Management Discussion

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Thank you. Good morning, good afternoon, good evening to all of you as per the time zone from which you have logged in, and welcome to the conference call, Q2 FY 2027 results and business update.Firstly, thank you all for taking time out to attend this call. To begin with, we started our quarter by marking our entry into NCR market with our first project launch. At Oberoi Realty, we've always believed that great developments are built long before they are launched through careful planning, design, and an uncompromised focus on quality. This response from NCR was truly exceptional, surpassing our expectation and underscoring the strong response of Oberoi Realty brand in that region. It was the first chapter of a long and exciting growth story that we intend to write in NCR.During this quarter, we entered into development agreement with one more society at Malabar Hill. This actually is the third project in Malabar Hill vicinity. As we speak, over 15 towers rising beyond 60 floors are under construction across our development, underscoring the scale, execution capability, and the growth ambition of the company. We continue to steadily increase occupancy across our annuity portfolio while actively strengthening the tenant mix and premier brands. You'll be happy to know that all three assets Oberoi Garden City has, which is Commerz I, Commerz II, Commerz III, the Sky City Mall, all of them are today near 100% occupancy. Sky City is in Borivali, but even that is ramping up really well.With this, now I open the floor for question and answer, and both Saumil and I will be happy to take your questions. Thank you.

Questions & Answers

Operator
Thank you. [Operator Instructions] We take the first question from the line of Puneet from HSBC. Please go ahead.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Hi Puneet, good afternoon.

Puneet Gulati - Analyst, HSBC
Hi, good afternoon, and congratulations on a great start in Gurugram. My first question is if you can also guide on what's happening on Gurugram. There's been some developments on litigation front, and what does that do to your plan for the second phase?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Firstly, the matter is prejudiced, so I don't want to comment on that, but there is no restriction on us with regards to construction. As you all know that even prior to the court intervention, we had already done sales of a little over INR8,000 crores, so that continues. In fact, the first phase was sold out. Yeah, so that's where we are. Sorry, what was your second question?

Puneet Gulati - Analyst, HSBC
But what does it do to your second phase. Yes.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Sorry, phase two. Yes. Second phase, we are waiting for some additional approvals on the second phase, and as soon as that comes, we hopefully will be able to start with that. We do not want to immediately rush into that. We want to make sure that we are ready with our experience center. We

want people to get a glimpse of what we are intending to build, because what we are building is really exceptional. We will get the advantage of once people see that, they will really know what we are building and probably help us push our prices higher as well.

Puneet Gulati - Analyst, HSBC
Okay. What is the plan for launches for the second half for this fiscal year?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
We had a bunch of projects that we were originally wanting to launch. Probably they will just slide over a quarter here and there. We have Aurelius at Pedder Road. We have Tower A at Thane in Jardin that we want to also look at. We have another tower in Forestville again. Alibaug is one. We are looking at a commercial building in Mulund, a commercial building in Sky City. We have a new project in Mulund, the Ralli Wolf project that we did. Even that, approvals are in a very advanced stage. Frankly, lots happening. Some part of redevelopment also likely to come up.

Puneet Gulati - Analyst, HSBC
Aram Nagar, not likely this year?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
No. We are awaiting certain approval clearances. Ready with our design, everything, just waiting for certain clearances. Really knocking the door, but it is taking a little longer than what we thought.

Puneet Gulati - Analyst, HSBC
Understood. What about the I-Ven Reality project?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
That work has physically started. Again, like I said, we are not really selling anything there. It's a mall, office, and a hotel. It's being built as planned.

Puneet Gulati - Analyst, HSBC
Okay. But work has started, contractor assigned...

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Yes. Work has started.

Puneet Gulati - Analyst, HSBC
Excavation on the ground.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Excavation on ground has started. There is some additional pile work required, which we are doing as we speak. We've hired Samsung to do the project monitoring there. It's a marquee project for us, so Samsung comes back. We've signed it with them, yes.

Puneet Gulati - Analyst, HSBC
Understood. That's all good. Thank you so much, and all the best.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Thank you, Puneet.

Operator
Thank you. We take the next question from the line of Murtuza from Kotak Securities. Please go ahead.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Hi, Murtuza.

Murtuza Arsiwalla - Analyst, Kotak Securities
Hi, Vikas. I think just a few questions actually more for Saumil. On the balance sheet, we saw some expansion both on current assets and liabilities. Anything specific to read the balance sheet? Because on the board side, cash generation's obviously very strong in this quarter. So how should we read that balance sheet, please?

Saumil Daru - Director, Finance, Oberoi Realty Limited
Hi, Murtuza. So very simple. The biggest thing during the quarter was the launch for Forestville. As you would know, when we bought the land, a part consideration for the land was in cash, and a part of the consideration was in area. This was to meet the obligations of the earlier sales and all of that in the quarter in which you will launch, we have to basically fair value the obligation of giving that much area. So that is why you are seeing that expansion on both sides. It comes as an addition to inventory on one side, and it goes out as a provision on the other side. So that's all to it. Nothing else. So it's just an additional accounting angle to it.

Murtuza Arsiwalla - Analyst, Kotak Securities
Okay. So it's just fair value both the asset and liability for the area which has to be given.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Correct. Yes, for the non-monetary consideration.

Murtuza Arsiwalla - Analyst, Kotak Securities
Okay, fantastic. Just checking, Ritz-Carlton, the hotel, when should we expect the commissioning?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Maybe first quarter next year. Another six to nine months to.

Murtuza Arsiwalla - Analyst, Kotak Securities
Okay. On Gurgaon itself, again, yes, you have to deal with the legal issues right now. How much is the pending sales value out there? When you look at, let's say FY 2028 sales beyond the next two quarters, could we see Gurgaon still making a meaningful contribution next year as well, assuming the legal troubles are behind us?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Frankly, even if you open a booking and sell the rest of the inventory, we will easily achieve that. Like I said, we frankly don't give any forward-looking statement. Let's see how it plays out.

Murtuza Arsiwalla - Analyst, Kotak Securities
Okay, fantastic. Thank you, Vikas. Thanks, Saumil.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Thanks.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Thanks, Murtuza.

Operator
Thank you. We take the next question from the line of Gaurav Khandelwal from JPMorgan. Please go ahead.

Gaurav Khandelwal - Analyst, JPMorgan
Yes, hi. Good evening. Thanks for taking my question. If you look at 360 North, if my understanding was correct, we had mandated 20% of amount to be paid within 90 days of booking. But during the quarter, we have received INR835 odd crores, which is about 10%, 11% of the net sales value. How do I reconcile both those numbers? Are we yet to get the next 10% of the remaining 10% in this quarter, or how does it work?

Saumil Daru - Director, Finance, Oberoi Realty Limited
Yes. Gaurav, hi. Saumil. The launch happened in the first week of July, so technically your 90 days will end in the first week of October. So that is why it will spill over into the next quarter. For the last quarter, what you saw was rightly around 10% of the billing which was done on booking. That is what got collected. For the rest of them, you will see that impact in the next quarter.

Gaurav Khandelwal - Analyst, JPMorgan
Got it. Thank you. Those were all my questions. Thanks.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Thanks.

Operator
Thank you. [Operator Instructions] We take the next question from the line of Pritesh Sheth from Axis Capital. Please go ahead.

Pritesh Sheth - Analyst, Axis Capital
Yes. Hi, Vikas. Hi, Saumil. Just a couple of questions. I am not sure if it was discussed earlier, but status on RLDA and I-Ven, when are we starting construction? When are we launching? Specifically on RLDA, have you decided on the mix of how much would be strata sold and how much would be developed for lease?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
RLDA, also, we are in the process of getting our approvals and we are planning, obviously, offices and a small hotel, and some bit of retail there. We haven't really decided whether we will be selling and leasing or only leasing. That bit, we are deliberating that decision. There is no reason either way for one or the other strategy. We just haven't made up our mind. First we want to ensure we are working on the design. The designs come up really well. We want to now firm up on the design and then take a call.

Pritesh Sheth - Analyst, Axis Capital
Sure. Construction commencing next year? Approvals expected next year or this year, next year?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Yes.

Pritesh Sheth - Analyst, Axis Capital
Okay.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Easily.

Pritesh Sheth - Analyst, Axis Capital
For I-Ven?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
I-Ven, like I said, work has already begun, and again, there is no intent to sell as such as yet.

Pritesh Sheth - Analyst, Axis Capital
Sure. Got it. An update on the other two hotels that we are building in Borivali and Thane. When are we expected to commission that? Borivali, we can see it's much in advanced stage in terms of completion versus Thane. Just timelines on those two would be great.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Correct. So Borivali, we are done with our building. We are actually already with our interiors. I think one year from today, we should safely be done. So Borivali, the target is end of next calendar year, I would say. End of next calendar year, next Diwali and around. Thane, we are yet to start work there, so that is a good four years away because it's also integrated with the mall. It's integrated with a mall and a club that we intend to build.

Pritesh Sheth - Analyst, Axis Capital
Got it. Fair enough. Just one last. While I think our MMR pipeline looks good now for growth for next couple of years or two, three years. Just, you can share some insights on NCR. How is the BD pipeline building up? Are we looking at, for now, Gurgaon? Only Gurgaon because we now have a project there, or Noida, Delhi, et cetera. These are the markets which are also open and where the deals are also flowing in. So just an update on business development in NCR.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
No, so you're absolutely right. We are open to all the three NCR, Noida, Gurgaon and Delhi. Open to looking at projects everywhere, including JDAs or outright. So happy to use this medium to tell all landowners that we are interested. If they have good land parcels, we are open to doing either or, buy the land or do a JV.

Pritesh Sheth - Analyst, Axis Capital
Sure. That's really helpful. Thank you. That's it from my side. All the best.

Operator
Thank you. We take the next question from the line of Harsh Pathak from Motilal Oswal Financial Services Limited. Please go ahead.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Hi, Harsh.

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
Yes. Hi, Vikas. Hi, Saumil. Good afternoon. Many congratulations on the super performance in NCR.

My question is on the cash flows. In slide number three, I think in the current quarter in Q2, our cash margin is close to around 80%. Was this mainly because of the higher pickup in 360 West? Is it because of that? What is the steady state margins that we can look at?

Saumil Daru - Director, Finance, Oberoi Realty Limited
Hi, Saumil. So 360 North technically, not 360 West. If you look at it, in one of the questions earlier also, it was referred that the collections in 360 North are somewhere in the region of about INR830 crores. That is the one which is contributing very well to the cash flow. Obviously, in that one, there is no revenue recognition or anything. That is where you're seeing that whole bit of cash coming in. That is what explains what those numbers are.

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
Sure. What is the construction outflow that we should be working on for this year?

Saumil Daru - Director, Finance, Oberoi Realty Limited
Construction outflow in terms of, so for what? For the ongoing project?

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
Yes, for the ongoing projects.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Should be in the region of about. When you are saying for this year, for the whole year?

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
Yes, for the whole year.

Saumil Daru - Director, Finance, Oberoi Realty Limited
For the whole year will be in the region of about INR1,000 odd crores.

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
Understood. Any updates on the forthcoming commercial assets, except for the I-Ven project that we are working on. For Sky City office asset that we are working and the other in Thane.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Thane, there is no office asset. If you are looking at the annuity portfolio, Thane is the mall, the hotel, and there is a club attached to it, and then there is a school. Obviously, all of these costs are going to get spread over about 4 years. That will be one thing. As far as the Borivali asset is concerned, again, something where the cost will get spread over four years. We will have to work that out. That is close to about 8 to 10 lakh square feet in terms of area. That will again get spread out over a period of four years. Did I miss any of the assets that you mentioned?

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
No, I think, Saumil, broadly it was covered.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Yes. Just one last thing. Wanted to check on the demand in the luxury market, because I think this quarter we have seen some uptick in 360 West also, apart from the super performing 360 North. How are we looking at demand, and are we able to take some price appreciation at the current assets? Yes. Just one second.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Hi. I think luxury market is very well placed. I would rather continue to sell than push prices higher. I think, yes, that's what I would leave it at. I don't intend to push pricing. I'll just give you an example. Oceanic, we started with INR150,000 a square feet, pushed it to INR170,000, INR180,000. So wherever there is headroom and there is progression on the project, there is natural appreciation. But other than that, luxury market's very well positioned. We'd rather let it be where it is.

Harsh Pathak - Analyst, Motilal Oswal Financial Services Limited
Understood, Vikas. Thanks a lot for taking my questions. Thanks, Saumil.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Thanks, Harsh.

Operator
Thank you. We take the next question from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna - Analyst, Ambit Capital
Yes. Hi, Vikas. Hi, Saumil. Hi, good afternoon. Hi. Thanks for the opportunity, and congrats on the Gurugram success. Vikas, while you briefly touched upon the luxury market, my first question is actually on the pricing and the macro backdrop. Because if I look at projects like 360 West, while you've seen a sharp price increase in the past six months, compared to FY 2026, the sales volume has seen a considerable decline, at 10 units sold in FY 2026 versus three YTD in FY 2027. Similarly, Elysian has seen a very sharp price increase, though that's come with lower sales velocity. Compared to that, when I look at both Jardin and Forestville here, which are sub INR300 crore ticket sizes, we've seen a very solid sales velocity, but the pricing growth hasn't been there. Are you seeing any trends in Mumbai where premium segment is doing well, perhaps, but luxury and super luxury segments are seeing softer uptake overall?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Not really, I would say. Like I said, Oceanic is a luxury product, and we've been able to increase price. Similarly, when you see 360 West, it also depends on what floor has been sold. If it's a higher floor, then you obviously sell it at a premium, and if it's a lower floor, then it sells cheaper. So that's one part of it. Thane, very clearly, we have enough inventory and you will see a price increase in Thane also in a bit because there is an input cost increase. We obviously are contemplating that within ourselves also. So overall, I'm just saying that there's no resistance in any specific area. If, let's say, there is a change in. Let's see, even in Thane now, some of these buildings have topped up, some of these buildings now are shaping up well. People in the local vicinity now see, oh, this is really turning out to be the way they thought.And hence we see velocity in Thane as well. So very project-specific. There is no market specific, I would say, indicator that whether one should or should not increase price. They are very micro market-driven, and in fact, even further, they are more driven by the cyclicality of that project. If that project has now got all approvals and it's topped up, confidence of people in terms of delivery is much higher, and all of that. So I think we base our prices on so many more factors than merely market. And market get driven by the emotions that play with, and we do that with. If I increase my price in Thane, everybody will say, oh, Thane market's appreciating. But that's more to do with where my project is.

Karan Khanna - Analyst, Ambit Capital
Sure. This is helpful. Secondly, on BD. Historically, your BD to launch conversion has averaged around three and a half years. With the existing pipeline, you have a very strong visibility for both FY 2027 and FY 2028, but it's been a year and a half since you announced Bandra RLDA, and about six month plus since you announced both Aram Nagar and Pedder Road. So on BD, if you can give some color, at what point in next 6 to 12 months do you expect to close sizable opportunities similar to these and Gurugram? Also, when you spoke about NCR, are you only evaluating residential projects here, or are you actively evaluating anything the annuity opportunity too in this market?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
We are open to buying land for malls, for offices, even any other annuity asset in NCR. With regards to the BD, I can't tell you what I'm negotiating for because that'll be such a giveaway. Obviously, BD efforts are on, and as soon as we close, we will let you know what we bought. But can't tell you what we're buying. Yes.

Karan Khanna - Analyst, Ambit Capital
Sure. Lastly, on Mulund. Eternia's price is up 22% YoY to about INR36,500+, and Enigma only has 76,000 square feet. That's about 38 units left. Is the next Rallye Wolf launch being priced at INR38,000 to INR40,000 per square feet, and can it realistically launch in Q4?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Frankly, thank you for pointing that out. We are internally deliberating that decision as we speak what should the price there be. Again, like Mulund also now, the building is so well received. We've not only made a building but created a community. In fact, I had some members coming here, and I was telling them with so much pride that people who live in the building eventually make the community. Once the building is ready, all the price appreciation happens because people who haven't bought now want to buy into that building for two reasons.One, for the quality of the work we've done, but also for the fact the community that now lives in. Buildings that are ready actually end up commanding that kind of appreciation of price. The same thing I would say is applicable to Sky City also. The kind of people who bought into that building, now they are living there. The community that got created is actually now attracting people, and hence, there's a price rise. Just to probably tell you why prices go up. There are so many factors that drive pricing to go up.

Karan Khanna - Analyst, Ambit Capital
Sure. Just one short question. Given the success of 360 North and the kind of that 360 West, is a product like 360 South under consideration at some point in the near future? Or you think that entering the South India luxury housing market is too far-fetched at this point?

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
No, you can never count that out, ever. But I can't give you a guarantee of when. I have been offered land parcels, which are, in fact now, there are landowners who approach us by telling us that, why don't you do a 360 West or a 360 North kind of product? Yes, unintended, but 360 has become a brand, and people are really wanting us to build that many more in other cities. Yes, very excited, very happy. It just happened. But yes, we will be more than happy to explore.

Karan Khanna - Analyst, Ambit Capital
Great. Thank you. Those were my questions. Thank you and all the best.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Thank you.

Operator
Thank you. Ladies and gentlemen, we take that as the last question and conclude the question and answer session. I now hand the call over to Mr. Oberoi for his closing comments.

Vikas Oberoi - Chairman & Managing Director, Oberoi Realty Limited
Thank you all for taking time out for this call. We look forward to hearing from you on an ongoing basis. Please feel free to reach out to us or our investor relation team, as and when you have a question. Thank you once again. I also want to tell you that tomorrow we complete 16 years of us listing on the stock exchange, and all this would have never been possible without your support. So thank you again, and happy Diwali and happy Dussehra to everyone. Thank you.

Saumil Daru - Director, Finance, Oberoi Realty Limited
Thank you, everybody.

Operator
[Operator Closing Remarks]