say one were to put it that way. So, we did nothing planned, nothing, it just played out that way I would put it. It just played out that way, we have not planned anything of that sort.

Swagato Ghosh: Okay, okay. Then probably that is the question that...

Vikas Oberoi: One will not defer a sale just because they were deferred taxes that is why I was...

Swagato Ghosh: Yes, absolutely. Then I am curious to understand why only one unit was sold. Like when like it actually fell the up sales momentum.

Vikas Oberoi: Maybe I am not reading too much into it. We are okay, we will sell the rest of it now.

- Swagato Ghosh:** Okay. and on the HBS, Shivshahi thing. See, I want to understand the economics better in terms of you would be having some upfront investment in terms of the corpus given and the costs incurred for that rehab part. How does it compare to own land project like the upfront investment, the margins, etc.?
- Vikas Oberoi:** They both are pretty similar. See, most people who do redevelopment think that the land is coming to them for free. But they forget that they have approval costs, they have rentals to pay, they have corpus to pay, they have construction cost of the redevelopment or rehab portion to pay. When you put all these together, they are either the same as buying new land.
- But you get a deferment to pay that kind of money, or they are slightly cheaper because you are putting in all this effort. So, I would put it this way, the economics of any redevelopment are not very drastically different. They are pretty much, or I would say they are as expensive as you are buying regular free sale land. Like I said, you just get a bit of deferment. And in this case, the location is great. So, it made sense for us to pick this up.
- Swagato Ghosh:** Okay. And so, going forward, if this works out well, will we do more of this? Or is it too much hassle.
- Vikas Oberoi:** No, no. In fact, I told you that I am already hiring people to do specific redevelopment projects, as their KRA. So, we will have a separate team that will be chasing regular land parcels. And we will have a separate team that will chase redevelopment projects. So, we want to do more of this.
- Swagato Ghosh:** Okay. And quickly, one last thing, the OC for Three Sixty West, when is it expected exactly?
- Vikas Oberoi:** We have had a lockdown for the last 45 days and people are not even coming. Otherwise, we are still hoping that one can get it within a month or so. So, the day things open up, we are literally 30-days away, we have small work to be done at site. And then, inspections and we're home with that.
- Moderator:** Thank you. The next question is from line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adhidev Chattopadhyay:** My first question is on the Oberoi Mall. So, I think we believe that we had an agreement to wave off 50% of rental for this financial year. And we have clocked around I think 72% of the FY 2020 rentals. So, could you just explain how it has been calculated? And in April - May with the lockdown, where do you see the rental waivers going for this year?
- Vikas Oberoi:** I will let Saumil answer the first question. On the second question, it is like looking into a crystal gaze, I cannot tell you how this entire year will go. If let us say the lockdown opens on first of June, then we are back in business. And we will see how this plays out. But if there is going to

be a start, stop, start stop, then obviously, we all have to sit together, we are all in it together. And we will work this too. So, Saumil, I will let you answer the first question please.

Saumil Daru: So, very simple. As far as the books of accounts are concerned, if you look at our disclosure on accounting policies also, as far as lease rentals are concerned, there is an aspect of straight line. So, you are very correct that usually it should have been at about 50%. But what happens is for the purposes of books, you take into account the entire lock-in period of the lease and you are straight lining your revenue recognition on the basis of that lock-in period. So, that is where you are seeing that a little bit of an anomaly come through. But the cash collections would have been where you are stating, but this is how it is as far as the lease rentals are concerned.

Adhidev Chattopadhyay: So, just to clarify on that. So, the operating revenue is broadly the rent which has been collected from the retailers, is it that way or it is some percentage?

Saumil Daru: Correct.

Adhidev Chattopadhyay: Okay. And just a follow-up on is Borivali Mall. So, are we on track for Diwali launch next year like any timeline on that?

Vikas Oberoi: Again, it is all dependent on how we are able to get workers. But yes, we are likely to finish our superstructure within this year itself. And next year is when we will have all our retailers start doing their fit out. And if everything goes well, we are looking at next year Diwali launch.

Adhidev Chattopadhyay: Okay. And a final question is on the Commerz I and also about Commerz II. So, when do we expect some leasing traction, especially in Commerz I over there considering the current environment?

Vikas Oberoi: It is very heartening and surprising; I would say that we continue to get people who want to have office space. We leased I think a floor to Reliance, just two or three months ago. So, like I told you that there has been uptake of office space within the little space that we have. But once things get normal, I mean, right now everyone is working-from-home, it is hardly anybody's priority.

But once this opens, I mean, there is no other alternate, right? And the good part is even commercial buildings take forever to build. So, even let us say, when the markets are back, the supply would not be back with that same force, number one. Number two, we also are hoping that per square foot consumption of space per person will go up because of these new norms, new issues that one will come within all.

So, I guess, these are all positive for the commercial office market. And everyone who is in the commercial office market will eventually benefit out of that. It is like a bit of a waiting game today, but eventually will play out.

Moderator: Thank you very much. Ladies and Gentlemen, that will be the last question for today. I will now hand the conference order Mr. Oberoi for closing comments.

Vikas Oberoi: Thank you all for taking time for this call. We take your feedback very, very seriously. We love these interactions, and we would love to continue to engage with you. Our team is always available to interact with you and speak with you. And if there are any further questions or any feedback, one hour is not enough I know. So, please feel free to connect with us via e-mail or phone call. We are all available for you. Thank you again. Keep yourself safe, both from COVID and the cyclone for a day or two at least. And good luck. Thank you, guys.

Moderator: Thank you very much. On behalf of Oberoi Realty Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.

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