



## “Oberoi Realty Earnings Conference Call”

**October 24, 2016**



**MANAGEMENT: MR. VIKAS OBEROI – CHAIRMAN AND MANAGING  
DIRECTOR, OBEROI REALTY LIMITED  
MR. SAUMIL DARU – DIRECTOR (FINANCE), OBEROI  
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**Moderator:** Ladies and gentlemen, good evening and welcome to Oberoi Realty's Earnings Conference Call for the Quarter 2 Financial Year 2017 that ended on September 30, 2016. 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 during the duration of this conference call, all participant lines will be in the listen only mode. This conference is being recorded and the transcript for the same maybe put up 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 phone.

Before I hand the conference over to the management I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and maybe forward-looking statements, including those relating to general business statement, 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 as per the time-zone from which you have logged in and welcome to the conference call of second quarter financial year 2017 results and business update. Thank you all for taking time out for this call. A quick update; we are delighted to announce that we have signed a Pharma company, Teva Pharma, for about 100,000 sq. ft. for our Commerz-II. This is again Teva's head quarter, keeping in mind our entire endeavor to bring only headquarters to Goregaon which would in turn help residential development also.

On the residential front, we've opened the sample flat at Sky City in Borivali and Esquire. The response to both the show apartments has been unprecedented. We've received many visitors and good conversions taking place here. With this now I will hand over the call to Saumil so that he can take you through the details of the numbers. I will be more than happy to address any of your questions should there be any after that. Thank you

**Saumil Daru:** Thank you Mr. Oberoi. I guess most of you must have gone through the presentation available on our website along with the results which have been filed with the exchanges. The results for the quarter ended September 30, 2016 are as per the Indian Accounting Standard applicable from April 1<sup>st</sup> 2016. The results for the quarter ended September 30, 2015 have been recast to facilitate comparison. In terms of consolidated financials, we achieved the consolidated revenue of Rs. 264 crores for this quarter as against Rs. 203 crores for Q2 FY16 and Rs. 330 crores for Q1 FY17. The consolidated PBT was Rs. 124 crores for Q2 FY 2017 as against Rs. 109 crores for

Q2 FY16 and 163 crores for Q1 FY 17. The consolidated PAT was Rs. 83 crores for Q2 FY17 as against Rs. 74 crores for Q2 FY16 and Rs. 108 crores for Q1 FY17.

I would now like to move to the asset level performances and to begin with our investment properties. Our investment properties continued their steady and strong performance. Oberoi Mall which is the retail asset contributed about 24 crores to the operating revenue for Q2 FY17 as against 24 crores for Q2 FY16 and the Q1 FY17. The EBITDA margin in this vertical stands at about 93%. Commerz, our office space asset contributed about 11 crores to the operating revenue for Q2 FY17 as against 12 crores for Q2 FY16 and 11 crores for Q1 FY17. The EBITDA margin in this vertical is at around 100% but in this quarter it is predominantly due to an adjustment on account of property tax. In Commerz-II Phase-I the total top-line was about 4 crores for Q2 FY17 as against 1.75 crores for Q2 FY16 and 3 crores for Q1 FY17. The Westin Mumbai Garden City contributed 29 crores of operating revenue for Q2 FY17, this is as against 30 crores for Q2 FY16 and about 28 crores for Q1 FY17. The EBITDA margin in this vertical is at around 28%.

We now move on to our development properties; for Esquire of the total project of about 21.22 lakh sq ft, we have booked little over 25,100 sq. ft. in Q2 FY17 as against 4390 sq. ft. odd in Q2 FY16 and a little over 8000 sq. ft. in Q1 FY17. Till date we have booked about 11.56 lakh sq. ft. which is about 54% of the inventory. The total booking value for this quarter is Rs. 53 crores as against there was 8 crores in Q2 FY16 and Rs. 16 crores in Q1 FY17. The cumulative booking value till date is Rs. 1666 crores, total revenue recognized for this project in Q2 FY17 is Rs. 102 crores and the cumulative revenue recognition till date is Rs. 955 crores. For Exquisite, of the total project of 15.47 lakh sq. ft. we have booked about 16,920 sq. ft. in this quarter as against 38,600 sq. ft. in Q2 FY16 and 18,200 sq. ft. odd in Q1 FY17. Till date we have booked 13.53 lakh sq. ft. which is about 87% of the inventory in this project. Total booking value in this quarter is Rs. 40 crores as against 89 crores in Q2 FY16 and Rs. 40 crores in Q1 FY17. The cumulative booking value till date is Rs. 2,177 crores, the total revenue recognized for this project in this quarter is Rs. 40 crores and the cumulative revenue recognition till date is the entire amount of Rs. 2,177 crores on account of 100% of project completion.

For Prisma of the total project of 2.68 lakh sq. ft. we have booked about 11,400 sq. ft. in Q2 FY17 as against 9170 sq. ft. in Q2 FY16 and about 20,188 sq. ft. in Q1 FY17. Till date we have booked 1.64 lakh sq. ft. which is 61% of the inventory. The total booking value for Q2 FY17 is Rs. 19 crores as against Rs. 16 crores in Q2 FY16 and Rs. 34 crores in Q1 FY17. Cumulative booking value till date is Rs. 289 crores. The total revenue recognized for this project in Q2 FY17 is Rs.19 crores and cumulative revenue recognition till date is Rs.156 crores.

For Mulund in Eternia in Q2 FY17 we booked 15,380 sq. ft. as against little over 7000 sq. ft. in Q2 FY16 and 5000 sq. ft. in Q1 FY17. Till date we have booked 4.52 lakh sq ft. The total booking value in this quarter is Rs. 23 crores as against 10 crores in Q2 FY16 and Rs. 8 crores in Q1 FY17. The cumulative booking value till date is Rs. 682 crores. For Mulund Enigma in

Q2 FY17 we booked 10,720 sq. ft. as against 13,477 sq. ft. in Q1 FY17. Till date we have booked 3.16 lakh sq ft, total booking value for Q2 FY17 is Rs. 17 crores as against Rs. 22 crores for Q1 FY17. The cumulative booking value till date is Rs. 478 crores. Thus, from Mulund totally we have booked about 26,100 sq. ft. in Q2 FY17 as against 18,487 sq. ft. in Q1 FY17. Till date we have booked about 7.68 lakh sq ft. The total booking value in this quarter is Rs. 40 crores as against 30 crores in Q1 FY17. Cumulative booking value in Mulund stands at Rs. 1,160 crores.

For Sky City we booked little over 28,500 sq. ft. in Q2 FY17 as against close to 27,000 sq. ft. in Q1 FY17. Till date we have booked over 10.85 lakh sq ft. The total booking value for this quarter was Rs. 45 crores as against Rs. 46 crores for Q1 FY17 and till date the booking value is Rs. 1,792 crores.

For Three Sixty West in Worli we booked 68,288 sq. ft. in this quarter as against 55,300 sq. ft. in Q1 FY17. Till date we have booked 2.67 lakh sq ft. The total booking value for Q2 FY17 was Rs. 300 crores as against 240 crores in Q1 FY17. The cumulative booking value till date in this project stands at Rs. 973 crores.

Coming back to some key financial parameters, our EBITDA margin for Q2 FY17 were 52% and for Q2 FY16 was 60%, PAT margins were 31% for this quarter and 36% for Q2 FY16. The EBITDA margin from mall and Commerz are much higher than the average as mentioned before. Excluding these, the margin for our pure residential businesses is 46% for Q2 FY17. With this we would now like to open the floor for Q&A. Thank you.

**Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** First of all, a clarification here when you talked about the Teva deal, is that already in the Q2 numbers or is that over and above the leasing volumes?

**Saumil Daru:** As per IndAS, there is supposed to be a straight lining which has to happen Puneet. So for the area which we have considered in the area calculations we have shown you, this has got included, but for the operating revenue purpose it's a very small number because it only covers about 10 or 15 days of September as far as the deal is concerned. You will see a larger impact of this coming through in the next quarter.

**Puneet Gulati:** Is it possible to update on what is the launch plan for your Exquisite third phase, Iven and Maxima?

**Vikas Oberoi:** Exquisite third phase hopefully like I said that either will be before the end of this financial year or maybe the first quarter of next year, Maxima also is the same.

**Puneet Gulati:** And Iven?

- Vikas Oberoi:** Iven, we are considering doing a shopping mall there so we are in a very advanced stage for designing and all.
- Puneet Gulati:** Some thoughts on your peers, they continue to acquire lot of new projects in their portfolio, possibly on lesser brands than yours. How are you thinking differently about the acquisition of new projects versus them?
- Vikas Oberoi:** We continue to look at land parcels. I mean our threshold is very simple. It should firstly be in a good location; second it should be available at a price, where if we look at the lifecycle of the project it should meet our demand for return on investment and that's how we look at it. If somebody desperately goes and buys land we don't want to follow them as such. We have our own internal standards that one needs to meet and other than that we will happily let it pass.
- Puneet Gulati:** What are your implied returns on investment assumptions and do you model a price increase from the current prices in the market or no?
- Vikas Oberoi:** We don't put any price increase for the future because future is not certain and it's not in your hand. So we don't factor in the increase in price and internally at least we want to earn 20% return on investment and maybe more.
- Moderator:** Next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.
- Saurabh Kumar:** First question is on this Worli Three Sixty West, so 8 units have good outcome but in what time frame do you think you can hit that 50 apartments threshold by which you start recognizing revenues on this project?
- Vikas Oberoi:** Ideally we have an internal target of doing 50 apartments in a year that's it. I don't want to give any reasons as such but this quarter we had shradh and the other such things so it's a weak quarter as such. I'm almost setting myself up for the next quarter for your question but hopefully the next quarter should be better than this one. But again like I said that our internal target is to do 50 apartments.
- Saurabh Kumar:** By the end of this year?
- Vikas Oberoi:** As in the year from when we started in May but I would say that yes before end of March if we can do 50 apartments we would be internally very happy.
- Saurabh Kumar:** Just to confirm on this Worli project your economics is essentially you will get the entire construction cost you spend, the 2000 crores odd back, you get the 300 crores deposit and of the price you realize you get 30% of that?
- Vikas Oberoi:** Correct.

- Saurabh Kumar:** So the cash flow to you will be north of 3500 crores?
- Vikas Oberoi:** Whatever we have invested we will obviously get that back. We will also get our profits.
- Saurabh Kumar:** So in terms of cash flow this will be a much bigger project.?
- Vikas Oberoi:** Yes.
- Saurabh Kumar:** If I can just confirm your expectations for recognition of Mulund and Borivali next year?
- Saumil Daru:** We would be looking at both of them coming in into the earnings in FY18.
- Saurabh Kumar:** It should be like first half of second half?
- Saumil Daru:** Let us see how it goes, it all depends on the work progress at the site Saurabh, so if things work out well first half but second half for sure.
- Saurabh Kumar:** On this Mulund project anything you can do to improve the sales momentum or should we expect this to kind of continue just 5-10 apartment a quarter?
- Vikas Oberoi:** I think once the project comes out of the ground and people see progress and see the structure then that's probably one hope where things will happen faster.
- Moderator:** Next question is from the line of Adhidev Chattopadhyay from Elara Capital. Please go ahead.
- Adhidev Chattopadhyay:** My question is specific to the Worli project. Now firstly what is the status of height approval for the residential tower and when are we expecting it? Secondly for your hotel tower there was some article in media that some stop work notice has been issued because of some conflict to the number of floors on the CC, so if you could just clarify on both these points?
- Vikas Oberoi:** We continue to wait for the height increase. We have permission for 67 floors but we continue to be at 63<sup>rd</sup> or 64<sup>th</sup> floor. Only waiting that just in case we don't get height then we will have to redesign our lift machine room and fit everything within that. As far as the other notice is concerned, yes, we did receive the notice. We are currently on the 31<sup>st</sup> floor, until where we have CC, our contractors probably went ahead and casted certain columns. We are rectifying that and we will move on. There is no discrepancy on floors or anything like that. Today all our projects not only our project, everyone's projects are watched by everybody. So, we choose not to kind of succumb to the pressure but rather face it, ratify it and move on. This means about another two weeks of delay but that's about it. It's getting regularized as we speak. We have ample of FSI on both towers. It's just that procedurally you get CC only in stages and unfortunately Samsung is very efficient and we are bearing the brunt for that.

- Adhidev Chattopadhyay:** Just on Worli for the further FSI is there any visibility of more FSI getting released in the project during the year?
- Vikas Oberoi:** We have enough and more FSI for the project, FSI is not the issue. It's only like I said height.
- Adhidev Chattopadhyay:** I was referring probably to the hotel tower if you want to build further floors on...
- Vikas Oberoi:** I already have FSI for that also.
- Adhidev Chattopadhyay:** On this Goregaon Phase-III, so do you have all the FSI in place to launch it and is there any plans to launch it now may be in fourth quarter or this quarter?
- Vikas Oberoi:** We have all the FSI for Goregaon also in place. Like I said that we either launch it at the end of this financial year or maybe first quarter next year.
- Moderator:** The next question is from the line of Ritwik Sheth from Span Capital. Please go ahead.
- Ritwik Sheth:** Where are we in terms of construction for Mulund and Borivali?
- Vikas Oberoi:** Both Mulund and Borivali work is in progress. Mulund obviously we have now finished the foundation, Borivali we've done our excavation and we are preparing for foundation as well.
- Ritwik Sheth:** We will be under 10% of the construction is that fair to assume?
- Vikas Oberoi:** Yes.
- Ritwik Sheth:** I just wanted to clarify some earlier participant asked that 25% to 30% of total top-line from the Three Sixty West project comes to us. It's from the bottom line, right?
- Saumil Daru:** Yes correct. It is 25% to 30% of the gross revenues less the construction cost, you are right.
- Ritwik Sheth:** Basically the gross profit we split with the partners?
- Saumil Daru:** Yes correct.
- Moderator:** The next question is from the line of Abhishek Anand from JM Financial. Please go ahead.
- Abhishek Anand:** Vikas I will actually like to know from you, now that draft regulation is out especially from Maharashtra, so firstly what is of course your take on it and we believe that it's likely to come in the next 2-3 months and of course how are other developers apart from you reacting to it and any change in behavior you are seeing there?
- Vikas Oberoi:** Firstly, I can't guess on the timeline whether it will come in two months or later. It's still being debated, it could come out tomorrow it could take more time. Having said that we have been

advocating the RERA, though the bill may not be in that form but you don't ever always get what you want. It's good for the industry. It is progressive, it is slightly stringent. It is more favoring the buyer. But I think all this will fall in place and people will find ways to work around it because neither people are going to stop buying homes nor the developers are going to stop building them. So I think the new equilibrium will be formed and things will move well and I think other developers are also taking it very positively. As an industry, most of the developers I know are welcoming it. Of course, some of us will have to make smaller changes; some of us will have to make bigger changes in the way we look at projects. But overall like I said that the industry is very happy to have the Real Estate Regulator because it creates a level playing field and it can give confidence to the buyer who may then come in the project way too early. So if you look at it positively it's a great thing, a buyer need not be worried about where his money is gone. So we will see an offtake in booking. It's not a storm, it probably might just be a tailwind that the industry needs. So I think it's a great thing for me I mean I am personally very happy.

**Abhishek Anand:** But any changes you observed especially in Maharashtra regulation because at least what I could see was that one of the things which came in was the phased approval required versus the project level approvals required so there were some changes there.

**Vikas Oberoi:** Which is positive because Government of Maharashtra does give phased approval so they in turn want you to do that. I think it's very positive and on approvals - the buyer is less concerned about many other things that the RERA is trying to cover. The Buyer is more concerned that when I pay my money, the developer is going to use this properly or misuse this money and all that. So if that security is given, 90% of the buyers are more than happy and if there is some way in which they can make sure that the developer delivers on time. Now they are correlated to each other. If the developer is going to keep his money in Escrow he would rather take that and build it because he anyways got no other alternative use of it. And by delaying a project he will end up giving penalties which are very crystallized or whatever. So I think all in all it's a good thing and Government of Maharashtra understands this that somewhere they also will need to speed up because the regulator also says that unless and until there is a delay from the government side the developer will be held responsible. So I think somewhere they've kind of balanced it also. So all in all it's a good thing.

**Abhishek Anand:** Just wanted to know how much spend is remaining in our Worli project, if you could give me bifurcation between the hotel and the residential part?

**Saumil Daru:** We can discuss more details of this offline because the aspects of what is the total spend will also depend on the height approval and all of those so we will get into too much of a discussion on this in this call so maybe we are better of discussing this off-line.

**Abhishek Anand:** Have we now finalized our plans in Borivali as well as our Worli Glaxo land, are we going through with the retail and if yes then what are the timelines we should be looking at?



**Vikas Oberoi:** So yes we want to do retail, it was always our plan right from the beginning that we want to do some part of Borivali as retail, Worli of course we've been contemplating again for a while. If you all study the metro line, one, metro station is just outside our Worli property so this makes it very attractive, two, we also are looking at Palladium doing very well. We want to almost I would say compliment and compete with Palladium. We believe that we are well-located; we are closer to the Annie Besant Road. We are on the metro lines; we are not in Lower Parel which is good again if you see the development just on the Annie Besant road is fantastic. So I guess doing a nice high-end mall in Worli will also really do well. Of course, Borivali everyone knows that we've been receiving a lot of traction from some of the major retailers. So yes the plan is to do that and you will hear with probably either the next quarter or the quarter after that.

**Moderator:** The next question is from the line of Pooja Bhatia from Morgan Stanley. Please go ahead.

**Pooja Bhatia:** Just a quick one on pre-sales, Mulund we've seen that this quarter has been a little better compared to the last two quarters where we sold about 7 to 8 units per quarter and this time there are about 12 units versus the inventory which is 1000 units in Eternia and 600 in Enigma where we have already booked 400 so net-net the inventory is about 1200 units and considering the current pace of sales which is about 15 units a quarter, is it right to say that this project would be about 10 years for completion?

**Vikas Oberoi:** Pooja firstly you can't just draw a straight line from the speed at which sales have been in two quarters or three quarters. We have always said that and our experience also says that we initially see a huge rush when we launch the project, we then see another spurt of buying when the super structure is ready and the third spurt we see is when we finish the project. I mean only off late we are seeing that some of the apartments continue to sell even after we are finished also. So in all I think you can safely assume that we will be able to sell this in the next four years.

**Pooja Bhatia:** So we expect the pace of sales to be higher than this.

**Vikas Oberoi:** Either it will be higher than this in the subsequent quarters or the least is they will be higher in spurts. Like I said that we have sold 400 so in your own math we sold about 25%. If you look at historically the projects that we have done, you will see similar run rate also. You will see another 20%-25% getting sold when it's completed and the central 50% is which gets sold when the super structure is getting ready and in and around that time. Then people have that confidence that 'Yes okay this building is now fully up and ready and let's move in there'. You have to understand that a lot of people also sell their existing apartments to move in here, not everyone has additional cash. So these are people who come at the fag-end of the project and it's very much in line with what we are doing elsewhere.

**Moderator:** The next question is from the line of Atul Tiwari from CITI Group. Please go ahead.

- Atul Tiwari:** Just a clarification needed, so for the Worli project as you mentioned in your PPT, the company has 25% to 40% of net revenue. So here the net revenue means gross revenue minus all the development cost including construction cost.
- Vikas Oberoi:** Correct.
- Atul Tiwari:** And how will this band between 25% to 40% be decided, what exact percentage will it be?
- Vikas Oberoi:** So that basically is based on the price that we will be able to achieve. We can't give you that, that's a little bit of our business secret.
- Saumil Daru:** But other than that, so depending on the price at which it is sold its like your income tax rate.
- Vikas Oberoi:** It's incentivizing us, the higher I sell the more I get.
- Moderator:** The next question is from the line of Ketan from Pragya Equities. Please go ahead.
- Ketan Cholera:** In this presentation Three Sixty the 17.83 lakh sq. ft. it's up to 67 floor or?
- Saumil Daru:** Up to 67.
- Ketan Cholera:** Then how much will it be totally when we get the approval?
- Saumil Daru:** Once we get the full approval then we will put the details out at that time.
- Ketan Cholera:** And is 17.83 carpet or saleable?
- Saumil Daru:** 17.83 is salable.
- Ketan Cholera:** So the rate is also salable area?
- Vikas Oberoi:** Correct.
- Moderator:** Next question is from the line of Pankaj Tibrewal from Kotak Mutual Fund. Please go ahead.
- Pankaj Tibrewal:** Just wanted to get the sense on your take on the Mumbai real estate market. Incrementally are you seeing traction building up on both resi and commercial? The second question is when you do your cash flow maths for the company, the amount of cash which you can generate from all the projects ongoing post the entire inventory getting liquidated is quite a big number, what are your thoughts on deploying that incremental capital over the next couple of years? Would you like to stay in Mumbai, would you like to stay and use this opportunity which is there right now across India in different parts of the country, so if you can help us understand that will be great?

- Vikas Oberoi:** Firstly Mumbai continues to be our favorite market. We will continue to focus on Mumbai. This cash obviously will be used in accelerating or creating growth, buying more land, doing more development. We also believe that Mumbai is a country by itself. If you are building something in town you have three locations in city itself which are noncompeting. If you look at suburbs, you have very similar situation. Borivali doesn't compete with Goregaon, Andheri doesn't compete with Borivali, these are all subsections of Mumbai. Mulund does not compete with Thane, Thane doesn't compete with something like that... So in the central suburbs you have opportunities so we genuinely believe that even Mumbai itself we can be in anywhere between 8 and 10 suburbs and yet not compete with each other. This is one strategy. Going out we have always said that we want to get out of Mumbai and do JV with existing land owners. Now obviously our threshold here is that we should be able to go into markets which are anyway above Rs. 12,000 and 15,000 a sq. ft. Other than that it doesn't make any sense for us right now to get into a market which is lower than that. And that's how we are on return on time and energy that we invest; we want the market to be at least in that range. So this leaves us very few markets, some parts of Bangalore, some parts of Delhi, probably would appreciate our kind of construction, so we are really focusing on that. But yes we continue to look at this cash coming in and really deploying it and accelerating our growth development in Mumbai itself to begin with.
- Pankaj Tibrewal:** And the first question on the resi and the commercial market, is it picking up?
- Vikas Oberoi:** Our focus has always been resi, we want to continue to do resi. But again if there is location specific commercial building we would be happy to do that.
- Pankaj Tibrewal:** Are you seeing demand incrementally picking up?
- Vikas Oberoi:** Again commercial demand is really picking up and I must admit that resi also the demand has again picked up and we see the confidence and all that. So I am very excited and hopeful.
- Moderator:** Next question is from the line of Vipul A Shah from Sumangal Investments. Please go ahead.
- Vipul A Shah:** My question is what is the remaining capex for Three Sixty Degree West?
- Saumil Daru:** So Vipul as I mentioned to another person also on the call earlier, happy to take this call off-line and discuss those numbers with you.
- Vipul A Shah:** So should I contact you over telephone for that?
- Saumil Daru:** Yes perfect.
- Vipul A Shah:** And what about Sky City and Mulund, what will be the capex for this year and next year?

- Saumil Daru:** Typically we don't tend to get into year wise details. We do know that roughly these projects will end up with construction cost in these projects of anywhere between Rs. 4500 to 4800 a sq. ft.
- Vipul A Shah:** That should be on carpet or salable?
- Saumil Daru:** Salable area.
- Vipul A Shah:** What is the equity structure of Three Sixty Degree West? Who are the other stakeholders?
- Saumil Daru:** There is another local developer there who is the joint-venture partner over there. Him and us are the only two partners in this project.
- Vipul A Shah:** So rest all belongs to him?
- Saumil Daru:** Yes.
- Vipul A Shah:** At what rate we have leased it to Teva in Commerz-II?
- Saumil Daru:** That's about Rs.135 a sq. ft. a month.
- Vipul A Shah:** So full impact we will see in the next quarter results?
- Saumil Daru:** In all probabilities yes in the next quarter, the rent commencement actually is in January. So for the next quarter you will likely see the straight lining come through.
- Moderator:** The next question is from the line of Manish Gandhi who is an individual investor. Please go ahead.
- Manish Gandhi:** My question is on Commerz-II Phase-II, so have we decided when do you want to start or is there a threshold we have kept at after we lease certain portion of Commerz-II then only we will start the construction?
- Vikas Oberoi:** We've internally set a target of 70% which if everything goes well should be done within this financial year and then we will immediately start the third building which is Commerz-III.
- Manish Gandhi:** If I'm not mistaken it is almost 1.5 or 1.6 million sq. ft.?
- Vikas Oberoi:** So here again we can continue to play within the resi and the commercial, if we want to make a smaller commercial building we will use that FSI in the Phase-III of our development. So that's quite manageable as such. One doesn't have to really use all the FSI then.
- Manish Gandhi:** In new proposed DP plan, if it passes as it is proposed today so how much additional FSI we get maybe in Goregaon, Borivali or Mulund?

- Vikas Oberoi:** Again firstly we actually don't know, so it's not getting approved as its proposed firstly. Of course, Borivali we've already planned for five FSI at least internally, it can go up to five and Goregaon is the same. It doesn't impact us anyway. We've planned for three FSI and that's what we are continuing to build, so there won't be anything extra here.
- Manish Gandhi:** Mulund?
- Vikas Oberoi:** Mulund, one project is five FSI, the other is three. But again what I am told is that it won't come through. They pretty much want to stick to the existing FSI regime only.
- Moderator:** The next question is from the line of Abhinav Sinha from CLSA. Please go ahead.
- Abhinav Sinha:** The net debt seems to be a bit higher by about couple of hundred crores, is that correct on a Q-o-Q basis?
- Saumil Daru:** Yes, because there was that incremental debt raise which we did in the end June if you recollect that is the thing which we discussed last time.
- Abhinav Sinha:** So within the quarter how the cash flows have panned out?
- Saumil Daru:** In the sense?
- Abhinav Sinha:** So actually looks like that in net debt there has been a cash drawdown also in the current quarter, right?
- Saumil Daru:** Yes. So that was the incremental raise, so if you look at it earlier our debt was at about 400 and what we raised was about 750 so there is an incremental 350 which got raised.
- Abhinav Sinha:** I will just discuss this off-line with you. Secondly the cash collection from customers seem to be trailing a bit versus presales for last couple of quarters, so when do we see this coming up?
- Saumil Daru:** Typically, there is a very standard collection pattern that we have which is 10% on booking and then 10% within 30 days. So at times while the booking does end up showing on the numbers, if the booking has been towards the end of the month then it's only 10% of the booking which shows up and the remaining one comes up in the succeeding quarters or something like that. So that's about it, it's only a matter of timing and nothing else.
- Abhinav Sinha:** For the full-year you will still see net debt headed down from here or how do you see it panning out?
- Saumil Daru:** Technically what has happened Abhinav is when we reworked this bond structure at the end of June and beginning of July, so out of this bond 750 crores, 250 crores is payable third year, 250

in fourth year and 250 in fifth year. So this part of the 750 kind of will tend to be there as a constant I guess for the next three years.

**Moderator:** Ladies and gentleman I would now like to hand the conference over to the Chairman and Managing Director Mr. Oberoi for his closing comments.

**Vikas Oberoi:** Thank you for taking time out for this call. We have been constantly receiving feedback from you and hope that we come up to your expectations. Please continue to share your views, inputs, thoughts to help us deliver better. Wish you all a very happy Diwali. Thank you again.

**Saumil Daru:** Thank you all and wish all of you a happy Diwali again.

**Moderator:** Thank you very much Mr. Oberoi and Mr. Daru. Ladies and gentleman with this we conclude the conference call. Thank you for joining us and you may now disconnect your lines.