Oberoi Realty

Operator: Ladies and gentlemen, good day and welcome to the Oberoi Realty Q1 FY27 earnings conference call. We have Mr. Oberoi, the Chairman and Managing Director of the company, and Mr. Saumil Daru, Director of Finance of the company with us for the call. Please note that this call will be for 30 minutes. For the duration of the call, all participant lines will be in the listen-only mode, and this conference call 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 you need any assistance during the conference call, you may signal the operator by pressing star then zero on your touch-tone telephone.

Before I hand the conference over to the management, I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and may be forward-looking statements, including those relating to general business statements, plans, strategy of the company, 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 now hand the conference over to Mr. Oberoi, the Chairman and Managing Director. Thank you and over to you, sir.

Management: Thank you. Good morning, good afternoon, and good evening to all of you depending on the time zones from which you have logged in. Welcome to the conference call for Q1 FY27 results and business updates. Firstly, thank you all for taking time out to attend this call.

Regarding business updates, we continue to invest in all upcoming projects to ensure smooth execution and progress on our project pipeline. Our annuity portfolio continues to perform well with near 100% occupancy rates across Commerze I, II, and III, as well as Oberoi Mall. Sky City Mall, which has just completed its first year, achieved an occupancy of 82%, and we hope to reach near 100% within this year. We started our journey outside MMR with our project in NCR by launching 360 North. This marks an important milestone in our growth journey. We are confident and excited about the opportunity before us. With this, I now open the floor for questions and answers. Both Saumil and I will be happy to take your questions. Thank you.

Operator: Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use headsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Praveen with Morgan Stanley. Please go ahead.

Praveen – Morgan Stanley: Thank you very much. First of all, big congratulations Vikas and Saumil on your success with 360 North. My question is about the sustainability of sales. If you do phase two next year, then in FY27 and FY28, you should be running at 100-120 billion in sales easily. We had earlier expected probably 60-70 billion. The question is mainly regarding the sustainability of this kind of business volume at a very high margin without sacrificing the 50% plus margins you have been generating for many years. Can this be achieved, or are there specific considerations? Also, regarding the follow-up, will you sell Phase 2 of 360 North like Phase 1, or would you sell it slowly like 360 West in Mumbai to optimize the pricing?

Management: Hi Praveen, thank you for your kind words. For 360 North, our strategy was to enter a new market, and we were overwhelmed with the response. We were not expecting this level of success. We decided to honor every customer that came into play, so we opened the entire current offering for booking. The next phase will strategically be launched only next year for multiple reasons. The value we have already sold is more than enough to cover our entire construction costs for the project; in fact, it is much more than that. Financial closure for this project is complete.

Regarding how we launch the next phase, when we launch, and at what price, we still need to discuss that internally. Your assumption about NCR added to Mumbai means those numbers will likely reach your projections or perhaps even go beyond that. Margins are not strictly tied to sales volume; it is about how you strategize your product. It begins with how you buy the land, how you design the product, and how you approach the market. We are very confident that our margins will continue to hold going forward.

Praveen – Morgan Stanley: I broadly understand. I just wanted to clarify if the high level of sales achieved in FY27 can be maintained in terms of execution and construction, or if there are constraints.

Management: We believe we have cracked the code for balancing volume and quality. As a company, we feel we can build more and build better than we did previously. Our team of outsourced contractors is solid, and we are ready to handle high volume at very good quality.

Praveen – Morgan Stanley: Thank you. That is all from me.

Operator: The next question comes from the line of Puneet Gulati with HSBC Bank. Please go ahead.

Puneet Gulati – HSBC Bank: Thank you so much and congratulations on a fantastic launch in Gurugram. My first question relates to the litigation that has emerged; what is the progress there? Are you seeing any signs of customers asking for their money back yet?

Management: I do not want to talk about the litigation because it is sub judice. However, there is absolutely no issue with customers; we have customers who have refused to take a refund of their EOI deposits. They want to wait to see if there are any cancellations so they can get an allotment. We are actually pushing some to take their money back because we have no flats left to offer, but they are choosing to wait. It is very humbling and we are thankful for how this has panned out.

Puneet Gulati – HSBC Bank: That is very nice to hear. Secondly, where are you in terms of approvals for Adarsh Nagar, and what is the potential timeline for launch?

Management: We are hoping for a Q3 FY27 launch for Adarsh Nagar. Previously, we mentioned it would be between Q2 and Q3. We wanted 360 North to be a Q1 launch but missed it by a few days. Given how our industry works, I always maintain a cushion of a quarter, but Q3 looks likely.

Puneet Gulati – HSBC Bank: What approvals are still pending from your perspective?

Management: Typical approvals like the IOD and specific "as-built" approvals for how we want to construct.

Puneet Gulati – HSBC Bank: And finally, what is the timeline for the Ritz Carlton?

Management: We expect to be ready by the end of this financial year. Approximately 80-90% of the interior work is done, and we are just finishing the last mile.

Puneet Gulati – HSBC Bank: That is it. Thank you so much.

Operator: The next question comes from the line of Gaurav Khandelwal with JP Morgan. Please go ahead.

Gaurav Khandelwal – JP Morgan: Hi, good evening. Thank you for taking my question. Most of mine have been answered, but I wanted to check one thing on the cash flow statement. The new disclosure is very helpful. For the 786 crores stayed towards upcoming development properties, are these mostly for 360 North? Also, for context, what were the quarter-over-quarter and year-over-year numbers?

Management: Out of the 786 crores, only about 200 crores related to NCR. The rest pertains to other developments. Regarding the quarter-over-quarter and year-over-year numbers, we can work on those and discuss them separately, but that is the breakdown for NCR.

Gaurav Khandelwal – JP Morgan: Got it. Looking at the residential operating margins for this quarter, they are closer to 51-52% compared to 55% in the last three quarters. What is driving the lower margins? Is it the cost impact from higher commodity prices?

Management: Typically, the overall margin depends on the mix of projects coming through revenue recognition. Not all projects work at the same margin. While they are all high-margin projects, they vary. For example, revenue from 360 West comes in with very high margins. Project margins range from about 43-44% to roughly 65%.

It is purely a function of the mix that comes in during that period, and not due to cost impacts or commodity prices. We use estimates for the percentage of completion method, and those costs and contingencies are already built into the budgets.

Gaurav Khandelwal – JP Morgan: Got it. So it is purely a function of the sales mix. Thank you so much.

Operator: The next question comes from the line of Pritesh Seth with Access Capital. Please go ahead.

Pritesh Seth – Access Capital: Hi, thank you for taking my question. Regarding NCR, when we announced the project, we mentioned a potential carpet area of 2.6 million square feet. We have sold approximately 1.4 million. Does the total size remain 2.6 million square feet, or has that changed? Also, is all the area RERA approved, or will some come from higher floors currently being planned?

Management: You are correct. There will be a Phase 2 for this project for the balance area. In the current phase, we launched everything we had RERA approval for. When we get RERA approval for the next phase, we will bring that in as well. The total size remains 2.6 million square feet of carpet area.

Pritesh Seth – Access Capital: Some sales were also for older I-investor customers. What would the cash flows be from them?

Management: The 2.6 million square feet is the net effective area available to us. This does not cover the legacy customers. Even the 1.4 million square feet we announced as sold does not include those customers.

Pritesh Seth – Access Capital: Fair enough. Regarding the pipeline to sustain 8,000 crores in sales, have you started evaluating new proposals in NCR? Should we expect new business development closures this year or next year in that market?

Management: Business development is an everyday job for us. We have shown that we can handle volume and maintain quality. We have enjoyed this success and intend to continue. We are pursuing business development all the time, and you will see similar action in many of our other projects.

Pritesh Seth – Access Capital: That is helpful. Thank you.

Operator: The next question comes from the line of Akash Gupta with Nomura Holdings. Please go ahead.

Akash Gupta – Nomura Holdings: Congratulations on a great performance for 360 North. How are you thinking about approvals and the launch pipeline for other projects for the balance of the year?

Management: We have Adarsh Nagar on Padder Road. We will also be launching two towers—one each in Pokhran Road and Kolshet—within this year. Additionally, we have a project in Alibaug that we will launch. There is a lot in the pipeline.

Akash Gupta – Nomura Holdings: Regarding 360 West, offtake seems to have slowed over the last three quarters. We are also bringing new Adarsh Nagar inventory. How should we think about the offtake at 360 West and the timeline to clear that inventory?

Management: A lot of sales have occurred through our land-owner partner in 360 West. The flats are selling, but now we are the main ones left with inventory, so you will see momentum return there as well.

Akash Gupta – Nomura Holdings: My final question is on residential revenue recognition. It is slightly lower than the past three quarters—roughly 8.8 billion compared to 13-14 billion. What is the reason for this drop in Q1 FY27?

Management: This depends on two things. For finished units like 360 West or projects in Mulund, revenue recognition happens once the final payments are received and possession is handed over. For other projects, it follows the percentage of completion method.

Sometimes, if a customer pays on July 5 instead of June 30, that recognition is deferred to the next quarter. The order book is there; it is just a matter of how it flows into the P&L based on payment timing and possession.

Operator: The next question comes from the line of Rahul Jain with LRA Capital. Please go ahead.

Rahul Jain – LRA Capital: Just a clarification on 360 North. Regarding the gross bookings of 80 billion plus, have all individual allotments been finalized, or are there pending allocations?

Management: All allocations are done. Nothing is pending.

Rahul Jain – LRA Capital: So it is completely recognized in sales. Thank you.

Operator: The next question comes from the line of Karan Khanna with Ambit Capital. Please go ahead.

Karan Khanna – Ambit Capital: Congratulations on the Gurugram performance. You recently mentioned you would like Gurugram to become a larger market than Mumbai. Given that context, what kind of discussions are you having with land owners regarding business development? Are you evaluating partnerships in Delhi or Noida as well? Also, what price points or segments do you want to operate in across the NCR market over the long term?

Management: Business development is an everyday focus, now including both Noida and Gurugram. We receive many offers, but we are mindful of land and location. We want growing markets with land parcels large enough to monetize over time. We work in markets like Thane where prices are 20,000 to 25,000 per square foot on carpet, and we are happy to work in similar segments. I believe the NCR market has both width and depth, which is why I am optimistic about it.

Karan Khanna – Ambit Capital: Regarding price hikes, what quantum have you taken recently to absorb inflation, and how is the market absorbing them? Also, realizations for Eternia crossed Enigma this quarter. With more launches planned in Mulund, what price points are you targeting?

Management: We are proactive with pricing. In both Goregaon and Mulund, we increased prices, and the market has supported this. Resale apartments in our projects continue to sell at higher prices, and completed buildings are setting new benchmarks. Our customers often lead the price increases themselves. It is not a knee-jerk reaction to external factors; we have planned price increases and contingencies.

Operator: The next question comes from the line of Harsh Pathak with Motilal Oswal Financial Services. Please go ahead.

Harsh Pathak – Motilal Oswal Financial Services: Many congratulations on the NCR performance. Regarding the launch pipeline, you mentioned Padder Road, new phases at Thane, Alibaug, and Kolshet. Which of these will fall into FY27 versus FY28? Is there a possibility for a new residential project in Mulund in the FY27 pipeline?

Management: All the projects I named are targeted for FY27. There is a good possibility we might bring the new Mulund project into FY27 as well, as our current inventory there is almost ready and sold out. We are already at the approval stage for the next one. If we get approvals within the next 3-4 months, we could look at a launch in the last quarter of FY27. We haven't focused on FY28 yet because we have enough happening this year.

Harsh Pathak – Motilal Oswal Financial Services: Regarding the balance inventory in NCR, you mentioned 14,000 crores as the total GDV. Are you planning to launch the entire balance next year or in a staggered manner?

Management: We haven't decided yet. It will depend on our construction progress. Our first objective is to get the show apartment ready. Once people see the quality of what we are building, we will gauge the reaction and decide. There will definitely be an offering next year, but the exact volume and price are yet to be determined.

Operator: The next question comes from the line of Abhishek Lodhiya with Nandy Stock Broking. Please go ahead.

Abhishek Lodhiya – Nandy Stock Broking: You spoke earlier about execution challenges and now about balancing value with volume. How are you managing the contractor and labor side to ensure this quality?

Management: We have cracked the code for execution. We have been in this business for a long time and know how to balance quality with speed. We are currently constructing almost 18 towers that are 60-65 floors high at various stages. We are already doing volume; now it is just a case of replicating that success with an excellent team and reliable external partners. We have reached a tipping point where we can confidently proceed into our next phase of expansion.

Abhishek Lodhiya – Nandy Stock Broking: A question on Sky City Mall; occupancy has increased, but revenue has not increased in sync. How should we read that?

Management: In Q4 FY26, there was a lot of revenue "true-up" for retailers who had joined since the launch, which caused a one-time bump in that quarter's revenue. That is why this quarter might look lower by comparison despite higher occupancy.

I would not consider this quarter a steady-state base yet because new retailers join at different times during the quarter. If you look at Commerze or Oberoi Mall, the numbers are more stable because they have reached a steady state. Give Sky City Mall a few more quarters to reach that point, and you will get a better estimate of its quarterly revenue.

Operator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Oberoi for the closing remarks.

Management: Thank you all for taking the time to join this call. We look forward to hearing from you on an ongoing basis. Please feel free to reach out to our investor relations team if you have any further questions. Thank you again for your continued support.

Operator: Thank you, sir. Ladies and gentlemen, on behalf of Oberoi Realty Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.