



“Oberoi Realty Limited’s Q3 FY14 Earnings
Conference Call”

February 3, 2014



MANAGEMENT: **MR. VIKAS OBEROI – CHAIRMAN & MANAGING DIRECTOR,
OBEROI REALTY**
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Moderator

Ladies and gentlemen good evening and welcome to the Oberoi Realty Earnings Conference Call for the Quarter 3, 2014 that ended on December 31st, 2013. We have Mr. Oberoi – the Chairman and Managing Director of the company and Mr. Saumil Daru – the Chief Financial Officer 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 listen only mode. This conference is being recorded. The transcript for the same may be put up on the website of the company.

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

Before I hand the conference over to the management, I would like to remind you that certain statement 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 expectations and projections and may involve a number of risks, uncertainties, and other factors that could cause actual results, opportunities and growth potentials to differ materially from those suggested by such statements.

I would now pass the conference over 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 are calling from. Thank you for joining this call. We will now speak about our Third Quarter Financial for the year of 2014.

Quick update – This quarter has been a mixed bag really. If you look at the approval that we got for our Mulund project, that has been a good news for us, if you look at execution Worli has done phenomenally well. We are almost on the 37th floor there. Goregaon also, all approvals now for Esquire are in place. Exquisite is on schedule and doing well. We have also received permission for conversion at our Splendor project for Prisma. Retail continues to do well. Oberoi mall is now almost 100% occupied. We have also received occupation certificate for Commerz II and we will start leasing activities soon.

As far as our sales go, it has been a little slow this quarter and I have always mentioned to people that a real estate company should not really be measured on a quarter-on-quarter basis. We obviously see some pain, but we also see an opportunity because we are well capitalized and it is a great time for us to kind of look at opportunity for land buying in the market now. Hotel also continues to do well. In fact it received the best ARR amongst its competitive set.

Like I again said that in our Mulund project, Supreme Court has cleared the way and we will soon be starting work, may be in the next 3 to 6 months you will see us launching that project. Here again we were actually almost ready with all our planning, but again with the recent Supreme Court order where one cannot build or show RG on podiums etc, we have to kind of redesign the podium and have to bring in this new rule where the developers are required to make 20% of EWS. So all these things are getting incorporated. Once that is done, we will be ready to roll that project as well.

To take you all through key financials, I will hand over the call to our group CFO – Mr. Saumil Daru and then I am again available for any question and answer and thank you.

Saumil Daru

Thank you Mr. Oberoi. I guess most of you must have received the presentation by email from our IR team and if not the same is also available on our website along with the results filed with the stock exchanges

Quickly in terms of consolidated financials, we achieved consolidated revenue of Rs. 186 crores for Q3FY14 as against Rs. 202 crores for Q2FY14. For 9 months FY14, we have achieved consolidated revenue of Rs. 627 crores as against Rs. 822 crores for 9 month FY13. The consolidated PBT was Rs. 98 crores for Q3FY14 as against Rs. 92 crores for Q2FY14. Same figures for 9 month FY14 PBT was Rs. 338 crores this is against Rs. 490 crores for 9 months FY13. The consolidated PAT was Rs. 68 crores for Q3FY14 as against Rs. 64 crores for Q2FY14. For 9 months FY14, the consolidated PAT was Rs. 234 crores as against Rs. 360 crores for 9 months FY13.

To move to our asset level performance – We will begin with our investment properties. Firstly for the mall, this asset contributed about Rs. 22 crores to the operating revenue for Q3FY14 as against a similar number for Q2FY14. The operating revenue for 9 months FY14 was about Rs. 66 crores as against Rs. 60 crores for 9 months FY13. The EBITDA margins in this vertical continue to hover in the range of 95%. For Commerz which is the office space asset, it contributed 12 crores to the operating revenue for Q3FY14 which is again similar to what it contributed for Q2FY14. The operating revenue for 9 months FY14 was Rs. 36 crores as against Rs. 34 crores for 9 months FY13. The EBITDA margins for this also continue to be in excess of 95%. Coming to the Westin Mumbai Garden City, this contributed about Rs. 30 crores to the operating revenue for Q3FY14 as against Rs. 27 crores for Q2FY14. The operating revenue for 9 months FY14 was Rs. 82 crores as against Rs. 70 crores for 9 months FY13. The EBITDA margins for the quarter under considerations stood at about 28%.

We will now move to the development properties. In Esquire, for the quarter we booked about 17,560 square feet in this quarter and about 9.7 lakhs square feet till date. The total booking value for this quarter was Rs. 35 crores. Cumulative booking value till date is about nearly Rs. 1300 crores. There has been no revenue recognition as it is yet to reach the threshold level of construction completion. In Exquisite out of the total project of 15.4 lakh square feet, we have booked more than 10 lakhs square feet till date which is about 67% of the inventory in the

project. The total booking value for Q3FY14 is Rs. 23 crores and the cumulative booking value till date is Rs. 1380 crores. The total revenue recognized for this project in this quarter was about Rs. 89 crores and the cumulative revenue recognition till date is about Rs. 1214 crores. This is on the basis of about nearly 88% project completion calculation. For Worli Oasis we continue to work on this at a good pace. The agreement with the hotel operator is on the verge of completion and we are hopeful to announce the same shortly.

Coming back to some key financial parameters, our EBITDA margins for Q3FY14 was 56% and 57% for 9 month FY14. The PAT margins were 36% for Q3FY14 and 37% for 9 months for FY14. The EBITDA margins for the mall and Commerz are much higher than average. Excluding these, the margins for our pure residential business is about 47% for 9 months FY14.

With this we would now like to open the floor for questions. Thank you.

Moderator Thank you very much. Ladies and gentleman, we will now begin the question and answer session. Our first question is from Puneet Jain from Goldman Sachs, please go ahead.

Puneet Jain I have got couple of questions. My first question is with respect to cash usage in a quarter because your cash in the quarter went down by around by Rs. 2.9 billion and if I add profits for this quarter, which is around another 0.6 billion, that gives us a total of around 3.5 billion which was used up in either construction of properties or for possibly land investment. Could you provide some details on that?

Saumil Daru During this quarter, about 125 crores is what we paid for some fungible FSI for the next phase of Goregaon. So that is the largest consumption of cash. Other than that there is a lot of money which has gone in to construction of Oasis. There again there is only a one way traffic right now, there is only construction happening so there is money going into that. For Exquisite also, there is a lot of money is going into the construction. If you recollect in Exquisite, we have already billed about 96% which is the maximum we can bill out and the balance money from the customers are only going to come in at the time of possession. So in the present quarter, even Exquisite has been a net consumer of cash. Similarly in Esquire, there is construction activity going on. There also we spent about Rs. 12 crores in the quarter. For Prisma also there is some or the other going on. So money is getting consumed in the course of operations itself. So these are the major ones. Between Oasis and this TDR consumption, these are the two biggest consumers of cash; the remaining is all these other ones which I told you about.

Puneet Jain My second question will be with the respect to presales, now will there be any target of improving the presales or if it is dependent on market recovery or will the company also tend to do something on this front?

Saumil Daru

We have always maintained that you have the world economy at first then you have the regional factors which come in, then you have India factors which come in, then you have the real estate specific factors which come in and then finally you have the local factors which come in. As a company operating in the real estate sphere, we are hostage to all of these factors. And in the end, if you look at it with the way the markets are, we are not in any position to be price makers. So all of us are governed by the market conditions. We will have to go by how the markets go. For the present moment, you look at the macroeconomic headwinds, you look at people's expectations on what happens in the general elections, what happens 6 months down the line, so once you start factoring in all these, you will see that the sales over the last few quarters have been sluggish, and they have been sluggish for most people in Bombay or rather for everybody in Bombay. So from that perspective, we will have to wait and see how it goes. Ultimately, we will have to see how the markets go and we will continue to take a call from there.

Puneet Jain

One follow up on this, there were some thoughts that as Exquisite starts to move towards finishing, the presales from Esquire may rise, that doesn't seem to be happening as of now. And what could be possible reason for that?

Vikas Oberoi

Here again Exquisite is likely to be completed probably soon or rather we will end up giving possessions by the end of 2014. So we are still a good 10 to 11 months away and people understand that. With uncertainty on elections and the way the markets are positioned, buyers are kind of aware of the negotiation capability they have and most of them choose to kind of wait. So what we are really also doing is that there is no point in revisiting our price or anything like that and here again one needs to understand that the input cost is going up. For any new replacement product similar to Exquisite, one will have to pay fungible FSI premium then construction cost itself has gone up, so those things factored in. There is very little scope as such for a price drop. All we are simply hoping is that when Exquisite comes to completion, probably post June, elections also would have been sorted out and then the markets will pick up. So this is like our wild guess I would say and we will probably continue on those strategies.

Moderator

Our next question is from Anand Agarwal of Jeffries. Please go ahead.

Anand

Good afternoon. This is Anand here. My first question is for Esquire, last couple of quarters we have a fair amount of cancellations. I think 8 in the last quarter and 4 in this quarter. So any particular reason for that because net of cancellations you hardly sold anything in Esquire in the last two quarters?

Saumil Daru

Some of the cancellations in Esquire are coming off from what people had booked originally and the first set of cancellations happened in Q1 and the next there have been a few cancellations this quarter. We have now got all the approvals for the complete construction. So we don't see any increasing trend in terms of the cancellations per say. And if you look at sales during this quarter, we had 8 fresh sales so which is also why you are seeing that this 4 is

standing out drastically. When usually we report numbers and we have done 30 or 35 apartment sales you may have one or two cancellations, which in that case will not stand out. In this context, they are just ending up standing out. But this is not a trend or anything which we see increasing.

Anand Second on Oasis on the collections, what is the agreement with people? Because this quarter we don't seem to have collected any money at all despite we spending a lot of money on construction?

Saumil Daru It is very simple; the next stage of collections for us comes when we execute the agreements. As you know what I mentioned even we started off was that we are on the stage of concluding our transaction with the hotel operator and what we also have told you is that these residences will be managed by the same hotel operator. We have clauses relating to that which need to come into the residential agreements which we do with our flat holders. So based on that once we are able to freeze out the documents and roll out the agreements with the flat holders, we will be able to collect the balance money.

Anand Okay so only once the hotel operator is finalized, we will be then able to start collecting money?

Saumil Daru Yes.

Vikas Oberoi Just to take you back on your first question, we have got a total inventory of about 636 apartments. We sold 415 and out of the 415, at best in the entire span of this project you would have got not more than 15 cancellations, and these are obviously also because lot of people pay you the first advance and then don't pay you in time. We want to keep a very strict regime on collections. If people don't pay up, we actually cancel the flats. So there is really nothing like sort of a trend or anything like that. And whoever cancels ends up giving us a 5% as a cancellation fees if you are aware of how we go about doing our process.

Anand Just on the fungible FSI cost that you mentioned now, we bought this for the third phase of Goregaon?

Vikas Oberoi Correct.

Anand In terms of for Splendor Prisma, for the Mulund launch, we will still need to buy the fungible FSI or do we already have it in place?

Vikas Oberoi Mulund, we will need to buy fungible FSI. Prisma also we will need to buy some amount of fungible FSI.

Anand In this quarter you have not given any advance towards land acquisition or deposits to land owners or to the JV partner?

- Vikas Oberoi** No, nothing substantial.
- Moderator** Our next question is from Adhidev Chattopadhyay of HDFC Securities. Please go ahead.
- Adhidev Chattopadhyay** My question is specific to the Mulund project. Now that the Supreme Court order has come would you just take us through what are the approvals that we now need to take and what is the earliest by which we could be in a position to launch the project and also what would be the impact of the ruling under 20% housing for the economically weaker sections? As I understand, it is news in media that all developers will again be approaching the courts against the ruling given recently?
- Vikas Oberoi** Even prior to the Supreme Court order coming into play initially in 2005, we had converted this property from an industrial use to residential. So that conversion approval was done. Post that, we also got our layout approved. We also got IOD for the project. It was at the time when we were applying for CC is when we got this news that this property is in forest and so on and so forth. We also had the MOEF approval for the project. Now with the Supreme Court order where the court wants us to leave 25% of the land for RG and stuff, we will have to go in for a minor amendment of what we were originally planning to build and so if I take that into consideration, we should be in the market in the next four months for a launch of Mulund project. And with regards to your 20%, what we have really decided to do is that we will plan for this EWS on the property. Just for your information one does not lose any FSI at all and all one has to do is to create this EWS scheme on your site and build it, for which the government will/may also give you construction cost. However we will obviously oppose some parts of this judgment, but we will not oppose at the cost of holding our project. We will probably get approval for EWS under protest, and simultaneously we will try and see if one can get an order from the court where one doesn't have to build it immediately until this is sorted out. If court gives us such an order, we will continue to not build it, but if the court gives us an order saying one has to build EWS, then we will obviously have to go ahead and build that. So that per se is not going to change much for us. We will want to launch this project in the next 4 months at best and get going with it.
- Adhidev Chattopadhyay** Another question, I believe there was a public parking scheme component with the Mulund and the Goregaon phase 3 projects. Is there any update on that when we will be going in for the approvals or will you get at a later date?
- Vikas Oberoi** The Mulund FSI that we have envisaged does not contemplate any car parking. The Goregaon third phase has the car parking component which we have made applications for and we should probably get that order as well. But even in Mulund, for whatever little we want, the policy for that is reasonably clear and the people who apply should get it. So there is no difficulty because again as you know that earlier there was no premium to be paid; now the government gives you that car parking benefit and they charge you a premium which all developers pay. So it is pretty transparent in our system.

Adhidev Chattopadhyay This is more of a hypothetical question that given that we have to spend substantial payments for fungible FSI and TDR both on Mulund and the Prisma project, let us say we want to acquire certain parcel of land which we feel it as an attractive valuation, so would we be willing to leverage the balance sheet to pursue any such acquisition or are we adequately funded in your view?

Vikas Oberoi Two things, I wanted to tell everybody that we have never been against leveraging ourselves or anything like that. We believe that we can leverage ourselves; we have done that in the past, we will be more than happy to do it should there be a need to do so. Moreover we also have a very good rental income such that one could discount it and raise money. Hopefully we have enough avenues to generate to cash and debt obviously is one of the options and we will consider everything and then take a call. We have got some top private equity players willing to do SPVs with us and give us some sort of upside, so there are many ways in which one can generate cash. If there is a good project which requires cash, we know how to get that and we will do it. We will not let that go because we would not have the cash or we would not want to leverage or anything. Those reasons won't exist.

Moderator Our next question is from Atul Tiwari of Citi Group. Please go ahead.

Atul Tiwari For Goregaon phase III after this fungible FSI purchased and the car parking thing, what would be the saleable area that we are looking at?

Saumil Daru For the present moment, we have said that our total residential component in Goregaon would have been at about 52 lakh square feet. Out of which if you take out Exquisite and Esquire, they are both in the region of about 15 lakh square feet each and I think, that totals up to about 31 lakhs when you round off. The balance is the potential which is left currently for the phase III. We are sticking to that number right now. Once we get all our final approvals and everything in place that is when we will tell you by how much it has or can be increased. But for the present moment, we would want all of you to factor in at what we mentioned earlier which is the 52 lakhs square feet for the total Goregaon.

Atul Tiwari Same number for Mulund project, how much will be the total and how much you will launch in the next 4 months?

Vikas Oberoi We plan to develop both phases together. They will be differentiated in the product that we will be building. We have total saleable area of about 32 lakhs square feet and all phases will start together, now whether we will phase out the sale one has to wait and watch, but this entire 32 lakhs square feet, the way it has been planned internally is that we want to finish the construction in the next 3 years and get done with the sales. These are two separate properties we might do either 5 or 7 buildings there. With the reduced land available due to 25% being left open, one might end up doing about 5 buildings which will obviously not reduce the FSI of the sale area but we intend to start it at one go and the entire project we want to finish in the next 3 years.

- Atul Tiwari** On Esquire, when do you think the project will come up revenue recognition? Any comment on that?
- Vikas Oberoi** FY15 for sure.
- Atul Tiwari** But is it likely to be second half or first?
- Saumil Daru** In our probability, it is in the first half.
- Atul Tiwari** How much was the construction spent in this quarter on Esquire?
- Saumil Daru** About Rs. 12 crores.
- Moderator** Our next question is from Shashi Kiran Rao of Standard Chartered Securities. Please go ahead.
- Shashi Kiran Rao** My question is regarding Commerz-III, any guidance, your spending has picked up quarter on quarter if I might say, so any colour on what is the status of leasing over there and the prospects thereof?
- Vikas Oberoi** I think you meant Commerz-II?
- Shashi Kiran Rao** Yes Commerz-II.
- Saumil Daru** You would have seen it from the pictures in the presentation as well as from the data we gave out that the spend has been going up. Two things over here, one for the commercial real estate market in Bombay we are waiting for some sort of revival. The building is complete. We are ready to lease now as we speak and if you come onsite we can take you through. You will find that somebody can move in tomorrow and start operating in all of the building. So basically we just wait for the commercial real estate market to pickup. Like I had mentioned a few questions back about some of the macroeconomic environment and the general elections etc coming in and affecting the residential space, these are also more than relevant in the commercial real estate space. If you really look at it over the last few years, in corporate India CAPEX is virtually frozen and there haven't been that many growth opportunities for corporate India. We have to look at growth coming from the corporate side and it is only then that you are going to have additional off take of commercial real estate. So we may have to wait for that. We have mentioned over a previous few calls also that we have been in talks with a couple of people for slightly large office spaces which may be a couple of lakhs square feet each. But in their cases also they are more on go slow mode and holding on to decisions. These are again large multinationals who need their corporate approvals from abroad and things like that. But once these deals go through you know you have two of them, so you have a situation where about 4 lakhs square feet out of the 8 lakhs square feet suddenly is producing income. So that is about it. We will continue to wait and watch. We are aggressively pursuing all opportunities that are

there in the market, but in the end it is going to be the overall economic situation which is going to determine how and when businesses want additional space.

Shashi Kiran Rao

One question on Oasis, do you foresee FY15 launch of the project?

Vikas Oberoi

In fact we could probably see a FY14 last quarter launch also. We might just announce our hotel operator and the residential services provider in the next 15 days and once that is done then we get aggressive on selling and launching that project also. So for sure in 2015, but I don't rule out the last quarter of 2014 as well.

Shashi Kiran Rao

You have been spending quite a bit on this project, you have spent about Rs. 7 billion already, so what is the total size and so would you be seeing the lumped up revenue as soon as you start work on launching the project?

Vikas Oberoi

What I am told is that one now needs to sell 25% of the inventory and you have to complete 25% of the project. So the day we complete 25% of the inventory obviously it will be a large number and on that very quarter it would look like a big quarter. But that is how it is and this is why I keep telling people that don't judge a real estate company on a quarter-on-quarter basis because one cannot really time it or slice it that way. Nevertheless what you said is going to be true. It will be a big kicker the day Mulund gets launched. If you really see the revenue we will generate and the kind of cost that we have envisaged for the company, Mulund itself will give us a PAT equivalent to what the company has been having on a year-on-year basis or for that matter even Oasis would do that. So the minute we touch 25% then that sort of things starts coming into play.

Shashi Kiran Rao

My question is on Oasis for which what is the total percentage of spent has already been done?

Saumil Daru

For the present moment, on the residential component we have spent totally about Rs. 700 odd crores. You are right that it is about 7 billion and our total for this area should be about Rs. 1800 odd crores.

Moderator

Our next question is from Saurabh Jain of HSBC. Please go ahead.

Saurabh Jain

For the Exquisite project this quarter I think we had a low realization rate compared to the previous quarter. Any reason for that?

Saumil Daru

It is always got to do with the floor mix. We have always told you that if you end up selling at the lower floors then you know there is a lower floor rise and if you are ending up selling anything above the 25th floor or 30th floor, then you have 25% or 30% or something like that which comes in. So if you look at it, the base price has more or less has remained the same. It has always got to do with, the total average realization including floor rise, so it all depends on the mix of the floors which have been sold in that quarter.

- Saurabh Jain** If I am right the EBITDA margins for this quarter are slightly on the lower side YOY, is that right?
- Saumil Daru** Well, but if you look at it and then compare to the last quarter they have kind of again gone up. Two reasons is you recollect in the last quarter we had that Rs. 23-odd crores cost which came in on account of Splendor Grande and of course that cost will also come in the YOY. So to that extent it will depress the YOY numbers a little compared to last year. But the moment you take out the effect of the Rs. 25 crores, you will see that the margins are either where they were or they have improved.
- Saurabh Jain** I was comparing quarter last year YOY basis.
- Saumil Daru** The problem is that we will also have to look at in the last quarter or in third quarter of last year what were the projects, what was being recognized and was there any change in estimate. For example, I can also tell you that as far as Exquisite was concerned in this quarter there was a slight change in estimates which we had in the budget. So again for me in Exquisite there is 88% project completion, so about 88% of that cost suddenly hit this quarter's numbers compared to what happened in the last quarter. In Q2 you take out the impact of the Rs. 22 crores on account of Splendor Grande and this time if you take out this effect then your margins are only better because our realizations are increasing. So again in Exquisite as you yourself firstly begun by saying that your average realization is slightly lower, so the moment the realization gets lower also your margins will take a hit. So it is a combination of all of these.
- Moderator** Our next question is from Vikash Patwari of Credit Suisse. Please go ahead.
- Vikash Patwari** I have 3 questions, one is if I add the rental revenue from Oberai Mall and Commerz, it doesn't add up to the one initially in the presentation. So what is the other?
- Saumil Daru** The balance is from the school.
- Vikash Patwari** Is it something around Rs. 7 to 8 crores this year?
- Saumil Daru** It comes to about Rs. 6 to 7 crores a quarter.
- Vikash Patwari** Has it increased over the last year because the difference was not that huge last year?
- Saumil Daru** Yes, it has. You know what happens Vikash on this one is with the school we have a revenue model which is based on the total revenues of the school. Between last year and this year, every year if you would have been looking at the school strength has kept increasing. So as that strength increases the total top line in the school increases and then the rental payment from the school comes up.

- Vikash Patwari** Is Rs. 7 to 8 crores a good number to take going forward?
- Saumil Daru** Yes, Rs. 7 crores is a good number to take going forward. The whole idea is that and the reason I am trying to depress that number a little bit is the idea is not to make money per se from the school. The school is adding value generally to the property and it has kind of upgraded the entire value of the property. For example, the school ends up enabling us to achieve a higher realization on the flats that we sell.
- Vikash Patwari** Absolutely, but in any case in terms of revenue we must be getting Rs. 6 to 7 crores every quarter.
- Saumil Daru** Yes.
- Vikash Patwari** The other thing in the presentation in Slide #6, there is an item called other long term liability which is on a YOY basis 9 month FY14 and 9 month FY13 has gone up by some Rs. 330 crores. What is that and what is causing that such a big increase?
- Saumil Daru** One part of that long term liabilities straightaway a reclassification in our deposits which we collect from our tenants. If it is less than 12 months then we classify it as current. If it is more than 12 months then noncurrent. So the moment you have renewals which happen it immediately moves from noncurrent to current. So that was one.
- Vikash Patwari** It moves from current to noncurrent?
- Saumil Daru** Yes, exactly, so it moves to long term liability.
- Vikash Patwari** The last question which I have is can you please update on the Khar project the last slide which you have given?
- Saumil Daru** It is a JV. We have to build the whole thing for the landlord. There are four apartments which go to the landlord and there are about 8 apartments which are available to us for free sale and our gross revenue in that project is that it is like we estimated to be about Rs. 120 crores, the total cost will be in the region of about Rs. 55 to Rs. 60 crores. So the balance there is about 39 to 40 Crores.
- Vikash Patwari** And they expect to finish it in a year's time?
- Saumil Daru** This calendar is what we are targeting. You would have seen from the picture but just by way of a further update till date we have completed all the slabs, even the terrace slab of the building is done.
- Vikash Patwari** On the entire Goregaon development potential, I think you just now said that it is 5.2 million and out of that 3.1 million is already used in the other two projects. So when you have bought

more fungible FSI which you just now mentioned now, can you just put the number in that context, what could increase the number or what could be the final number or what are the factors affecting this number?

Saumil Daru: In all fairness, we expect it to increase, but the final number will depend on that parking FSI. There was another question also about what do we expect on the Car Parking FSI in Goregaon. So, we also need to wait for those approvals to come in. Once those approvals will come in, it is only then that we will be able to tell you that this is the final thing which is there in Goregaon.

Vikash Patwari: Sir, can you please explain the parking FSI and how would it impact?

Vikas Oberoi: This is Vikas. Any land one can propose a Car Parking scheme under 33(24) that is the Section under which you can propose a Car Parking scheme. The government gives you additional FSI in lieu of you having built a public car park. One can propose that and get this additional FSI. There is a MAT now which the government actually charges you as some percentage of the sale also. So they take a premium and they take these Car Parking in lieu of allowing you additional FSI. So, we will probably go under that scheme which we had anyway envisaged, so that would give us some additional FSI.

Moderator: Thank you. The next question is from Nitin Idnani of Axis Capital. Please go ahead.

Nitin Idnani: You mentioned that costs were up. If you could just help us with what is the current cost of construction, let us say in Esquire, Exquisite, and what you envisage it could be at Mulund on a per sqft. basis?

Saumil Daru: Saumil here. In Exquisite we expect to finally come out at about Rs.4200 a sqft. In Esquire, there is a fair amount of work which has already been done on the foundation and stuff. So there we expect that we should be able to end up with about 4600-4700 type numbers. Mulund we clearly see being there at about 4800 odd. I am assuming that the specs and everything remains the same which is what we are anticipating for Mulund. So based on final specs which we will arrive at, but this will be ballpark number at which things are happening now.

Nitin Idnani: And this is pure cost of construction. Does not include any TDR and FSI?

Saumil Daru: No.

Nitin Idnani: Would we be able to quantify how much TDR and FSI spend is required for the portfolio as of now, assuming Goregaon at 52 lakh sq.ft. itself, not anything further?

Saumil Daru: In Goregaon most of it has been done, we just need to now wait for the Car Parking stuff to freeze. Mulund we will look at both TDR as well as Car Parking if there is anything which comes from there. A little bit of fungible which will come in Mulund. Worli I do not have any

of those things coming in. As far as Prisma is concerned also there will be some amount of 33(24) and mainly there maybe some fungible which will come in.

Nitin Idnani: Any number to this spend or it would really depend on the price of TDR, of course at that point in time? The fungible FSI is something you could probably quantify based on this year's 'ready reckoner.'

Saumil Daru: Maybe we can do that, so maybe that is something we can carry offline.

Nitin Idnani: One last thing, there was something on new TDR policies in terms of TDR being able to be used even south of the generator, of course only in the suburbs but it would be used or it would be calculated based on the ready reckoner rate from where it is being generated and where it is being used. Any sense on any change in the way TDR works in Mumbai and how would that affect us?

Vikas Oberoi: Honestly even I am hearing what you say, but nothing clear as yet and again on 28th of February we will have that restrictions coming from all the bureaucrats and politicians to come up with any new policy. I do not know how much one can do in the next 25 days but I have heard similar stuff but I am not aware of where really are we going towards and stuff like that. So there was a rumor that it is going to be linked through the 'ready reckoner.' But nothing clear on that account.

Nitin Idnani: As you see it right now, just a first take on it, would it result in cost going up?

Vikas Oberoi: Yes, it would result in cost going up for a simple reason that today TDR is a generic product and any TDR generated anywhere could be utilized north of the property it is generated. So the usage is very big. But if they connected to the ready reckoner, obviously, there could be some cost impact.

Nitin Idnani: You might have to buy more TDR for the same amount of FSI?

Vikas Oberoi: Yes. But, honestly that would be really-really bad for the industry at large.

Moderator: Thank you. The next question is from Sandeepan Pal of Motilal Oswal Securities. Please go ahead.

Sandeepan Pal: Just one question regarding you given that you have already received the approval for Prisma and also you have paid for the fungible FSI component for your 3rd Phase of Goregaon. Are these to launch on radar for next six months?

Vikas Oberoi: Yes, at least Prisma for sure and even the 3rd Phase depending on how sales go up. But our focus right now will be Mulund which will happen in two months, we will also focus on Worli and then we will focus on Prima, and fourth will be the third phase, because we will still have

Exquisite and Esquire stock to sell. So we would not flood Goregaon with another project, but we will look at the 3 projects to be launched, starting with Worli, then Mulund and then the third one being Prisma.

- Sandeepan Pal:** All the three we can expect for at least next six months?
- Vikas Oberoi:** Yeah, the next six months, in fact, like I said, Worli might start end of this quarter and the other one would be following on.
- Moderator:** Thank you. The next question is a follow up from Puneet Jain of Goldman Sachs. Please go ahead.
- Puneet Jain:** Will the 20% EWS rule apply for Esquire?
- Vikas Oberoi:** We have been fortunate, Goregaon it does not apply because base land FSI of Goregaon is already consumed and we have taken commencement certificate for the entire Goregaon base FSI. So it will be only applicable on projects where CCs is not granted. Fortunately for us in Goregaon CC is being granted, so there is no area wherein EWS is applicable.
- Puneet Jain:** And also, any indicative pricing for Mulund?
- Vikas Oberoi:** Again, we have not really worked on it. We have done some internal number crunching but we will come closer to launch and then probably take a call. Because there is political uncertainty, the economic uncertainty, we need to take all that into account. We are really hoping that post these elections we have a stable and positive government in the centre and then things can get moving.
- Puneet Jain:** Sir, your Exquisite looks more or less complete, but you are saying that delivery will only be in end 2014, earlier it was supposed in June 2014?
- Vikas Oberoi:** Our basic agreement allows us to finish this project by December 2014 that is what our late date of completion is. So it is just I want to be politically correct and say a date which I will for sure deliver it. But our endeavor is to in fact give it by June, you are correct on that.
- Moderator:** Thank you. The next question is from Anand Agarwal of Jefferies. Please go ahead.
- Anand:** Anand here. Sir, on the Oasis project, I just wanted to understand, there are two components that we need to recover from the JV partner. One is their share of the cost that we incurred and also the certain loans and advances that we have given to the JV partner. When do we start recovering this cash from the partner?
- Vikas Oberoi:** As soon as we sell, the right on the cash is first with us. So in a waterfall mechanism, the cash actually ends up coming towards us, the minute we start selling Worli, we will get that cash.

- Anand:** So we will recover the cash first before giving any money to the JV partner or?
- Vikas Oberoi:** Exactly.
- Moderator:** Thank you. The next question is from Nitin Mukhi of BW Holdings. Please go ahead.
- Nitin Mukhi:** It was regarding the Esquire, the Oasis, and recent good news about Mulund. On a very broad-based if I look at the next 3-5 years what kind of top line that we expect from these three projects alone, assuming that we will be implementing them. In the Mulund project, over the next 5 years we will be able to account for the revenues?
- Vikas Oberoi:** We do not give any projections for future because they are considered to be forward-looking statements and we are barred from doing that.
- Saumil Daru:** But, all the numbers, Nitin, are available in the public domain; for Oasis if you look at our presentation, we have told you what has been the last sale made at, for Esquire we will see what has been the average realization in the last quarter. So you will be able to figure that one out. As far as Mulund is concerned, we will have to wait till there is a formal launch, and that is when we will share the numbers with you, from thereon life should get very easy for all the analysts in terms of what that should start working towards.
- Nitin Mukhi:** Yeah, actually I looked at the presentation, and I have that estimates of how much is the total built-up and what is the price, but I am not sure whether the entire estimated sqft. area, the entire revenue belongs to us or are there other partners also involved in these three projects?
- Saumil Daru:** As far as Esquire and Mulund is concerned there is no other partner. As far as Oasis is concerned there is a partner.
- Nitin Mukhi:** Our share will be in terms of percentage?
- Saumil Daru:** Share will be between 25-40% depending on the rate at which the apartment is sold.
- Nitin Mukhi:** Second question was in terms of future plans. I understand it is a fantastic time to be acquiring land parcels are we looking at it?
- Saumil Daru:** Yes.
- Nitin Mukhi:** Is it the same Mumbai region that we are looking at or are there other regions that are on our radar?
- Saumil Daru:** We have always said that Mumbai is obviously our preference, this has been our home market, and this is something which we have played the last 30 years, so this is the place we are very comfortable about. Again, there are a lot of people who are trying to come into Mumbai but

then who have moved out because of the challenges the Mumbai itself imposes. To our mind it is one of the mature real estate markets in the country. So, we love this market. So we would obviously like to continue and since we already have a strong presence here we would like to build on that strength. At the same time, if we start looking at places outside Mumbai, then we pretty much like the model which we have done for our Worli JV. So we can look at a JV model for land acquisition opportunities which are there outside Mumbai. Again, within that primarily, right now the two markets of focus are the NCR and the Bengaluru region. Other than that, not that we rule anything out, we never say never in business, we look at all opportunities, but currently NCR and Bengaluru is what we are looking out at opportunities for, and Mumbai will continue to remain the focus.

Moderator: Thank you. The next question is from Parikshit Khandpal of Karvy Stock Broking. Please go ahead.

Parikshit Khandpal: Just on the Mulund project, do we still require a forest NOC?

Saumil Daru: Not at all after the Supreme Court judgment.

Parikshit Khandpal: How does the Environmental Committee basically interpret the Supreme Court judgment? Because I know on 28th or 29th we had this CIAA Committee which had revalidation of Mulund project, EC. So how does the EC committee now interpret this judgment?

Vikas Oberoi: They just look at the new plan that we will submit, approve the new plan and move on. We do not go to MoEF under the Forest Act.

Saumil Daru: We go to the MoEF under the Environment Protection Act for which we have got our approvals for all the buildings which we have done so far. In fact, for that matter, we had already got the MoEF approval under the Environment Protection Act earlier.

Parikshit Khandpal: It is just a routine revalidation or something in light of the existing judgment which has come in now?

Saumil Daru: Yeah.

Moderator: Thank you. The next question is from Tejas Seth of Emkay Global. Please go ahead.

Tejas Seth: Last six months there has been a significant slowdown in housing space in Mumbai, how have the land deals availability changed in last six months and any significant change you are seeing?

Vikas Oberoi: You are right that the market has slowed down, but banks do not seem to be pulling their plug as yet, they are giving them a long rope and that in a way is kind of a deterrent in our business. We would love to see banks getting serious about recovering money, so that people who are

sitting on land can probably or rather are forced to get into the market and companies who have the cash can buy. The new RBI Governor is like really pushing this idea. We appreciate his effort. And I feel that very soon you will see that happen. We have been holding on for a long time and I believe that we will now get into business of buying such distressed assets.

Tejas Seth: Have the proposals which have come to you in the last three to four months seen a significant change in the valuation per se?

Vikas Oberoi: Firstly, the quantum of proposals is a positive and from then on like obviously one is trying to negotiate but like I said that these guys have got a significantly long rope and we are trying to negotiate a good deal out of these people. But yes, the quantum of deals have increased, we are yet to see some sensibility on pricing.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraints that was the last question. I now hand the floor back to the Chairman and Managing Director, Mr. Oberoi for closing comments.

Vikas Oberoi: Thank you once again. We really appreciate the time and effort you take in attending our conference call. We appreciate your questions, your views, your suggestions, please continue to do that. We at our end will do our best to incorporate that in our business.

Saumil Daru: Thanks everybody.

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