



“Oberoi Realty Limited Earnings Conference Call”

October 31st, 2013



**MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN & MANAGING
DIRECTOR, OBEROI REALTY LIMITED
MR. SAUMIL DARU – CHIEF FINANCIAL OFFICER, OBEROI
REALTY LIMITED**

Moderator

Ladies and gentlemen good evening and welcome to Oberoi Realty's Earnings Conference Call for the Quarter-2 2014 that ended on September 30th, 2013. We have with us Mr. Oberoi – the Chairman and Managing Director of the Company and Mr. Saamil Daru – the Chief Financial Officer of the Company.

Please note this call will be for 60 minutes and for the duration of this conference all participants' lines will be in the listen-only mode and this conference is being recorded. The transcript for the same may be put on the website of the company.

After the management discussion, there will be an opportunity for you to ask questions. Should you need assistance during the conference call you may signal for an operator by pressing '*' and then '0' on your touch-tone telephone.

Before I hand the conference over to the management I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and may be forward-looking statements, including those relating to general business statements, plans and strategy of the company, its future financial condition and growth prospects. These forward looking statements are based on expectation and projections and may involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested during such statements.

I now hand the conference of to Mr. Oberoi – the Chairman and Managing Director of the Company, thank you and over to you sir.

Vikas Oberoi

Hi good morning, good afternoon and good evening depending on where you guys have dialed in from. A quick update to begin with. Our current quarter sales are around 40,000 square feet and if we add Worli it is another ~115,000 square feet. As I have been updating you earlier, these Worli sales are a mix between what we have sold earlier in 2006 – 2007 in our erstwhile project and what we have been able to sell here. We have issued 12 allotment letters so we can kind of confirm the sales for these 12 apartments, so including Worli the gross order book looks at about 1800 odd crores, the cash is at about 750crores, the mall has achieved 100% occupancy, and the hotel continues to do well.

Some concerns going forward are that there is a slip in the beginning of our Mulund project but we continue to push that and the only positive bit is that the hearing for that has started but again because of Diwali vacation there is a break. Hopefully it should resume after that and once it resumes we need five full working days of the Court for us to get the order. And Commerz-2, again the lease out has been slow. Oasis agreement continues to take a little longer than what we had kind of expected which is holding our formal launch of Worli. However like I said that the friends and family bit continues to keep us busy with its enquiries.

I will hand over the phone to Saumil to take you through all the financials, but I am absolutely here and available to answer all your questions, thank you.

Saumil Daru

Thank you Mr. Oberoi. As usual most of you should have received the presentation by email from IR Team, if not the same is even available right now as we speak on our website along with the results which we filed yesterday with the exchanges.

Again in terms of financials we achieved consolidated revenue of about Rs. 201 crores for Q2 FY14, this is as against Rs. 282 crores for Q2 FY13. The consolidated PBT was Rs. 91 crores for this quarter as against Rs. 167 crores for Q2 FY13 and the consolidated PAT was Rs.64 crores for this quarter as against Rs. 124 crores for the same quarter last year.

Quickly moving to our asset level performance and beginning with our investment properties:

Oberoi Mall which is the retail asset contributed Rs. 22 crores to the operating revenue for Q2 FY14 as against Rs. 19 crores in the same quarter last year, which is a growth of about 15% and EBITDA margins in this vertical continue to be in excess of 95%. Commerz which is our office space asset contributed Rs.12 crores to the operating revenue for Q2FY14 as against Rs. 11 crores in Q2 FY13 which is a growth of about 4%. The EBITDA margins in this vertical are also in excess of 95%. The Western Mumbai Garden City which is the hospitality asset contributed Rs. 27 crores to the operating revenue for this quarter as against Rs. 21 crores in the same quarter last year which is a growth of about 26%. The EBITDA margins for Q2 FY14 for this vertical were at about 28%.

Quickly moving to the development properties:

In Esquire, we booked about close to 23,000 square feet in this quarter and about 9.66 lakhs square feet till date. The total booking value in this quarter is about Rs. 43 crores and cumulative booking value till date is about Rs. 1269 crores. There has been no revenue recognition in this project since it is yet to reach the threshold level of construction. For Exquisite, out of the total project of about 15.4 lakhs square feet we have booked more than 10 lakhs square feet till date which is about 65% of the total inventory in this project. The total booking value in this quarter was Rs. 38 crores and cumulative booking value till date is Rs. 1357 crores. For this project the total revenue recognized in this quarter was Rs. 102 crores and the cumulative recognition till date is about Rs. 1125 crores on account of about nearly 83% project completion. For Oasis in Worli, work continues at a good pace and as Mr. Oberoi said the finality of the agreement with the operator is on the verge of completion and we are hopeful to announce the same in this quarter. Till Q2 FY14 we have booked nearly 115,000 square feet with a total booking value of about Rs. 317 crores.

Just to give an update on Grande – as you would have seen from the presentation there is an amount of about Rs. 26 odd crores which has been taken in the P&L on account of conversion of this project from the old DC rules to the new DC rules. Since this is a project which has

already been offered earlier and the revenue recognition for which has taken place earlier and all the cost and everything has been recognized earlier, the entire impact of this expense is coming through in this quarter, which is leading to a little bit of a margin compression in the residential property space. Again, coming back to key financial parameters the EBITDA margins for Q2 FY14 were 48% and 57% for the first half of FY14. PAT margins were 31% for Q2 and 37% for the whole of H1FY14. EBITDA margins for mall and Commerz are much higher than average as usual. Margins for our pure residential business are about 48% for H1FY14, and this compression as I explained is due to the premium which we paid for the Grande project.

With this we would now like to open the floor for Q&A's from all of you. Thank you so much for giving us this patient hearing.

Moderator Thank you very much Mr. Oberoi and Mr. Daru. We will now begin the question and answer session. We have our first question from the line of Mr. Aashiesh Agarwaal from Edelweiss. Please go ahead.

Aashiesh Agarwaal I had actually two questions, one is on Goregaon second is on some housekeeping financial. On the Goregaon project obviously we have noted that the area for Esquire has been reset at 1.5 million square feet so just wanted to get a sense on the area that will be left for Phase-III?

Saumil Daru Hi Aashiesh, Saumil here. For the present, and we have always said that, the total residential area in Goregaon is about 5.2 million square feet so if you take the 1.5 million square feet of Exquisite and roughly 1.5 million square feet of Esquire right now, it will be about 3 million square feet which is consumed, and which should leave us with about 2.2 million square feet. We still maintain that the total residential area in Goregaon is 5.2 million.

Aashiesh Agarwaal Sure and on similar lines so basically now that we have the area finalized I presume the work over there would start, or has already started, can you just confirm the status on that?

Saumil Daru Yes the work on the site has already started, and as we speak it is going on.

Aashiesh Agarwaal And we will hit the threshold for revenue recognition this financial year?

Saumil Daru Yes, keeping fingers crossed, hopefully in the last quarter of this year is when you should see revenue recognition coming in. The order book there as you know is nearly about Rs. 1200 crores. Under the new guidance note which has been issued by the institute wherein there are two thresholds to complete, the 25% sales part has already been completed and so now the only thing that is left for revenue recognition is actually the incurring of the cost.

Aashiesh Agarwaal Just one last question from my side, there is an increase in loan and advances in the quarter. If you could just throw some light on that?

- Saumil Daru** Which part of loans and advances, the loans and advances given?
- Aashiesh Agarwaal** That's right.
- Saumil Daru** Okay the short-term loans and advances right. Yes, so various things in this Aashiesh, there were couple of bids in which or rather three bids in which we were participating so some part of this increase in loans and advances is due to the bid security which we had to give and some part of these loans and advances is what we can say are the vendor advances and all of these are related to the construction projects.
- Aashiesh Agarwaal** Can I just squeeze in one last question, the realizations in the projects seem to have gone up, is it more because of mix or is it that we have increased prices?
- Saumil Daru** Okay so it's primarily got to do with the mix and as you know that both in Exquisite as well as in Esquire, what is really available are only the higher floors. Also if you recollect we had increased the prices somewhere towards the end of June which was just before the end of the last quarter, so that is also contributing. But obviously the larger part has to got to do with the fact that the apartments which are now available for sale are the apartments left on the higher floors.
- Moderator** Thank you. We will take our next question from the line of Mr. Abhishek Bhandari from Macquarie Securities. Please go ahead.
- Abhishek Bhandari** Sir, I have two questions, one is if you can share more details about your Worli project now that you have given details about the salable area and residential part being around 1.8 now there is a hotel component and service apartment, so what is the total size of the project and total cost what you have budgeted for the project?
- Saumil Daru** As far as the residential component is concerned firstly the total project remains at about 2.1 million square feet, 300,000 square feet is the hotel, 1.8 million square feet is the residential. As far as the project cost is concerned, what I can tell you is that that the residential bit will come in at about a budgeted cost of about Rs.6000 a square feet. And as far as the hospitality asset is concerned, it is anyways going to have an annuity stream coming out of it so that's any which way is a capital expense.
- Abhishek Bhandari** Okay, so you will be holding the 25% to 30% share depending on the profit share agreement.
- Saumil Daru** Yes, in the hotel we have 50% share.
- Abhishek Bhandari** And my second question is regarding the plan to get out of Bombay given that Bombay has not been doing really well, but now the focus has again come back on Worli and getting the clearances. But Vikas do you still hold on to getting into smaller projects in some other parts of India?

- Vikas Oberoi** Well, as a strategy we do want to look at other parts of India and within this also we are kind of exploring. We have already committed to Pune, and we are looking at Bangalore and Delhi. Now, here again I have always maintained that there are strategies to go in as a joint venture partner, wherein we don't want to commit large capitals, and we want a landowner to bring in his land, we will bring in our development design, marketing capability and take it from there. So we continue to look at it and that's it. We are looking at a few deals in Delhi, and Bangalore is still far away. We are still continuing to look at whatever is available. So, strategy continues to be the same as we said, and there is no change as such.
- Abhishek Bhandari** Sir, my last question on the Worli project again, I forgot to ask. The total budgeted cost in residential part is around 1100 crores, assuming Rs.6,000 square feet cost.
- Vikas Oberoi** So, 6000 actually is the blended cost of both put together so the entire gross cost is based on the overall expense that we will make for about 2.1 million square feet.
- Abhishek Bhandari** Okay, so out of the total budget of expenditure in residential how much have you spent so far and what is the expenditure schedule lined up for the next one year?
- Saumil Daru** Okay, so what has been spent so far is close to about a little in excess of 500 crores and the balance is going to be incurred over the balance part of the project.
- Abhishek Bhandari** Which can be like two to three years?
- Saumil Daru** Yes.
- Moderator** Thank you. Our next question is from the line of Mr. Samar Sarda from Kotak Securities. Please go ahead.
- Samar Sarda** One, on the Oasis project, provided that we launch it formally in the near term, in percentage terms what would be the amount which will be collected from the sales done by March?
- Saumil Daru** About 50%.
- Samar Sarda** About 50%, given that the construction progress is like way ahead with regards to the other projects.
- Saumil Daru** I think it is a ballpark it may be a little more than that also.
- Samar Sarda** And two, on the Goregaon project just a couple of things, you mentioned the total area is 5.2 and 2.2 is remaining but this was like from our IPO numbers and after that the DCR have changed, so that's a bit likely that this area might go up a bit.

- Saumil Daru** Yes absolutely, but we will have to wait till we get hold of all the other approvals and that's when we would want to come back and tell you about what has happened.
- Samar Sarda** And like what would be the probability of the 3rd Phase launch this fiscal in Goregaon?
- Vikas Oberoi** I would say probably again we continue to hope again on Mulund and Mulund looks like the one which probably will be launched by last quarter this year or we will at least try our best to launch that. The other bit should go into the next year I feel, because we anyway will have some bit of Exquisite and Esquire to sell
- Moderator** Thank you. Our next question is from the line of Mr. Prakash Agarwal from CIMB. Please go ahead.
- Prakash Agarwal** I think I missed it, you said Esquire the work has already started about the plinth level or what's your status there?
- Vikas Oberoi** Work has started there.
- Prakash Agarwal** Okay so it's going on full flow?
- Saumil Daru** Yes, so we last time told you that we had to demobilize it because the work had stopped for almost nine months. Now L&T is remobilized and whenever you feel like coming, come and have a look, the work has started in full swing.
- Prakash Agarwal** On the Mulund did I hear it correct that you are expecting 4Q launch but there was a Supreme Court jury that was there so do you think anything positive which makes us comfortable on 4Q or what is the status there?
- Vikas Oberoi** Again on the Supreme Court front like I said that we were waiting for the hearing to happen which has now got pushed post Diwali, so as and when our matter comes up we just need about five days for it to get sorted out and so once we get that order we can immediately start work. There again we already have approvals in place, designs have been sorted out and it has given us more than the required time, so the minute we get this we could immediately get into action there.
- Prakash Agarwal** Understood. And with this I mean if I may know when this work got started because what I just wanted to know was if the sales trend have improved in Esquire post what we saw last quarter because of no work going on so in the last one month have we seen some acceleration and what is the kind of acceleration do we expect from the older projects? I understand these are higher floors or higher value projects but what kind of acceleration do we see or do we see similar performance.

- Vikas Oberoi** So, Exquisite if you come and see we are actually done with the entire exterior of the building, interiors are being done, and we are onto landscaping so that building is kind of completely ready. As far as Esquire goes, even without we are having started I guess about 60% of that is sold, or nearly 2/3rd is sold and it's heartening to see that despite the work not happening we continue to sell at an average 10 – 15 flats every quarter, so now that the work has started we believe that sales will pick up. And moreover even with Exquisite almost reaching full construction we will see the focus on Esquire now and once Esquire takes off we will then launch the 3rd Phase as well.
- Prakash Agarwal** No I understand that, I am trying to understand when was the work started and did we see any incremental movement in the last one month or?
- Vikas Oberoi** Not really the work started in June and we haven't seen any major hike, there is nothing like really which has kind of pushed the sales up, you can see it for this quarter itself we sold I guess about 12 flats and these are larger flats and have a higher value that's about it.
- Prakash Agarwal** Sir, I am getting little confused here you said work started in June, what my understanding was at the plinth level there was something required and the work was stopped at that juncture during this quarter as well.
- Saumil Daru** If you recollect that in the last call we had told you that we have got our approvals for Esquire in the end of the June, so that's where. Since then, and as we explained earlier, there was a demobilization of labor and everything, and again the monsoons are not the best of months for labor to become available instantly so that's where L&T had to work a little bit for the remobilization of labor but now that has also happened, so as we said we are more than happy anytime you all are welcome to come to the site and see the work having been started.
- Prakash Agarwal** That's great.
- Moderator** Thank you. We will take our next question from the line of Mr. Saurabh Kumar from JP Morgan. Please go ahead.
- Saurabh Kumar** Actually I have three questions. So, first was basically your cash balance has come down so is it just because of the bid money which you have deposited so the balances are about 130 crores.
- Saumil Daru** Saumil here. Yes, some part of it is obviously about that 26 odd crores for that Grande thing which went out and the balance part is, you know is these bid monies. And there will always be a little bit related to what we can say the advance which have been given to contractors and stuff like that.
- Saurabh Kumar** How much would that amount be sir, the advance payment to contractors?

Saumil Daru

Okay so between what we can say, between the contractors and what has totally which has gone out is about 100 crores, just give me a second. There was a dividend payout also of about 75 odd crores within this component, the total balance cash as of today is about 742 crores.

Saurabh Kumar

Yes, dividend I understand. And the second thing was essentially on these leasing outlook so we essentially have now the second building also close to completion and we have seen the competition has actually leased a few buildings not in your micro market but let's say in South Bombay or some other location so what are your thoughts there on the second building. And just a final question on this Worli pricing, if I notice ex transfer is about 43,000 a square foot, so this price also if I compare let's say versus competition in and around that market, seems to be slightly lower on an incremental basis so I don't know how much they are selling but I just want to know your thoughts on both of these thanks.

Vikas Oberoi

Firstly, we continue to talk to people who have shortlisted our project but none of them have gone in and done any deal so it's not like we are probably asking for a higher rent or anything like that, these are all deals which we have been negotiating with them for a good last six months and these are all deals that are active and if let's say somebody were to look at South Bombay then he wouldn't be a customer for us so we probably would have not even competed in that area. So, our competition is for companies that are looking in at North Bombay and whoever we have been talking to is active and they have not done any transactions, so we continue to be hopeful that we will be able to close that deal. And we understand the economy as such is also kind of slow so we are amenable to a fair transaction that can go through. With regards to Worli I think 43,000 is not a bad price per se and this is one off deal again we continue to demand Rs.50,000 and like I said that the minute we have an operator on board and we have all the collaterals ready we will be able to push our sales in a better way. The other thing also I wanted to tell you is that we are already maybe on the 30th floor today and what we have in turn done is built some amount of credibility from customer point of view, so today whoever is looking at buying it can see a quantity of work done. The other strategy around this was also that for the first time I have got in Samsung and we want to see what is the reaction of people when they look at a quality work done by Samsung and stuff like that, so once we have our collaterals in place we will get aggressive on marketing, open up our site for people to visit, see for themselves what we are building and then we can hope to get better, that's it.

Moderator

Thank you. Our next question is from the line of Mr. Vijayashree Rangan from TCS. Please go ahead.

Vijayashree Rangan

Two relatively simple questions. One given that Exquisite is more than 80% complete is it fair to hazard an indication of when it will be completed and handed over for possession. Second on Esquire I noticed there is a reduction of the total square feet significantly and in the number of units and you refer to it earlier, does that mean the height of the building is proportionately reduced as far as the Esquire is concerned, those are my two questions.

Vikas Oberoi

Okay Exquisite we are targeting to deliver by June and this will be about 1.5 million, among the larger projects that we have built in our entire career. Your assumption is absolutely correct that the minute I reduced the area in Esquire we will have a shorter building, the rest of the area will get utilized in the other five buildings that we are going to be built as Phase-III or III and IV and those will be a little more efficient because we will take the advantage of fungible there and build the core in such a way that we don't lose any FSI.

Moderator

Thank you. Our next question is from the line of Sameer Baisiwala from Morgan Stanley please go ahead.

Sameer Baisiwala

Looking at the Exquisite numbers, so if I am not wrong we were 242 units as unsold inventories and right now we are doing about 9 – 10 units a quarter and we will be handing it over in about three quarter or so, so by the time the delivery comes we may be at this rate I think we may be sitting at 200 plus units as unsold inventory, probably I would think unprecedented for Oberoi and maybe that the city has seen, so is this something that worries you to have Rs 1,000 crores worth of goods as unsold, the opportunity cost attached to that?

Vikas Oberoi

Not really Sameer, in fact if you see we had a very good number even in Splendor to sell and we were able to mop that up. As far as this goes you will appreciate that today a flat in Exquisite is almost costing anywhere between four and five crores and a lot of these people are people who would want to probably sell their existing flat and move in into a ready product so I am not at all in fact worried. Anyways I am worried more on under construction sales to happen rather than anything that is ready and in fact Bombay is a market where you see not only ready apartments sell but also that they have ended up holding onto the premium and in fact this is a market where no developer is competing with each other, once the product is ready any developer whatever brand name he has, he is able to sell it so that's really the least of my concerns and I am happy that you brought that up because this also clearly looks as an opportunity because all these apartments will straight come under revenue recognition as and when they are sold because A, they will have been build, B 100% of the amount is due and we do get it before we give possession and the other thing that you can take comfort from is that we have no inventory of any apartment which are ready and I have to yet sell. So, I would say that all these are such a positive but point well taken.

Sameer Baisiwala

Fair enough Vikas, so just a logical extension of this is, over what period do you think you would be able to sell these 200 plus units post June 2014?

Vikas Oberoi

Honestly, it does look like a forward-looking statement but you have seen that our stock has never lasted beyond six months of our occupation certificate that we receive so if one has to go by past track record this is what it would be. We would only hope that's how it should be because I don't want to say something and sound like I am actually giving any kind of hints on or assuming more than what I am actually entitle to.

- Sameer Baisiwala** Fair enough, it just that that 10 units a quarter will then need to jump up to 100 units a quarter so okay. And just on Splendor – Prisma, is this something that we are looking for second half launch?
- Vikas Oberoi** Second half launch as in?
- Sameer Baisiwala** Fiscal '14 second half, I thought.
- Vikas Oberoi** Okay so honestly we might even look at probably fourth quarter this year launch, we might even look at that and even work there has started, so it's a positive there again.
- Sameer Baisiwala** And just one final question, I mean if you have tackled this before, the Clariant land deal is being widely reported so is there something that you are active in and that's something that you are seriously pursuing?
- Vikas Oberoi** We genuinely and seriously pursue all transactions until somebody decides to play like a cowboy and we kind of hold ourselves. Yes, we continue to look at it, we have a set number on which we will buy and if we get it at those prices we will surely take it. It has its own set of challenges and we are obviously continuing to consider, that's it.
- Sameer Baisiwala** Any time lines for the final outcome of that either which ways?
- Vikas Oberoi** Again, like these company say that they want to close the deal before December but all these things continue to take time.
- Moderator** Thank you. Our next question is from the line of Mr. Aditya Soman from Goldman Sachs. Please go ahead.
- Aditya Soman** I joined a little late so just wanted to check in case of Esquire when do you expect to book revenues for it to reach revenue recognition threshold?
- Saumil Daru** In all probabilities last quarter of this year.
- Aditya Soman** And in terms of the new launch will that be a formal launch for Oasis in this year?
- Saumil Daru** Yes, there will be a formal launch.
- Aditya Somani** And that will again happen to adjust at the end of this year?
- Saumil Daru** Yes.
- Moderator** Thank you. Our next question is from the line of Mr. Gaurav Pathak from Standard Chartered. Please go ahead.

- Gaurav Pathak** I wanted to ask on Worli Oasis project. If you look at the average realization that's about Rs.27,000 per square feet and you are mentioning that the new customers are coming at around 43,000 so would it imply that the older customers have got it at a price way lower than Rs.20,000 per square feet and also in context that the amount collected over there is less than 25% so it looks like the historical buyers really got a steal over there.
- Vikas Oberoi** Firstly, the price that older buyers have, range between 25,000 and 35,000 so it's not less than 20,000 so what's being reported to you could be a blend of maybe one new and several old which are probably between the 25,000 – 27,000 range that's why the blended average is coming to that so this is it. And plus again whatever has been our commitment in 2006 we simply feel it's prudent of us to honor that because that's how you build reputation for the company and we don't know it any other way. We wouldn't seek any revision on price having committed that. If we did not have this project and that project were to get scrapped, we would have obviously paid them their money back with whatever rate of interest that one would have had to pay but since there is a project it's only fair that we give them this opportunity to look at it and I hope you guys will appreciate that because this is what will continue to build the reputation with the company.
- Gaurav Pathak** And I didn't get it clearly you mentioned Q2 revenue recognition would start for Esquire or for Worli?
- Saumil Daru** Q4 for Esquire.
- Gaurav Pathak** And when would Oasis start?
- Saumil Daru** Oasis next financial year for sure because as you recollect now under the institute guidelines you need to cross both thresholds 25% of the construction cost and 25% of sales.
- Gaurav Pathak** And in terms of Commerz 2 clearly if you look at there has been a delay in terms of the leasing momentum over there just an absolute loss of rental. Had we even leased it at a lower price point would start to hurt now so. Are we thinking of a strategy of probably having a serious drop in rentals and getting a new set of buyers or we will continue to hold fort?
- Vikas Oberoi** So, actually there is nothing like we negotiated and anyone got turned away because of price so that bit is not true. Second the building is also not ready even so if I would have done a deal at lesser price I wouldn't have been able to give them possession. So, we are clearly looking at possession anywhere between December and March so only from then one can say that yes notionally one will start losing money but again like I said that we continue to talk to all the customers, they are interested, we are at a very advance stage with many of these guys but none of them have closed so I can't really come back and report that we have done this lease. We are conscious about what you are saying but honestly we are doing our best.

- Gaurav Pathak** If you look at your construction run rate you would be spending like three crore per quarter versus closer to around 50 crores – 60 crore on Worli so obviously you can expedite construction as well, if you feel demand is coming back.
- Vikas Oberoi** Construction where do you see that, in Commerz 2 you are saying?
- Gaurav Pathak** Yes.
- Vikas Oberoi** So, Commerz 2 there is only glazing that is left .There is no money that I need to spend and in fact the glazing contractor, an international company who we had given this entire job, had certain execution issues which were not related to us, and which is why also there have been delays and so it's not because we were not spending money or anything like that.
- Moderator** Thank you. We will take our next question from the line of Mr. Ashwin Agarwal from Phoenix Capital Management. Please go ahead.
- Ashwin Agarwal** So, my first question is on what basis does it get classified that a particular thing goes into inventory or it goes into loans and advances so assuming if you were paying money to the vendor for a construction of a building would that show up in inventory or would that show up in loans and advances?
- Saumil Daru** Okay so if let me give you an example, if you give a mobilization advance, the mobilization advance would end up showing in the loans and advances. When the contractor starts giving you invoices there is an adjustment of this mobilization advance against the invoices so when the invoice gets booked it's only his invoice of work done which goes into inventory.
- Ashwin Agarwal** Okay got it. I have another question. There was a court case regarding Centaur Hotel against Cox & Kings I wanted to know if the verdict was feasible to us and if we have any plans to develop that hotel.
- Vikas Oberoi** So, the verdict was fortunately in our favor and the opposite party has gone in appeal and so that's it. We are yet to see how things pan out but we would be very happy to build it and we continue it to be interested .As we were, we have paid the money and we await, I mean 20% that was due when we bought it and rest of the 80% we are more than happy to pay of course, our purchase was at 380 odd crores today the prices are better.
- Ashwin Agarwal** So, by what could you give like a tentative timeline about when it would like when the judgment would come through anything in that regard?
- Vikas Oberoi** So, these are not single judgments like I said that we have already got an order in our favor but then there are appeals and multiple appeals that people go through and delay it and stuff like that but the way things are I don't think it's strategic for them to also kind of hold on. So let's

see how things pan out. These are things that can't be discussed, this is a more sensitive part of business .

Ashwin Agarwal And could you refer the year in which we plan to foray into Pune, like we already have a land bank right?

Vikas Oberoi In Pune DP has to get finalized. I don't know how much of you all know that what kind of land acquisition strategy we had. There again it's a joint venture and so we are awaiting Pune DP to get finalized, once Pune DP gets finalized we will get cracking immediately.

Moderator Thank you. We have a question from the line of Mr. Sandeepan Pal from Motilal Oswal please go ahead.

Sandeepan Pal Just one question on these 26 crores of payment on this Grande, so in lieu of that are we getting any extra FSI because otherwise this project was not under new DC Rules as per my understanding?

Saumil Daru Hi Sandeep, Saumil here. Yes, hopefully but that extra FSI will then come in the next Phase-which is the Prisma Phase. So obviously because there is a benefit which is attached to it that's why we went in for a conversion from the old DC rules to the new DC rules.

Sandeepan Pal Is it possible for you at this point of time to quantify that FSI amount?

Saumil Daru What we would like to do is on Prisma we have always told you all that once we get all our final approvals we will come back to you with what's the exact area which is possible. So, obviously for this, this has to be incremental otherwise we wouldn't do it as a business.

Moderator Thank you. As there are no further questions I would now like to hand the conference over to the Chairman and Managing Director Mr. Oberoi for closing comments.

Vikas Oberoi Good evening again, thank you for taking part in this conference call. We will continue to rely on your suggestions and appreciate your input in running our company. We are available even otherwise not only on just a conference call but even otherwise continue to be in touch with us. I also want to take this opportunity to wish your family and you a very Happy Diwali, thank you again, god bless.

Moderator Thank you very much sir. With this we conclude this conference call. Thank you for joining us you may now disconnect your lines, thank you.