



# “Oberoi Realty Limited Q4 FY-22 Earnings Conference Call”

**May 30, 2022**



**MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN & MD, OBEROI REALTY LIMITED  
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**Moderator:** Ladies and gentlemen, good day and welcome to the Oberoi Realty Q4 FY22 Earnings Conference Call. We have Mr. Vikas 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 30 minutes and for the duration of this conference call, all participant lines will be in the listen-only mode and this conference call is being recorded and 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 the operator by pressing '\*' 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 prospect. The forward-looking statements are based on expectations and projections and may involve a number of risks and uncertainties and other factors that could be cause actual results, opportunities and growth potential to differ materially from those suggested by such statements.

I now hand-over the conference to Mr. Vikas 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 fourth quarter financial year 2022 results and business updates. Thank you all for taking time to attend this call. I hope your family and you are doing well and keeping yourself safe.

Before we begin, I would like to share a few quick updates. We closed FY 2022 with our best ever bottom line and the PAT of the company crossing Rs.1000 crore mark for the first time. This gives us immense confidence to continue to grow and deliver value to all our stakeholders.

On the business development side, I'm very happy to let you know that in the last quarter we've closed two land acquisitions. One is a land parcel at Peddar Road and the other one is a land parcel at Kolshet Road, Thane. The Peddar Road property has a potential of 75,000 square feet carpet, say about 1,25,000 square feet saleable. The Kolshet Road property could give us another 2.5 million square feet. I'm sure most of you have gone through the numbers in the presentation. As you would have seen all the projects have contributed to driving the top line. With this I will open the floor to questions and answer and happy to address each of you individually.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Pritesh Sheth from Motilal Oswal.

- Pritesh Sheth:** Congrats on the new deal signings. My first question is on when are we looking to launch those projects, are they very near to the launch or are we still yet to build in the design and development part of it?
- Vikas Oberoi:** We obviously just acquired the property and we've immediately got onto designing. Whatever it takes in terms of getting our approvals in place, we will then quickly go out there and launch these projects. From our past experience, we feel that it could safely happen within now, the new financial year for sure, whether it's the third quarter or the fourth quarter something one needs to see, but it's certainly within this year.
- Pritesh Sheth:** Can you provide an update on the first Thane project that you acquired in terms of launch how far we are?
- Vikas Oberoi:** Again, we are waiting for final approvals, as you know that RERA does not allow you to start marketing the project until you have all the permissions in hand. We do have an approval but you need environment clearance even that is like literally happening as we speak. Once we have that in our hand, we would probably roll that out too...that looks more like in the second quarter of this financial year '22-23.
- Pritesh Sheth:** Sure. Lastly on Mulund projects, we are still seeing the construction progress at 70% on an average for both these projects and I think the delivery timeline is scheduled at December '22. Are we on time to deliver that? I mean 30% of construction, will we complete that within the next couple of quarters or we are going to see some delay in terms of possession?
- Vikas Oberoi:** No, delay at all. We are absolutely pushing to complete it within the given timelines.
- Moderator:** We will move on to the next question that is from the line of Dhruvesh Sanghvi from Prospero Tree.
- Dhruvesh Sanghvi:** I just want to know first question is related to the Three Sixty West project, I mean we have been talking about the OC. If you can guide us in terms of where exactly are we stuck. I understand that there may be a lot of buyers looking to go for the post GST era because that project is almost complete. So some thoughts on that will really help thinking where is it going?
- Vikas Oberoi:** So, we are very certain it should happen within this month and we ourselves are waiting. You know this is a fully built, fully paid-up project and really looking forward to now getting down to selling it.
- Dhruvesh Sanghvi:** In terms of Thane when you say the environmental clearances but is it—I mean I know that you are more excited and naturally the entire organization is working towards that and we are waiting for it but—does it look that this Q2 '23 looks like a really strong timeline that we will be able to mostly manage and go for it, considering no pandemic and no such things of course?

**Vikas Oberoi:** Obviously, firstly we are ready with our show apartment, almost getting ready with our show apartment. We should have our approvals in hand within the next maybe a month or a month and a half and then we'll be ready to roll. So, second quarter of this financial year looks absolutely achievable. Now the idea is how you want to time it, again like what's the real period in which you want to launch and stuff like that. That probably will be the only consideration barring that we will be ready in the next 60 days to roll.

**Dhruvesh Sanghvi:** Can I squeeze in one more please?

**Vikas Oberoi:** Yes, sure please.

**Dhruvesh Sanghvi:** In terms of similarly the kind of run rate that we are having including Mulund, Borivali and Goregaon is just fantastic. It looks very clearly that in no time you may launch another individual tower at Borivali and Goregaon considering very-very less inventory available now. In that light how are the customers responding when they hear the RERA timelines to be 2027 for new towers like F and maybe anything else? And even when we check on the ground side about the A, B, C, D, there is a slight delay because of the COVID and all of it due to the construction activity getting affected. When will we see possessions coming in a big way for example Mulund is scheduled? I am assuming Sky City A, B, C, D. So, some lines on possession and along with the Oberoi Mall at Borivali because that will add to the charm and maybe help us on the pricing side also.

**Vikas Oberoi:** No absolutely. I appreciate your study on our project. In fact, we top up with our mall this month itself. We are done with the mall, then internal finishing. Our internal target is to make sure that we have our mall operational by next year. We are also doing a 5-Star hotel on top of the mall. So, you're absolutely right. It's almost like a mini-Oberoi Garden City in Borivali, it's 25 acres, five towers have topped up, finishing going on and the clubhouse work is happening. So really, I mean as a product I shouldn't be tom-tomming about my own product, but I want to use this forum to say that probably there's nothing parallel to what we build. We ourselves are very happy and excited about what we've done. As far as timelines go, we always try to beat expectations of people. Had it not been for COVID we would have done that even within the existing five towers but RERA timelines are more of a safety net for us. We obviously try and do them faster. We have set these dates and people with God's grace have so much trust in the brand which we want to retain at all costs. We don't see any resistance in people wanting to buy flats irrespective. I just want to add because you did say about Goregaon, today we almost don't have a single flat to sell in Goregaon. The next inventory for Goregaon will be delivered only once Elysian is ready. You can imagine what it will do to the pricing in Goregaon, and it will completely go through the roof because as a location it's so well established, everybody wants to stay here and they love the way it's being build. And I can clearly see the way it's gone; we literally don't have anything to sell anymore.

**Dhruvesh Sanghvi:** Just to add on I mean that's the feedback there also but prices are already 10% to 15% higher than what you're selling the last apartment pending.

**Vikas Oberoi:** Yes absolutely. In fact, I was personally very surprised to see pricing at beyond Rs. 40,000 per square foot on carpet also in resale and I was jokingly telling my people that our customers do a better job selling at higher prices than we do. So yes, you're right. I mean and I'm happy for them and I'm happy that we have enough to sell also but unfortunately it will only get ready and build once it's done. But our work has picked up, Elysian A is today beyond 13-14 floors. It's picked up well I think there also we will top up our construction in the next 18 months and then we start finishing. People will see volume of work happening and yes, I mean no complaints really. I mean things could have been faster but you know how it is, everybody is going through this entire post pandemic challenges of labor, of growth, of people but it's a good problem to have. So, we are not complaining really.

**Dhruvesh Sanghvi:** One last question on strategy is, the way we are super established in Mumbai. Why are we not I mean of course you have been talking that you are keen and you will at some point see outside Mumbai, but any thoughts on there, any progress made and how are things shaping up there if at all?

**Vikas Oberoi:** So, we have made progress, again don't want to set expectations. I'd rather close them and come back to you. We are very close to closing things. Some of them we have in fact even signed a MoU, very excited but like I said that I don't want to set any expectations. I'd rather do it and then tell. We're often blamed for being conservative but in a market where everyone is always a cowboy it's okay to be conservative.

**Moderator:** The next question is on the line of Parvez Akhtar Kazi from Edelweiss Securities.

**Parvez Akhtar Kazi:** Few questions from my side, first when can we see incremental launches in Goregaon, Borivali and the Bhandup projects? That is question number one. And the second in light of the commodity price increase what is your outlook on the pricing front both in our projects to mitigate the impact of commodity price and also in general at a systemic level. These are my two questions.

**Vikas Oberoi:** So Parvez, firstly Goregaon and Borivali towers will happen as I spoke earlier. We did say that they are on the cards. The inventories are low. So, we will probably start rolling out one tower each, pretty much maybe the next quarter or the quarter after that. And on the commodity price increase, we are very lucky. Our price points are much higher and the contribution of construction cost is significantly lower compared to many other developers. Let's say, if my construction cost probably is about 20% of my overall cost or 25%, if there is a 10%-15% increase or a 20% increase it's effectively only about 4% or 5% on the sale price. And of course, I mean you know the sensitivity to price increase by 5%-10% customers are not really bothered because they also see commodity cycle catching up or there is an increase in steel and cement

prices. They don't mind that increase. We have actually introduced projects with higher pricing and we have had no resistance at all. We' are not very unduly worried about commodity, only wherever developers are selling at lower price and where the construction cost contributes probably 50%-60% of sale price they have to really worry. So yes, that's my two bit.

**Parvez Akhtar Kazi:** Lastly, any update on the Bhandup land that we had acquired. When can we see a launch there?

**Vikas Oberoi:** Bhandup, we will probably be doing it in a different way. We will be using it to generate FSI for our other project. We may not do a direct sale on Bhandup but we want to do some sort of a PAP project which will enable us to generate FSI and that's what we are really looking at.

**Moderator:** The next question is from the line of Samar Sarda from Axis Capital.

**Samar Sarda:** I had a couple of questions on Peddar Road and Kolshet Road, since like our shareholding in the project is high, shall we assume that all approvals and premiums are also to be borne by us?

**Vikas Oberoi:** The answer is yes but there is not much of a premium to be paid in both the projects as such and they are very very good projects. We really like the, I mean it's a good project I would say, very balanced and really happy having done that.

**Samar Sarda:** There's also some like news-flow that looking to acquire another 7 acres next to OGC in Thane given the increase in FSI and the amount of FSI we're getting there. If you could help us understand that thought process.

**Vikas Oberoi:** No, nothing. I mean we are not acquiring any new land anywhere as yet.

**Samar Sarda:** Fair enough. Just a bookkeeping question for Saumil. Saumil, the balance cost to complete a Tower A and B at Three Sixty West. Could you just help with that number please?

**Saumil Daru:** Balance cost to complete on Tower A and B, I can check on that and come back to you.

**Moderator:** We'll move onto the next question. That is from the line of Rahul Jain from Dolat Capital.

**Rahul Jain:** Just have a couple of questions; first is on the Thane micro-market. If you can share your thoughts on the strategy in this particular micro-market, is it to go deep into the micro-market or is just like some of the peers or the new land acquisition is just a one-off opportunity?

**Vikas Oberoi:** No, so frankly let me tell you, all our land acquisitions are opportunistic. We do not buy land unless and until we know that you're going to make money and the strategy is very simple. Kolshet Road and this Pokhran Road don't really compete with each other. They are both different markets as far as price points go. We are happy to be in both these price points. We thought that they will complement each other. Yes, as far as quality goes, we will be doing both

these projects in the same Oberoi Realty style. We will make sure they are both comparable in terms of quality, but location will drive the area, and the ticket size and the price. And that's what we have been doing really and we will do that.

**Rahul Jain:** That's very clear. My second one is on Mulund. Just a data keeping one, how much CAPEX is pending there?

**Saumil Daru:** So technically it's not a CAPEX, it's an OPEX. If you look at it, we have already told you that Mulund is about 70% complete. The remaining 30% you can...so between the two projects put together it will be about a Rs 400 to 450 crores which will be pending.

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

**Sameer Baisiwala:** First question is on update on the Glaxo Worli land.

**Vikas Oberoi:** Again, we originally wanted to do commercial and then pandemic happened, post that obviously we thought that we should do resi because resi is doing really well. Now again markets say that retail is back, offices are back. Frankly on a side note I'll probably call you and check with you what should one be doing, pretty much confused. We now have both plans ready and both make a very compelling business decision. Again, like I said that maybe within this quarter we will take a call and move on.

**Sameer Baisiwala:** The second question is on Mulund sales momentum, it looks like we did pretty nice 65-70 units, maybe higher than last few quarters. So, anything that's helping us in Mulund?

**Vikas Oberoi:** So, there are two things I'll tell you. One and you're so right. I used to always compare Mulund to Borivali and I thought that it's always doing 60% or 70% of what Borivali does but somebody did tell me and I was actually even reading somewhere that one of the social media chats, where they said that this is probably by far the best project in Mulund. I kind of resonate and agree not just because it's my project but it's really-really turned out well. Today we've also started taking people to the actual apartment and from there they can see the landscape, they can see the clubhouse that we've done so on and so forth. I can tell you very safely that this year could be the year for Mulund and we have a lot to sell and I'm very hopeful that it will really really do well, so it is great.

**Sameer Baisiwala:** Just final question, you have taken a Rs 3500 crores approval for a fund raise, 2000 equity. Anything more to it or it's just enabling resolution?

**Vikas Oberoi:** I'll let Saumil answer this. He's not spoken a word since we started.

- Saumil Daru:** We have been doing this for many years now kind of continuously, so this is as you pointed out only an enabling resolution that's about it. I don't want anyone to read anything more into it than the fact that it's just an enabling resolution.
- Moderator:** The next question is from the line of Manish Gandhi from KPNK Investments.
- Manish Gandhi:** My first question is regarding Worli Three Sixty and due to the time, we have lost in last 1 year how do you see still the demand? Because many buyers who must be in the market, they might have also bought somewhere and of course related to that, why would now we sell at the price we were selling, we should be much-much higher?
- Vikas Oberoi:** So, Manish, you have answered your question with the answer I would have given to you that we have lost nothing, we have only gained. I mean we'll get a much higher price as you rightly said. So, I mean frankly sometimes these things help you, not always. We never predicted this would happen but since this has happened, it's a humongous opportunity and we are already closing deals at 30%-40%-50% higher than what we were hoping we would sell at. So, we are not complaining, we are salivating literally.
- Manish Gandhi:** And one more question on the competition; not the competition in selling but the competition in doing things and buying land. So last 1-2 year because of whatever the tailwind in the sector and premium and I have seen in the suburbs every second building is out for the other redevelopment. The other developers are having much better cash flow. How do you feel land buying or the JV opportunity compared to say 2 years back?
- Vikas Oberoi:** Again, I'm not really complaining but everybody kind of almost complains about the way we go about doing our business development and yet we continue to be most profitable and churn out projects. So, I, I think we have a very good formula for buying land and the way we go about doing it. I wouldn't want to change much on this. We want to remain opportunistic. We want to buy land which is large and which has scale or which is strategic and don't want to go in for like what everyone else is doing. It's not that. Our strategy's never been that. We will continue to be doing what we do best.
- Manish Gandhi:** No, I understand that. I was just asking a general question not as I say, it's not a competition to us, was on the market side but anyways and the last one is on Commerz 3 and I suppose we are having a small building also coming next to it, Commerz 4 or any updates on how the demand is moving over there?
- Vikas Oberoi:** So again, like I said that the window for commercial offices has suddenly opened up. Every company in the world has realized including the Apples and the Googles of the world that they need people on ground and in the office, not working from home. So, the demand for offices are also spiraled up and you have to remember that production for offices was literally like not happening in the past 3 years because people didn't know where the markets are going. There is



no Commerz 4. The building that you physically see with your eyes is only an annex to Commerz 3. It's a part of Commerz and so again to answer, the demand is back. We have now focused our team that is going to look after all our commercial development and so yes.

**Manish Gandhi:** And to end the last small question can I squeeze in?

**Vikas Oberoi:** Yes, please.

**Manish Gandhi:** On Tardeo, are we waiting to expand the project by redeveloping the nearby buildings or something like that? Because I was initially also skeptical that you would do that as you forecasted?

**Vikas Oberoi:** Yes. Why not, yes-yes, we will do that.

**Moderator:** Ladies and gentlemen we will be taking the last question that is from the line of Parikshit Kandpal from HDFC Securities.

**Parikshit Kandpal:** My first question is on the redevelopment projects. You had said that you will look at a separate team and every year you look to add some seven-eight projects in each of these and a delivery of Rs. 1,000 crores plus you will have a non-MMRCEO appointment. So, where are we on that?

**Vikas Oberoi:** Let me first tell you there is a separate business head for commercial. We have a separate CEO for our mall business. So, these are businesses that are within our hand. We have a separate BD Head for redevelopment. Again, I don't know whether you were a party to that. We as a company don't want to like talk about projects which are not only not signed, I mean of course some of these projects are signed but until they reach a stage where development takes place. So, you will be happy that few very large redevelopment projects are signed but not at a stage where I want to introduce them to the world and say that oh these are things that we are doing. Let them happen, then we will announce and as far as the external non-MMR region we, like I said that we again have a MoU signed, we are close to closing a large land deal but again until they happen, we wouldn't want to make them a part of our commitment and list, but we're looking at this with the same vigor and velocity. So, just to kind of tell you that.

**Parikshit Kandpal:** But cumulatively put together both the opportunities would be like if you can quantify in terms of GDV how much would be opportunity will be cumulative?

**Vikas Oberoi:** Frankly much more than what I told you but like I said, I don't want to set expectations. I want to rather do it. They are much larger than what we committed.

**Parikshit Kandpal:** These will be like NCR or if you can specify NCR or in Southern region?

**Vikas Oberoi:** Let it happen. I'll surely come back to you. You know like I said that we are conservative. I would rather do that and then lead the market into believing something. I would rather have it in hand and then talk about it.

**Parikshit Kandpal:** Because the last year Vikas you said that you are relooking at the office space, again office and retail space. So, within the Worli micro market plus you have some land in Borivali which earlier you had as a fresh land to do commercial office. So, will this office or retail if at all you rethought will be limited to MMR or you look at going into other markets like Southern markets or the NCR market as well? So, are all opportunities you looked at or if at all we revise this it will be in MMR?

**Vikas Oberoi:** We now have a specific team looking at commercial opportunity and the mandate is very clear that ensure leasing of Commerz III, management of the assets, making sure that the rentals are taken care of, customers are serviced and as you rightly predicted, there'll be business development. We are very-very happy to look at land parcels elsewhere. My team is looking at Bangalore, they're looking at NCR but again I mean please don't ask us in the next quarter what happened to that? Because this is like literally exploratory, and we are open to doing that. We want both commercial and malls to be a strong vertical of ORL and then we will do it. So as a company when we are growing, we're making sure that these verticals are in good hands and they have their own legs to travel through the distance it has the ability to, so this is there. We have a project in Mulund also where we will be doing offices. We've got Borivali, these are two projects which are within our hands. We might do Thane, again commercial this thing. So, there is a lot of opportunity but again like I said that we will speak about them when they reach the right stage.

**Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

**Vikas Oberoi:** Thank you all for taking time for this call, we take your feedback. We take your feedback very seriously and we would encourage you to continue to give your input. Our teams are always available to interact and speak with you. If you have any further feedback to share or any questions, feel free to connect with us offline as well. Thank you once again and have a great day ahead.

**Saumil Daru:** Thank you everybody.

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



Oberoi Realty Limited  
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