

"Oberoi Realty Q2 FY-16 Earnings Conference Call"

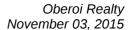
November 03, 2015





MANAGEMENT: Mr. VIKAS OBEROI – CHAIRMAN & MANAGING DIRECTOR, OBEROI REALTY LIMITED.

MR. SAUMIL DARU – DIRECTOR (FINANCE), OBEROI REALTY LIMITED.





Moderator:

Ladies and gentlemen, good evening and welcome to Oberoi Realty's Earnings Conference Call for Quarter Two Financial Year 2016 that ended on September 30th, 2015. We have Mr. Oberoi – the Chairman and Managing Director of the Company and Mr. Saumil Daru – the Director, Finance of the company with us for the call. Please note that this call will be for 60 minutes and for the duration of this conference call all participant lines will be in the listenonly mode. And this conference is being recorded and 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 this conference call you may signal an 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 or maybe 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 expectations 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 by such statements.

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

Vikas Oberoi:

Good morning, good afternoon and good evening to all of you from whatever part of the world you guys have logged in and thank you for taking out time for the conference call of second quarter financial year 2016, results and business updates. I am very happy to let you all know that we have received commencement certificate for our second project Enigma in Mulund. For the first one we had received commencement certificate in June itself. We have also appointed Bouygues as our contractor for both the projects at Mulund. For people who do not know Bouygues, it is one of the top five contracting companies in the world based out of Paris with work done in Singapore, Hong Kong, Middle East. This is going to be Bouygues's first venture in India and we are really very excited to get one of the best contracting companies to execute our work here. I am also very happy and excited to let you all know that we launched our much awaited project in Borivali and we were very happy to receive an exceptional response for that and we had a queue of customers waiting from a day in advance. We were very humbled and in fact are very thankful that our customers like us so much or that they probably hold Oberoi Realty in such high esteem. Of course we have a question and answer session after this and I will be very happy to answer any of your queries. For now I will hand over the phone to our Group CFO Mr. Saumil Daru who will take you through all the numbers in detail then we both are here to answer your questions. Thank you.



Saumil Daru:

Thank you, Mr. Oberoi. I guess most of you must have received the presentation from our IR team and if not the same has been there on our website since last evening after the filing of the results with the exchanges. As usual we will first go through the numbers so that we have enough time for Q&A.

In terms of consolidated financials, the consolidated revenue for Q2 FY16 was about 200 crores as against 215 crores for Q1 FY16 and about Rs. 189 crores for Q2 FY15. The consolidated PBT was Rs. 108 crores for this quarter and this is as against 104 crores for the same quarter last year and about 120 crores for the immediately preceding quarter. And the consolidated PAT was about 72 crores for this quarter and this is as against 70 crores for the same quarter last year and 79 crores for the immediately preceding quarter.

On the asset level performance beginning with the investment properties, Oberoi Mall contributed a little bit over 23 crores to the operating revenue for Q2 FY16 and this is as against a more or less similar number for the first quarter of this year and as well as for the same quarter last year. The EBITDA margins in this vertical as usual hover around the 95% mark.

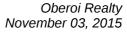
Commerz, which is the office space asset, contributed around 11 crores to the operating revenue which more or less is equal to what it was in the same quarter last year and as well as the immediately preceding quarter. Again like the Mall, in this asset also the EBITDA margins are in are in excess of 95%.

Commerz-II, which is the second office asset, contributed about nearly 1.7 crores to the operating top-line this quarter versus about 1.71 in the immediately preceding quarter. The EBITDA margin in this case is slightly different because of the fact that we are carrying the inventory and bearing the cost for that particular part of the inventory.

The Westin Mumbai Garden City, the hospitality asset, contributed 30 crores to the operating revenue as against a similar number for the first quarter this year and about 29 crores for the same quarter last year. The EBITDA margins in this vertical again continue to be in excess of 30%.

Quickly moving on to the development properties Exquisite, in this quarter we booked a little over 38,600 square feet and total about nearly 12.9 lakh square feet till date which is about 83% of the inventory in this project. The total booking value in this quarter was about 89 crores, and cumulative booking value till date is well in excess of 2,000 crores and the entire inventory which we booked in this quarter has been recognized because the project has achieved completion and we are recognizing 100% of the revenue.

In Esquire, we have booked about nearly 4,390 square feet and total about nearly 11 lakh square feet till date. The total booking value this quarter was about 8 crores, and cumulative





booking value till date is about 1,473 crores. As you all know there has been no revenue recognition in this project as it is yet to reach the threshold level of construction completion.

For Prisma, of the total project of about 2.68 lakhs square feet, we have booked an additional 9,000 odd square feet in this quarter which brings up the total booking till date in this project to about nearly 1.2 lakh square feet. The total booking value for this quarter was about 16 crores, and cumulative booking value so far has been 204 crores. Revenue recognized in this quarter is about 14 crores and the cumulative revenue recognition till date is about 84 crores.

For Eternia in Mulund, this quarter again about a little in excess of 7000 square feet of bookings, and 4.24 lakh square feet till date. The total booking value for this quarter was 10 crores, and cumulative booking value till date is 624 crores. Similarly for Enigma, we had a couple of cancellations just two of them so total area booked till date is about 2.79 lakh square feet and the cumulative booking value till date is 408 crores.

As far as Oasis is concerned, the work continues at a good pace.

Key financial parameters, EBITDA margins for the first-half of the whole year was at about 60%. PAT margins were at about 36% for the first-half. As usual EBITDA margins for Mall and Commerz are higher than average and if we exclude them, the margins for our pure residential business is about 59% for the first-half of the year.

With this we would now be happy to take questions from you all. Thank you.

Thank you very much. Mr. Oberoi and Mr. Daru. We will now begin the question-and-answer session. Our first question is from the line of Atul Tiwari from Citi Group. Please go ahead.

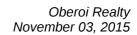
My question is on one of the slides in your presentation. If I calculate the implied realization of Oasis residential, it is coming out to be about 26,000 odd rupees which is quite a bit lower than 40,000 plus that we have done in the past what is the reason behind that?

Hi, Atul this is Saumil. This has been something which has been coming on for quite some time now for maybe the last one odd year on the Oasis slide. In Oasis what has happened is, if you recollect we had this Glaxo project, so there were a few bookings which were made in the Glaxo Project in 2008 and these customers are the customers who we have transferred from Glaxo to Oasis. Only thing which we have done is that we have transferred them at the same sale rate at which we had sold them their original apartment in Glaxo and this is just to be fair to them because the fact is that that project ran into difficulties. So when we transfer them, we do the transfers at the same old rate. Which is why if you look at that slide it very specifically says in the last line that rate other than transfers per square feet is 43,000. So this particular rate is the rate which kind of is the benchmark for whatever sales are happening now or

Moderator:

Atul Tiwari:

Saumil Daru:





whatever will happen here on. For whatever are the Glaxo transfers, those transfers happen at that earlier rate which you mentioned.

Atul Tiwari: Okay. So sir are there many such customers left let who are to be migrated from Iven to the

new project?

Saumil Daru: So there are about two or three more customers left in total.

Atul Tiwari: Okay, sir. And sir, now that we have placed the contract for Enigma and Eternia what is the

construction cost of those projects in per square feet roughly?

Saumil Daru: We are right now guiding the markets on the basis of what we have historically done in

Exquisite that came out at Exquisite at Rs. 4200 odd per square feet so, we are saying with

inflation etcetera it would work out at about Rs. 4500 odd per square feet.

Atul Tiwari: And this is calculate on the saleable area, right?

Saumil Daru: Yes.

Atul Tiwari: Not on the actual construction?

Saumil Daru: No. Because we all are accustomed to saleable areas and rates on saleable area, we are also

reworking the construction cost to saleable areas.

Atul Tiwari: Okay, sir. And sir my last question on the Borivali project how many square feet or how many

units were launched or were put out for launch in this around?

Saumil Daru: Okay. So about a little in excess of 800 units. Closer to about 900 apartments.

Moderator: Thank you. Next question is from the line of Puneet Jain from Goldman Sachs. Please go

ahead.

Puneet Jain: My first question is related to Exquisite. Now there was some reduction in sales on a quarter-

on-quarter basis despite the fact that the project receives Occupation Certificate and 95 odd

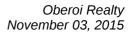
units left to be sold in this...

Saumil Daru: Yes, from 24 units to about 20 units, right?

Puneet Jain: Yes. And also there was a target that you will kind of sell this project by end of this year.

Vikas Oberoi: So, Puneet our target obviously was to sell it by the end of the year and we would have

obviously liked to have another five units or seven units added to the tally. It might now go into let us say another two months of the next year or maybe one more quarter of the next year.





And this also I am saying based on the fact that the pace does not pick-up in the next quarter which we are hoping to. The only challenge is that now whatever is left with us has very little choice because either they are on a very high floor or maybe views or something like that people have specific choices. So these are like literally the last of the total 800 odd units and we are left literally with units in double-digit numbers. So that is how it is. I mean yes, we would have liked to have maybe five units or seven more units sold in this quarter itself to keep to that pace but it has not happened.

Puneet Jain:

So, I am just amused because of the fact Borivali which is just getting launched has seen very good response while this project which was finished and there were some benefit on account of occupancy, on account of service tax also not to be paid by the customers it has not seen pick-up in sales anything to read into this?

Vikas Oberoi:

Not really I would say but at times we also find it difficult to understand something like this. But like I said, to sell out the remaining units in the next three quarters we would have ideally liked the run rate to be about 25 to 27 units per quarter but the number this quarter stood at about 20 units. If the number of units sold had been 5 then of course we would have been very worried, but we did have like a sort of an internal discussion but not unduly worried I would say. This quarter also had some days of the Shraadh. So there were many reasons why this quarter was probably a little slow but with the upcoming festive season let's see how it goes.

Puneet Jain:

And the second question is just on the Oasis project now you are possibly closure to launch of Show Apartment. Now do you have any more visibility in terms of how the.....

Vikas Oberoi:

I want to tell you all that we have lot of enquiry and if I say that we have literally 40 to 50 customers wanting to buy but we are now waiting for the Show Apartment to get ready so that people get an exact idea of what they could expect from the final product. Once Show Flat is ready we are sure that people will better understand what we have built and what sort of take it has.

Puneet Jain:

So, like I explain it Exquisite maybe one of the challenges could be that a customer who comes in has to pay the full amount and therefore, he may not be buying it...

Vikas Oberoi:

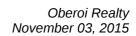
In Exquisite is it

Puneet Jain:

Something like because somebody who comes in possibly maybe he is going for something where payment is more staggered that could be another challenge where there might be some slow down.

Vikas Oberoi:

Well the advantage is that you are getting a ready apartment with Occupation Certificate with no risk or anything like that which is attached to any under construction development and all that. So there are advantages but I do not read much into it. Yes, if you ask us, did we discuss?





Why did we have only 20? The answer is yes. Are we very worried? The answer is really no because we have 20 I mean like I said we would have been happy with 25-27 but 20 is not bad considering Shraadh in that month of September and all that so yes.

Puneet Jain: Actually my question was more respective to Oasis because as you go into CY16 a customer

who come in will possibly have to make at least 75% of the payment that will make it even

more difficult to sell that apartment?

Vikas Oberoi: Not really again so the clientele at Oasis is very different, the affordability is very different and

all that so again I am not unduly worried there at all.

Moderator: Thank you. Next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Can you shed more color on the Borivali project whether you are launching the entire 25 acres

or you intend to keep some part for some other purpose? Some more color on where you are,

how soon will you launch the rest of the project as well?

Vikas Oberoi: So, we have just launched the first phase which is three buildings. We have currently planned

ten. We also have a plan to do some shopping but which again is not clear and we are still on the drawing board. The entire resi component will be built at one go. Our internal target is to

build and finish it within the next five to seven years and then adding an extra year to that for

selling it off. The sales pattern can be seen historically as well if one considers Exquisite as a

benchmark then sales would spread a little over a year after occupation for that building is

done. So if let us say I factor that in,, we are looking at selling it in the next, we are at least hoping we will sell in the next seven - eight years and to answer your question on other usage,

those will be small and not very significant for the entire project put together. So there is not

really much to read into this.

Puneet Gulati: So in terms of million square feet how much do you intend to reserve for the resi part and what

will it turnout in term of number of units?

Vikas Oberoi: No, so the entire project is all resi. We have now launched three towers. If everything gets

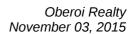
built, we will have a little over 3,500 odd apartments give or take some here and there and small component of retail. If you do not do the retail then you can add that back to the resi so, there is a math of gross FSI which is like maybe 90% of that all resi and another 10% which

would probably go in retail or maybe like a 200 room hotel but not very sure again like I said

we are contemplating all that.

Puneet Gulati: No, office complex planned so far there?

Vikas Oberoi: No, office complex at all.





Puneet Gulati: Okay. And some more thoughts on why has there been some cancellation in Mulund is it some

case specific or is it some trend that could...

Vikas Oberoi: No. We started our booking in January, the bogie of this new DP came in around March and we

very categorically went to all our flat holders and said that if there is any effect of the new DP I am by law or by regulation required to take effect of that and that is what we kind of mentioned. So only one or two people had an objection that you cannot write this, you cannot write that. Even today we have been able to set aside all that because like we had received approvals prior to the new DP coming into play. So wherever approvals have been granted not for just us but for all developers, corporation was very fair in saying that wherever we have given commitment we are not going to change. But this clarity also came only maybe like in June and all that but the major clarity came only in October. We obviously had to safeguard ourselves but then these buyers, only one or two buyers, just said that no and that you must give to us in writing that come what may you will do it this way. , I said, how can I really do that? I am by regulation required to do this and so this is how really it went. In fact the rest of the them very happily signed and we thank god that we got to continue to create the project that we had originally envisaged and buyers who trusted us did not lose out on anything.

Puneet Gulati: Sure. When is the revenue recognition expected to start for Esquire?

Saumil Daru: For Esquire in the next quarter December..

Puneet Gulati: No, so you mean 3Q FY16?

Saumil Daru: Yes, the next quarter the immediately succeeding quarter now, December 2015.

Puneet Gulati: Yes, so mean will it show in the quarter currently undergoing I mean the current quarter you

mean Q3 right not Q4?

Saumil Daru: Yes, Q3.

Puneet Gulati: Q3, okay. And lastly, Commerz there seems to be some bit of increase in occupancy rate but

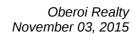
the area has not gone up?

Saumil Daru: Correct, so if you would read on that slide there is also a note that there is some area in that

building which we are now reworking and using it as our own office space. So we have basically kind of exhausted the office space which we have available for ourselves right now so we are just using the additional space for our own offices so that is why we are taking that particular area out of the equation and that is why you see a bump up in occupancy percentage

but not correspondingly in the area.

Puneet Gulati: All right, okay. And lastly, any update on increase in FSI for Oasis areas?





Saumil Daru: As and when it will happen we will definitely let you all know.

Puneet Gulati: Any progress how soon is it likely to be or how far is it?

Vikas Oberoi: Sooner then you expect.

Moderator: Thank you. Next question is from the line of Abhinav Sinha from CLSA. Please go ahead.

Abhinav Sinha: Sir, on the Borivali project and partly also the Mulund we have seen that the smaller ticket size

units have moved at a much faster pace. Although I think in the planning side the ratio will be not that much different in terms of number of units. So going forward do you see that Borivali

the remaining task will mostly be of the smaller ticket size say three BHKs or smaller?

Vikas Oberoi: So Borivali what we have done is 80% of them are three bedroom only 20% of them are three

bedroom Grande and the studio Grande. So the studio Grande and the 3BHK Grande are only 20% of our inventory and we intend to keep it that way. In fact we were hoping that there will be more off take of the Grande and the studio Grande but it is not so. So we will continue to

keep it that way.

Abhinav Sinha: For the remainder of the project sales phase you believe that this is like a good ratio to ensure

say proper sell out in five years or six years?

Vikas Oberoi: Yes, I mean this three bedroom is like really a magical number as far as the carpet area goes. It

has really worked very well for us and we are very excited. We have hit a sweet spot there and we intend to be aspirational for everybody who is in this two bedroom segment and wants to get in here. It is sufficient also so, it is perfect for like a nuclear family, it is perfect for maybe a slightly extended family, so it is just a sweet spot and we feel that we should continue to do

this.

Abhinav Sinha: Okay. And sir, considering that now you have about say three large projects in Exquisite and

Goregaon plus Mulund plus Borivali. What will be let us say the launch pipeline over the next

few quarters?

Vikas Oberoi: So well when now obviously like higher floors of Mulund will start then simultaneously some

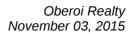
other phases of Borivali will start. Then we also have our Phase III of Goregaon happening, Worli will start. So we are very happy with the way things are and this is literally for the first time as a company we have enough and more to do now. And this is what we had originally

planned for so, just it is all as per planning.

Abhinav Sinha: And any thoughts on a new project acquisition right now?

Vikas Oberoi: We continue to look at it very actively and in my opening speech I had said that we have

recently closed in on an international contractor for our project. We are expanding our own





capabilities by adding external contractors of great repute. So we will be able to ensure quality to our customer and this is why they come back to us and all that. So, from our business execution point of view, we are kind of settled and we will continue to look at land bank which we feel is reasonably priced, has clear title and is categorically non-competing with our existing projects. And so we will evaluate all of that and we are open to buying new land.

Moderator: Thank you. Next question is from the line of Saurabh Kumar from JP Morgan. Please go

ahead.

Saurabh Kumar: My first question was on Commerz so, any progress you see on that asset getting leased up I

mean we are just about 7% lease right now.

Vikas Oberoi: We are in fact in talks with three more companies who want to lease and it is happening as we

speak but again if you were to ask me we were hoping for a much better momentum then what

we have. Yes, there is enquiry but we would love to get more of that.

Saurabh Kumar: Okay. So if you have to put a timeline like what time you can think you can pull it up two

years?

Vikas Oberoi: The way things are going I would say it would take us a year at least.

Saurabh Kumar: Okay. And the second was on Worli so, obviously you have a great asset but off late there is

like heavy competition out there. You have Omkar then you have, Radius which has launched, there is Raheja which is launching and I do understand there are slightly different ticket sizes but there is clearly a lot of so called inventory coming up in that area. So I just wanted your thoughts on we have about 200 odd maybe less of these units. So I mean let us say 190 odd apartments to sell over maybe in three years - four years. So I just wanted to get your thoughts

on your ability to sell through, can you tell me what is happening?

Vikas Oberoi: Well we are making the best building in the city. I would say and I feel given that fact we

would be able to find people who want to really have the best. I agree with you there are other people also but, we are confident of the product and it will do well. There is no, I mean, there

is really no issue on that.

Saurabh Kumar: Okay. And just one last question on this Borivali and Mulund so, historically like we have seen

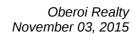
with Goregaon you have done your developments more in a phase wise manner like launch few and then finish it off and hopefully launch more in next phase. Here you are doing all the

phases together I would have thought like if you phase that out you get price appreciation.

Vikas Oberoi: Okay, so let me tell you Exquisite started in 2010, Esquire started in 2012 both of them put

together almost the size of entire Mulund. So if you really look at the run rate at which we have sold 1200 apartments in Goregaon. We have about 1600 to sell in Mulund. We hope that

we will be able to sell the rest also. So I do not think that is an issue there. And again Borivali





also the ticket sizes are much smaller than the Goregaon ticket sizes and if the company has to scale-up then they have to meet these challenges. I agree with you with what you say yes. We have a strategy to bump-up the sale. If you see the amount of sale in Borivali this is equal to the entire sale we did in Exquisite in the last five years. So I mean this should give enough confidence to the investor that the company has a clear plan, has a different strategy then what it did the last time whether it is selling or whether the execution. We have as a company decided to do things slightly differently in a well thought out manner.

Saurabh Kumar: Okay. And just one last question if I may when can we expect Mulund to start contributing to

revenues and earnings?

Saumil Daru: Hi, Saurabh, Saumil here in all probabilities in FY17.

Saurabh Kumar: But like late FY17?

Saumil Daru: Late.

Saurabh Kumar: Q4?

Saumil Daru: Yes.

Moderator: Thank you. Next question is from the line of Bhaskar Chakravarthy from IIFL. Please go

ahead.

Bhaskar Chakravarthy: Wanted to know if you have started construction already at Eternia in Mulund?

Vikas Oberoi: Yes, in fact not only Eternia even Enigma both projects have started.

Bhaskar Chakravarthy: Okay. So from next quarter you are going to put snaps in the presentation itself?

Vikas Oberoi: Yes. Right now it is only a hole in the ground I do not know how fancy they will look but we

will surely do that.

Bhaskar Chakravarthy: Okay. But the construction contracts are already awarded?

Vikas Oberoi: Already awarded, in fact there was press and all that also to that effect.

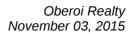
Bhaskar Chakravarthy: Okay. And do you have a firm timeline around the completion of the show apartments at

Oasis?

Vikas Oberoi: Okay. So show apartment certainly this year itself. Our target was November but these are

moving targets and they have now gone into December but we hope to finish it within

December. The Mulund show apartments are ready, people are already looking at it and we are





getting comments on that as well. Having a show apartment also reaffirms the idea that once a show apartment is there the way people look at the project is very different.

Bhaskar Chakravarthy: Right. And are you also looking at launching Glaxo project or that is going to come only after

you have a bit of headway with existing project at Worli?

Vikas Oberoi: Yes, we are going to only start after that. We are yet thinking whatwill be the best usage for it

and stuff like that. So we have certain ideas. Once we get clarity we will come to the investors

with that.

Moderator: Thank you. Our next question is from the line of Sameer Baisiwala from Morgan Stanley.

Please go ahead.

Sameer Baisiwala: Vikas, just a quick question on Exquisite I know it is not an awful a lot of inventory left but

something worth about 500 crores. You have not taken price increase in last few months and I would say last few quarters and do you think it in terms of there is a opportunity cost of holding ready to move in apartment whatever 10% or 15% whatever you want to put versus

just continue to hold and get to know price benefits. Is not that in implicit cost to the company in a way to say? And so therefore would it make sense to put some discount and clear off this

and that would make you quite neutral on the cash flow actually.

Vikas Oberoi: So two things: one, what you are saying obviously mathematically is correct there is a holding

cost because we already have debt as well and so two things – one obviously we have sold a very large inventory at the price that we are selling today and reducing the price would mean upsetting so many people I have been candid on that that. Yes, we would love to sell 30 but we are selling about 20 if you take last quarter. The quarter before that we were much better off.

So if we let us say sell at this run rate we are looking at nine months down the line we will be done with the entire inventory without having to disturb over 200-300 people who have

already bought and all that and honestly, the market is not such that one can increase the price here at least in Exquisite for the time being. So whatever I hear you, we in fact have considered what you are saying but in the end we feel that it does not go down well and

discounts do not move sales as far as real estate goes I mean this is what my take is.

Sameer Baisiwala: Okay. And on Mulund what we are doing is about five units - seven units a quarter so, I am just

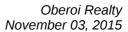
wondering through the life cycle of development how should one see the sales velocity? When the burst moments are after the initial launch and what I have in mind is about 750 unsold units

Eternia and 500 at Enigma.

Vikas Oberoi: So here again launch is obviously the best time at which one can sell apartments. We did that

and the next would be once our show apartments are ready, and once our work has started, as people need to see some momentum on site and all that. And again I mean what we are really

doing is we are clearly mapping it on how the sales were at Exquisite or Esquire and if we are





in line with that or doing better than that or probably slightly behind that. So if you map that together we are pretty much on those lines and we have these so called triggers internally that will start playing once the show apartment is ready, once there is action at site, and once things come out of the ground and all that. So once that happens we are pretty confident. You know Mulund project got a better start than Exquisite and Esquire got. And so I would say the same thing for Borivali also. So these projects have got a better start and obviously we are only hoping that a) either it continues with the momentum we have right now b) or at least it falls in line with what we have had historically so, I can only say as much.

Sameer Baisiwala:

Okay. And Saumil if I am not wrong I think you got about 600 crores of debt about 500 crores of cash on the books so roughly net gearing is almost zero?

Saumil Daru:

Yes, virtually you are there.

Sameer Baisiwala:

Okay. So in that case if you were to have some new large big project that you identify and is right for acquisition how do you plan to fund it? Are there any fund raising plans equity or debt?

Vikas Oberoi:

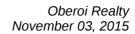
Not really, we do not want to go to equity route though we took some sort of permission from the shareholders and all that but it probably will be obviously like the money that we are sitting on. We also have a lot of rents so we would probably look at do some sort of LRD or something like that or merely raise the debt money in the market and then go. But again it is very project specific and so on so forth. We also have an option to go to private equity. We have got a lot of people very interested in partnering us so let us say we could even do that. So all options are open we will take a prudent call depending on the size of the property and so on and so forth.

Sameer Baisiwala:

Okay. And with your permission just one last question from my side and that is a broader question on the Mumbai real estate there are all sorts of story that big correction coming maybe there is no correction coming so, just would love to hear your thoughts on how do you see markets pan out over one year to two year both volume off take as well as pricing?

Vikas Oberoi:

See I do not see any price correction for the simple reason that input cost is not coming down. In fact government is very keen to continue to increase its expectation of revenue from this sector. They want to have whatever was available for free and they have started charging in the form of fungible FSI. They have also linked everything to Ready Reckoner. Every year they continue to increase the Ready Reckoner rate. So I do not see any relaxation at that end. If the input cost is not brought down how will one be able to reduce prices. So my take is very simple as far as all this goes. And again r volumes also at Borivali is a good indication of how one can achieve volumes and again a lot of people are missing one thing if they look at Borivali is that we have no schemes and you pay serious money. All these people who booked the 460 or whatever apartments have paid money, we have collected a little over 120 crores of





cheques from 543 units including the studios if I may say. So we have collected more than 120 odd crores of cheques and they will be paying us another 120 or a little more in 30 days so, I would say that there is demand and obviously media continues to confuse the customer that prices will fall. But if somebody were to do a real math there is no way in which prices will fall unless somebody wants to sell it at loss. So this is my take on it.

Moderator: Thank you. Our next question is from the line of Abhishek Kiran Gupta from Bank of

America. Please go ahead.

Abhishek Kiran Gupta: So Vikas first of all when do we get the invite to see the sample apartment Worli?

Vikas Oberoi: Immediately after people who have bought it see it, so, I owe it to them first then I will show it

to you all. I am myself very-very keen. Today if you see the hard finishings are done the walls are up and I must tell you that they really look good. Hopefully before the end of December.

Abhishek Kiran Gupta: Awesome, looking forward. Okay, that was one question. Second any word on Goregaon

launch I mean Borivali is there I know you people are very busy but mid-next year, late next

year, Diwali next year?

Vikas Oberoi: No, it cannot be that late, we want to early next year as in like the first quarter next year I mean

not the calendar year but the first quarter of the next financial year. We want to internally

target that.

Abhishek Kiran Gupta: Awesome so can I take Borivali in my notes?

Vikas Oberoi: Yes, please do that. It keeps putting pressure on us. We need to continue to work at pace.

Abhishek Kiran Gupta: Bouygues you mentioned is for Mulund.

Vikas Oberoi: Sorry.

Abhishek Kiran Gupta: The contractor for...

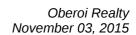
Vikas Oberoi: Bouygues is the contractor.

Abhishek Kiran Gupta: Is for Mulund, anything on Borivali?

Vikas Oberoi: So Borivali also we are talking to another international contractor. Samsung is very keen to

take that up as well. So again we will have three people or four people fight for it and who ever gives the best price for our company will finally get it. These are first amongst equals I would say. They are as good as anyone of them can get. So for us we will only pick the price because

as far as quality goes they are all really the same.





Abhishek Kiran Gupta: So I can assume that should also happen in terms of you start actually the excavation by March

April keeping Mulund timeline in mind?

Vikas Oberoi: Okay. I mean you are being liberal but our internal target is to be doing that in January.

Abhishek Kiran Gupta: Okay, wow! Okay, so I will just put it 1Q calendar, okay. And Borivali sales 543 November 1st

it is November 3rd you want to add any numbers there?

Vikas Oberoi: Well I can tell you we have increased Rs.500 price for that. So that is about it so, people who

have bought they have already felt rewarded.

Moderator: Thank you. Next question is from the line of SN Idnani from Axis Capital. Please go ahead.

Nitin Idnani: Hi, this is Nitin here. Just on Borivali wanted to know in a changing DP environment, how are

we going to go about building the entire thing all at once. Are we assuming that the new DP is

out and all those clarities come through?

Vikas Oberoi: See if you really do the math on the current DP and the new DP, the current gives us as much

as new DP is promising to give. In fact I would say if the new DP was marketed well, people would have not felt that it is such a sell out to developers and this that and the other whatever they were accused of. Of course there were mistakes and stuff like that. But if you really see the new DP and the current DP almost give you the same numbers. So you have got fungible in the old DP you do not have fungible in the new one. You have got all sorts of emphasis coming from everywhere you got free staircase and elevators and passage and all that which you do not have in the new one. So it is a gross area versus computation has changed. So that one bit. We looked at the math and a) we have approvals in the old DP so, we looked at the math and we thought that this is good enough we bought it according to the old DP if there is any benefit of the new DP we can adapt to it from our limited understanding of the new DP we do not see

anything like that happening.

Nitin Idnani: So it would basically mean I mean you would just go higher or at a few floors if there is

anything for the...

Vikas Oberoi: Well I mean like one can add maybe wings, many things can be done so we have kept that

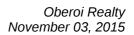
flexibility within the plan but again like I said that this is an optimum plan.

Nitin Idnani: Okay. And just on Esquire is there any marketing strategy to kind of accelerate the velocity of

sales here again? I mean there is momentum on site everyone can see it but still the sales do not seem to be moving much.

Vikas Oberoi: I am not absolutely unduly worried about Esquire. It is doing decent job and you will see we

have some pleasant surprise for you in the next quarter. $% \left(x\right) =\left(x\right)$





Moderator: Thank you. Next question is from the line of Abhishek Anand fromJM Financial. Please go

ahead.

Abhishek Anand: So my first question with respect to the utilization of the fund raise in our notes to accounts

that we have given some working capital loan to a subsidiary so I guess this is Oasis?

Saumil Daru: No, this is to OCL. Oasis does not classify the subsidiary.

Abhishek Anand: Okay, that is an associate. So this has already been utilized?

Saumil Daru: No, not all. So technically what happens is from an exchange perspective we have to disclose

what has been the utilization of funds. One of the end users of funds which we had mentioned when we did the transaction with Temasek that we could use it for giving loans to subsidiaries and all of that. So because this money has got parked in OCL that is where it is. But if you will see our overall cash balance at the end of the quarter it is till 514 odd crores. So obviously this

is not something that has got utilized, but this is what was given to OCL as a loan.

Abhishek Anand: Okay. So then with respect to our Oasis project again we see the CAPEX trend going down for

this quarter as well. So has the approval height issue is sorted out there?

Vikas Oberoi: No, so we have already reached maximum height. Not only Omkar, but even Lodha's have

reached maximum height that was given . The only thing positive is that some developers including MMRDA (you must have read that MMRDA also have some properties which they want to kind of sell so), approached Civil Aviation Authority and told them that ICAO is an international body out of Canada and it is on our board so please allow ICAO to do a survey and suggest what is the optimum height available So Civil Aviation Authorities have agreed to let ICAO do a survey. We are hoping that this survey will be done in the month of November itself and by December we will all have clearance for that. So at least the process is now in the

right direction.

Abhishek Anand: And for the time being are we investing in the Hotel or then the investments are at a very

minimum level?

Vikas Oberoi: We still have enough to do on the hotel building because we have a hotel building and we have

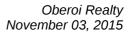
got apartments on top of that also. So we will now continue to build that and of course internally we are going doing our work but the major thrust will again start somewhere in

December and you will see that happen.

Abhishek Anand: Okay. One on the general environment in Mumbai because we have been hearing that

government is looking to make approval process through a single window and give approvals in 60 days, are you seeing some development on that side, online approval system in place or it

is yet to be executed?





Vikas Oberoi:

I must be fair to the present government as they are slowly walking the talk. I must say that they are doing everything within their domain to get things done. As we stand today as a company we are so much more like we have got approvals faster, much easier so that bit is happening and I must say that we need to come out in the open and talk about it which is very encouraging so, it is happening. In fact system are getting in place, attitude has already changed today if you go the corporation there are people sitting with zero pendency which is shocking to hear like they have like zero files pending and all that. So this is remarkable and going forward also now they will put more systems into place. There are many things that are being eased out and stuff like that so all in all I would say yes, there is a clear intent right from the leadership, right from the Chief Minister down to our UD Secretary, our Municipal Commissioner everyone is very-very clear that they need to do this.

Abhishek Anand: That is great to hear actually.

Vikas Oberoi: Yes, even for us it is a great feeling to be in that environment.

Abhishek Anand: And finally just to understand we will course be looking for next phase of growth and we will be looking out for various land parcels. Are we seeing some price correction trend in land parcels or are you getting the availability of land parcels increasing, decreasing how is the

trend you are seeing in that?

Vikas Oberoi: Honestly I do not see reduction in land pricing, I would love to get land cheaper but I am not

getting and there is constant flow of money that is coming into the real estate be it GICs of the world, Canadian Pension Funds of the world, or ADIAs of the world. You read in the paper that this one is giving that much to the so and so and so. So there is no dearth of money

chasing real estate and this is also one reason that pricing does not seem to be coming down

and of course input cost is up and in input cost there is a land cost also in that input cost. If land is going to be so sought after and funds are going to come easily I do not see that I mean

it is a very competitive market as far as land goes so reduction in land prices does not look likely. If press starts giving signals to the people that they need to buy because you have only

one lifetime and you cannot wait for another lifetime to buy a house and if you have decided

you want to buy a house you might as well do it now. And then you will see the entire momentum in sales also pick-up because there is really no technical way to sell it cheaper.

Nobody is going to buy land which is expensive, pay all the premiums to the government,

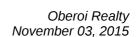
build it and then sell it at a loss, I really do not understand that sort of business mindset.

Moderator: Thank you. Next question is from the line of Ritwik Sheth from Span Capital. Please go ahead.

Ritwik Sheth: I just had a couple of question, sir, firstly you mentioned that Esquire will see revenue

recognition in Q3 so according to my calculation correct me if I am wrong will we see around 400 crores to 500 crores of top-line from only Esquire in the next quarter. Whenever if that is

recognized?





Saumil Daru: Yes, we have can have a discussion on this offline but typically when you will see the revenue

recognition coming in the first time you have crossed the 25% construction cost threshold. So

that is the minimum that you would see in terms of the revenue recognition.

Ritwik Sheth: And we have crossed 25% sales as well so, we are like two-thirds fairly done so...

Saumil Daru: Exactly. And if you look at the order book it is about 1475 or 1500 odd crores. So the bare

minimum that will come through is the 25% it could be a little bit higher because of the fact that under the new method of recognition which the institute has recommended you will also

consider land cost for that purposes. So it will be a little higher 25%.

Ritwik Sheth: Okay. And sir on Oasis, in the previous question we mentioned that we are waiting for that

approval the independent survey for the height in Oasis in case it gets through what is the

incremental stories or incremental square footage we can go forward with?

Vikas Oberoi: So all this also we will give you clarity once we get that because we do not want to answer too

many things on that. Let it get sorted out first. Again like I said that you will be very pleasantly surprised. You will be happy to know what is going to happen to your company.

Ritwik Sheth: On Oasis what is the cumulative amount we have spent till date?

Saumil Daru: A little in excess of 1300 crores.

Ritwik Sheth: Okay. And till we do not get further clearance you mention that we limit like currently what

approvals we have in that limit so would not be seeing any major construction activity in Oasis

is that understanding right?

Saumil Daru: No, in the sense there is a lot of activity happening in Oasis you may not see it happening in

terms of progress of height but whatever is happening at the lower levels there is a fair amount

of activity happening over there.

Ritwik Sheth: So we will be spending like 50 odd crores - 60 odd crores for the quarter?

Saumil Daru: Yes.

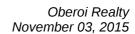
Ritwik Sheth: Okay. And just one last question, what is the total square footage in Borivali for the 3,500

apartment?

Saumil Daru: Right now we are guiding markets on the basis of about 4.5 million development once we

have everything in place we will get back to you with the additional.

Ritwik Sheth: Okay. So currently 4.5 and that can increase if everything falls into place.





Saumil Daru: Yes.

Moderator: Thank you. Ladies and gentlemen, since we are running out of time that was our last question.

I would now like to hand the floor over to the Chairman and Managing Mr. Oberoi for his

closing comments.

Vikas Oberoi: Thank you everyone for joining us on this conference call. Like I always say we truly

appreciate your input and please continue to be forthright and upfront on whatever you think we are doing right and wrong both. I also want to end by wishing you all a very Happy Diwali and a very Prosperous New Year and the same for your family as well. Thank you again. Good

day.

Saumil Daru: Thank you everybody.

Moderator: Thank you very much, members of the management. With this we conclude the conference

call. Thank you for joining us and you may now disconnect your lines.