"Oberoi Realty Limited
Q2 FY26 Earnings Conference Call"
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Moderator: Ladies and gentlemen, good day, and welcome to the Oberoi Realty Q2FY26 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. And for the duration of this Conference Call, all participant lines will be in the listen-only mode. And this conference call is being recorded, and 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 the conference call, you may signal the operator by pressing "*," then "0" 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, the future financial condition and growth prospect.

The forward-looking statements are based on expectations and projections, and may involve a number of risks, and 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 call to Mr. Oberoi, the Chairman and Managing Director of the company. Thank you and over to you, sir.

Vikas Oberoi: 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 Q2FY2026 Results and Business Updates.

Before I begin, I would like to share with you a few quick business updates:

It's been a solid start to the festive season for Oberoi Realty, driven by a robust sustenance sale across all our projects. We witnessed strong sales velocity at Sky City despite the price hike we took recently, indicating healthy demand for luxury real estate from quality developers.

Our uber luxury project Three Sixty West continues to attract strong inquiries and sales. We also opened our office in Gurugram, which shows that our expansion plans for NCR are in place. Commerz III and Sky City Mall continue to scale up on strong leasing demand for office and retail tenants. We remain on track for project launches in the next few quarters and continue to pursue business development activities.

With this, I now open the floor for question and answers. And both Saumil and I will be happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on the touch tone telephone, if you wish to remove yourself from the question queue may press * and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Moderator: The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Thank you so much. Seasons wishes and congratulations on great numbers this quarter.

Vikas Oberoi: Thank you, Puneet.

Puneet Gulati: Thanks. My first question is, so after your price hike which you have taken in Borivali, and in market in general, what kind of room for further price increases do you see for your projects?

Vikas Oberoi: I think we have already done a decent amount of price hike, and there seems to be no stopping. Basically, I wouldn't say that it's like the market in general. That project is unique, its sitting on a beautiful shopping mall, its connection to the metro is a huge advantage. And really, it's exceeded our own expectation in terms of how we have gone about building it. So I really can't say whether it's market in general, or per se, even any future price hike. We have very little supply available, and there happens to be enough demand for that. And if you see, our price hike has been at the back of what people are doing as resale. So there have been like whatever, 20, 30 resale apartments that's really gone at a higher price. And looking at the demand there, we have increased our price.

Puneet Gulati: And for your other projects in Thane, Mulund, do you see room for price hikes there also or you will wait for a bit?

Vikas Oberoi: We will wait for a bit, but we do see enough room on price hike because what we have been able to differentiate with our competition is that we are able to deliver quality with this sort of scale now. So, people who really want quality are willing to pay that extra. And I feel that as a company we deserve it, and then we can keep pushing our prices higher.

Puneet Gulati: Understood. And your projects at Adarsh Nagar and Gurugram, what kind of product have you now finalized in terms of ticket size, etc.?

Vikas Oberoi: So, both of them are uber luxury projects. And we feel we have amazing sites which deserve a very good product. A lot of people tell me that Three Sixty is like a one-off, even Vikas cannot rebuild it. But we are very clear that, that was designed literally 15 years ago. And today, with the kind of knowledge and exposure the company has, we are positioned to build far superior products, and we want to do that in these two micro markets or these two sites.

Puneet Gulati: So are you, I mean, for similar Rs. 50 crores plus to Rs. 200 crores kind of ticket price for both the projects?

Vikas Oberoi: No, not really. I mean, again, like I said, let there be some mystery around this. But as far as the quality of the product goes, it's going to be very, very superior.

Puneet Gulati: No, that goes without saying. Lastly, if you can talk a bit about any progress on Ritz-Carlton part of your portfolio. When does that start kicking in?

Vikas Oberoi: Okay. So, I would say about 70% to 80% of the volume work in Ritz-Carlton is over. And we are really hoping, fingers crossed, that within this financial year, we are able to launch. And yeah, that's it. So, we will be gifting a beautiful hotel to the city. And it's going to be, literally, like that part of the city have not seen the hotel after, I guess, St. Regis was the last built many years ago. So, really waiting for it to start. And it's turning out really well.

Puneet Gulati: And how big it is likely to be in terms of number of keys?

Vikas Oberoi: It's a little over 200 rooms, about 200-plus rooms, and a lot of banqueting space, restaurants, spa. And really, it's a hotel of today, I would say, like a global product. We will really put Mumbai on to international map, I would say, when it comes to quality of the hotel.

Puneet Gulati: Understood. That's really helpful. Thank you so much. All the best. Best wishes for Diwali as well.

Vikas Oberoi: Thank you. Same to you.

Moderator: Thank you. The next question is from the line of Murtuza from Kotak. Please go ahead.

Murtuza Arsiwalla: Just few questions, one was obviously on Ritz-Carlton, which has already been answered. But similarly, could you give us some timelines on how are you thinking of the I-Ven land, now that some more capital infusion has gone into that entity? What's the timeline? What's the plans, etc.?

Also, would Gurgaon definitely happen in the current fiscal? Or how are we thinking of the project launch for Gurgaon? And the third one, more sort of housekeeping. There was a large investment outflow in the cash flows, any indication on what that is attributable to?

Vikas Oberoi: So I-Ven Realty, that land parcel, we are doing a shopping mall, an office building and a hotel on top. And we should be breaking ground within this financial year itself. So that part is done. Sorry, what was your second question? I am sorry.

Murtuza Arsiwalla: On Gurgaon, and the third one was on the capex outflow in this quarter.

Vikas Oberoi: Capex, Saumil will reply. On the Gurgaon front, you will be happy to know that we have also loaded entire TDR on the file. So, 100% of this area will be approved at one go. And we are hoping, we are really, really hoping to launch it within this financial year itself. On the capex bit, I will let Saumil take over.

Saumil Daru: Hi, Murtuza. So, as far as the investing cash flows are concerned, two parts. One, what goes purely into operations. So, for example, the construction of the Ritz-Carlton or the balance completion for Sky City or Commerz III. So that is close to about Rs. 125 crores. The balance is purely treasury activities. It is investment into mutual funds and stuff like that.

Murtuza Arsiwalla: Thank you.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Axis Capital. Please go ahead.

Pritesh Sheth: Thanks for the opportunity. Just first question on the Sahara land, which we were eyeing for. Obviously, you haven't commented officially ever on that in terms of the progress. But with the way things have evolved over the last couple of weeks, do we still stand a chance of getting that 100 acre land which we are eying for, or it's now probably behind our books?

Vikas Oberoi: No, all of us are on a wait-and-watch mode. And frankly, that's the only thing I can tell you for now.

Pritesh Sheth: Okay. And apart from that, on the business development front, any other larger piece of land under discussion which can probably replace some of our large projects in Borivali, Goregaon, whenever it gets exhausted. So just some thoughts and some comments on that.

Vikas Oberoi: We are always on a business development mode. So that part of life never stops. And there are many in play. Let's see what comes out first. We are really excited to let you know as soon as we can.

Pritesh Sheth: Sure. Second on the Sky City Mall. So, now occupancy continues to improve gradually quarter-on-quarter. By when can we achieve a steady state 95% plus kind of trading occupancy for the Sky City Mall?

Vikas Oberoi: I think within this financial year we will achieve huge amount of stability. And then going forward you will see, in fact, the Sky City Mall has already reached footfalls, almost equal to what the Goregaon Mall had. And we are really surprised with the way it's taken off, very excited about it. It's won a few awards, and it's now being nominated for, I think, a global award. So, very, very excited. Didn't expect it to do, I mean, we always knew it will do well, but not so well. We thought we will reach this stage probably in a year or two, but it's like really accelerated, and we are within six months and super excited about it, huge potential going forward. And to answer your question, next year, you will see a very steady state.

Pritesh Sheth: And this 53%, I assume, is a trading occupancy and not the leased occupancy, or both are same in our case?

Vikas Oberoi: No, no. This is trading occupancy.

Pritesh Sheth: Okay, got it. And just one last on the margins on the residential side, we were at 50% plus. This quarter was low. I mean, it's low since last two quarters, it's because of Jardin not getting recognized in terms of revenue, it's still under cost recognition. Is that the reason or something else?

Saumil Daru: So two parts to that, Pritesh. One, as you rightly pointed out, there will always be projects where because you have not yet hit margin recognition, then the accounting standard is revenue equal to cost. So, you see a top line but you do not see the corresponding bottom line coming through. That will be one. The second bit will always be the contribution of the different projects to the overall sales mix. So, for example, there will be certain projects which will be higher margin; and there will be certain projects which will be slightly lower margin.

If you recollect, we have a pretty similar situation even for our average realization per square feet in our projects that keeps moving around a little bit. So even though we have not changed the base prices, but it all depends on whether a lower floor has got sold in that quarter or an upper floor that has got sold in the quarter. So that determines the average realization. It is something pretty similar which happens over here also. So, all of them are continuing to come in with their respective margins, but some will be higher, some will be lower. That's all.

Pritesh Sheth: Sure. And Jardin would be at 45% EBITDA margin currently, and then gradually it will scale up once the project gets evolved? Or how should one think about the margin profile or for Thane Pokhran Road project?

Saumil Daru: So, once we get to the margin recognition, we will discuss that with you. But typically, in all our projects, that is how it functions because at the launch stage typically it's the lowest realization. So once the launch is over and the sustenance sales start kicking in, and the sustenance sales start giving you higher pricing, then slowly your margin starts kicking up because your cost base, it's an average cost, it's a cost per square foot. So correspondingly, then you start seeing the margin go up. So the initial stages when we will do the margin recognition, margin recognition will be the lower margin only. But yes, it will crank up and go to a steady state a little bit later.

Pritesh Sheth: Got it. Perfect. That's helpful. That's it from my side. And Happy Diwali to you and your entire team. Thank you.

Vikas Oberoi: Thank you. Happy Diwali.

Moderator: Thank you. Participants who wish to ask questions press * and 1. The next question is from the line of Akash Gupta from Nomura. Please go ahead.

Akash Gupta: Thank you for taking my question. Sir, my first question is with respect to demand in Thane. So all your projects, except the Thane ones had very good traction this quarter. So, how are we thinking about that? My second question is that, we sold four units in Three Sixty West this quarter, so what's the time line of running down the remaining 30 units of inventory? And my third question is with respect to your launch pipeline in the second half of this financial year. What launches should we expect in this financial year? Yes, that's my three questions.

Vikas Oberoi: Saumil, do you want to go for this?

Saumil Daru: Sorry, can you tell me the first one?

Akash Gupta: Sir, my first question was on the demand with respect to your projects in Thane. So, we just had like 16 units sold in the second quarter also, it's similar to the run rate over the last two quarters. So I just wanted to understand how are you looking at the demand for projects, particularly in the Thane area?

Vikas Oberoi: Saumil, I will take this one. So look, Thane, these are all tall buildings, these are 60, 65-story buildings. We have seen this happen in Mulund, we have seen this happen actually in Borivali also. We had this initial burst of demand which most people want to pick the choices that they want and they do that. And then the sustenance sales are a little slow. And then when you are finishing the project, people end up buying again, and I think it's not any different with Thane as well. And once the project starts shaping up, we will also start increasing our price. When people will know that there will be a price increase, then they obviously want to prepone their sales and do that.

So, it's very typical, there's nothing different that we see in Thane from what we saw in Borivali, or we saw in Mulund also. And at one point in time it will become a steady state. Like we are hoping that Thane will probably settle somewhere around Rs. 1,000 crores every year kind of sustenance sales. And within that, whenever we do our further launches, and once you have built that critical mass of customers, you will see that growth spurt coming in.

If you see the entire history of Goregaon, that's how it is. Today, for me, if I want to do sales of Rs. 2,000 crores on one or two days, I just have to launch Goregaon. And that is because there is enough customer base within our project itself who has experienced, seen our project. And we see that that's how probably it will end up being for Thane also.

Akash Gupta: Got it, sir. And, sir, we have like 30 units in Three Sixty West, by when are we planning to run down this inventory?

Vikas Oberoi: See, again, we do have some good units left, we are holding on to our price. And we feel very strongly that for the next three years or even more, there is no quality supply that will get delivered. So, I think what we have now realized and buyers are also realizing, we have a clean run for three years. There are many projects that are launched around it, but nothing is getting delivered in the next three years. And people who want to move in, this is the best bet. And my own customers are our best brand ambassadors.

I want to take this opportunity to say that, again, GRI gave us an award for Three Sixty West, also. So it is, with all humility, one of the best buildings in the country, probably the best building in the country. And we have a very steady flow of customers. I feel within the next 2 years, we will be done with the inventory, hopefully, yeah.

Akash Gupta: And sir, my final question is on the launch pipeline for the second half of this financial year. What projects are we looking at?

Vikas Oberoi: There are so many. They are all literally queued up and raring to go, like we just need to break open, and it will be a flow, plethora of projects. Gurugram will come in, Worli can come in. There are a few other redevelopment projects that we have signed will come in. We have one more tower to be launched in Borivali, that can come in. We can launch a new tower in Thane. So there is so much more. We just want to time it correctly. And yeah, that's it. We are just perfecting it. We have a tower in Goregaon we haven't launched. So there are so many. In fact, work has started. So it's not like we are really waiting. We are also watching the market.

Akash Gupta: Got it, sir. Thank you so much. Best of luck.

Vikas Oberoi: Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Khandelwal from JPMorgan. Please go ahead.

Gaurav Khandelwal: Thanks for giving me the opportunity to ask questions. Happy Diwali.

Vikas Oberoi: Happy Diwali, Gaurav.

Gaurav Khandelwal: I wanted to understand the sales that we have had in this quarter a bit better. So, in the last question, you addressed some of it, in your initial remarks you did address. But sustenance sales from some of the projects, the older ones, relatively older ones, Eternia, Enigma, those were better. Whereas if I look at sales at Jardin, Forestville, these have come down quarter-on-quarter. So, is this a trend that you were expecting already? Or is this a particular product life cycle, so X percentage of sale happens in the first two quarters of launch, then slows down. And then as the building nears its completion, the sales numbers pick up. Could you give me some color on this, please?

Vikas Oberoi: You are absolutely right. Your second statement actually is the answer to the first. How do we know really? Because we actually feel that projects are cyclical, the sales also end up being cyclical. There's a huge curiosity around launch. People love to go in for launches. They pay a very small down payment, and they know that they will get what they want, and they will be making the rest of the payment gradually. Now once we are at 40%, 50% of completion, people now know that if they buy they will have to pay 40%, 50% upfront payment.

Now, I will take this opportunity to clarify a few things. Most of these projects, we have sold enough, and we have money lying in the project held by RERA. Now, I have enough and more for funding my construction. So as a strategy what we do is, we actually end up slowing down sales or stopping sales in some of the projects, I am not saying these, to ensure that I am not selling cheap, and I am not even getting the money in my hand. In the sense, when I sell early, I am giving that advantage to the buyer, but I am also getting cash, which actually is getting locked in my RERA account, and I have enough and more to fund that construction.

Once I reach a particular stage, let's say, I have completed all the slabs, and people know that now possession is 18 months away, we increase the price. We very well know that at an increased price the sales may be slow, but that also kind of starts pickling our price in the minds of people that this is what they will have to pay going forward. And you get a price increase, your projects are at a stage where people want to buy. So, we have to use the cyclicality of the project to our advantage and given what RERA expects you to do in terms of holding your money, this probably is the best bet.

You will see that we are holding inventory even in Elysian. Now buildings are near completion, but we are sitting with money in the bank, there's no point in selling. We know the product that we are creating is far superior. Ready apartments within Goregaon are selling at a higher price than what we are booking at. So, I see literally a 20% return on my investment if I don't sell. And even if I sell, I actually end up taking that cash and blocking it. It's not like I can take and do something on BD, and I can have better use of cash. So this part of how RERA plays out is a disadvantage for us to sell early, and that's what we are really doing. So both your points are valid, like the cyclicality is something that we really play with.

Gaurav Khandelwal: So, in second quarter the contribution from associates increased to almost Rs. 117 million, which is highest in the last five quarters that I can see. Any explanation of what this is? And how should we think about this going forward?

Vikas Oberoi: Saumil, can you take that?

Saumil Daru: Yes. Just give me a second, sir. Gaurav, can I come back to you separately on this?

Gaurav Khandelwal: Sure, sure, sure. Works. Thank you so much.

Vikas Oberoi: Thank you.

Moderator: Shall we move to the next question?

Saumil Daru: Yes.

Moderator: Thank you. The next question is from the line of Jatinmoy Karmakar from JHP Securities. Please go ahead.

Jatinmoy Karmakar: Congratulations on a good set of numbers. Sir, I have two questions. So firstly, we talked about resale, sir do we have any restriction on resale, as it does impact on our demand and price realization? That was one part. And second part, can you like give me a briefing about the escalation on the two malls we have? So, after about a number of years, do we have the escalations?

Vikas Oberoi: Whatever RERA permits us to do in terms of putting restrictions on secondary sales, we have those in place, which are very similar to all the developers. But we, in fact, are not very stringent on them. And we have realized that not more than 1% or 2% of our inventory ends up getting resold. I mean, which is great for us because we end up attracting a lot of actual users. And because they are such few in number, we see a price increase. So that part really plays out well. I did not understand your question on the mall bit. Can you explain your question please, what did you mean by it?

Jatinmoy Karmakar: Price escalations.

Saumil Daru: Escalations in mall, right?

Vikas Oberoi: Rental escalations?

Jatinmoy Karmakar: Yes, rental escalations. Yes.

Vikas Oberoi: Okay. So again there, it's just a business call. You see how your mall is playing out, you see how competition is playing out. We see potential in our business. Now because we are running a mall we pretty much know everyone's margins, how much a restaurant makes and so on and so forth. So there are two ways of doing this. One is, you keep your rentals in line with what market expects, and you have your upside coming from your revenue share. So you do that. And again, whenever there's a renewal, we try and keep the tenure to be short because when you know that the mall is doing well, and then they come back for renewal they will be in a position to give you a better rental.

So what we have done with Goregaon is that every time we have come in for a renewal, the revenue share that we get, let's say, 85%, 90% of that becomes our minimum rent. So we keep hedging ourselves going forward and keep pushing the rentals higher. And then when you open a new mall, you obviously know that this is what these people are willing to pay, and you then start asking rentals around that.

So again, I mean, it's a collaborative approach. We both have to survive. We obviously want more rent for our shareholders. But at the same time, they are also our partners in business. So we want to balance that, we want them to earn money also, and we want the right mix so that customers are attracted. So it's not just a single dimension, you have to see all these and then play that out.

Jatinmoy Karmakar: Okay, sir. Thanks a lot. That helps. And Happy Diwali.

Vikas Oberoi: Happy Diwali to you as well. Thank you.

Moderator: Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Hi, Vikas. You spoke about Gurgaon and Adarsh Nagar will be uber-luxury projects. Just wanted to get a sense on, like, how the demand for such products are, especially in these two micro markets which have seen a fair bit of product launches in a similar category in the last two years and a fair bit of product pipeline also for the next few years, right? So, how do you sense the demand for uber-luxury projects in these micro markets, especially Gurgaon and Central Mumbai?

Vikas Oberoi: I want to just tell you if not for RERA, we have not even firstly advertised. If not for RERA, I would have collected cheques for both these projects. The kind of demand I see, people are already approaching us and telling us, whenever you open you, let me know, can I pay you now? And I say, no, we can't because RERA does not permit you to do so. But I will just sum it up by saying this that if there was no RERA we would have like already collected a lot of cheques. And I hear people say, I am depositing this cheque with that broker and all that, and I tell them, listen, we have not started anything, please do not do any of that. No, no, this broker is really influential, and he says that he will get you an apartment. And then we are like literally telling them, don't do that, don't do that, that sort of thing. So great demand. And again, like I said that we are coming into this product with a proven track record and people like that. So that's what I would tell you.

Kunal Lakhan: Sure, that helps. And secondly, on the launches, right, you did highlight a fair number of launches that are possible in the second half. We are like almost five, five and a half months away from the end of second half. At this point in time, do we have some clarity in terms of like where we are in terms of like project planning, approvals, or even for that matter, intent to bring some of these projects to the market? So in terms of visibility, right, which of these projects that you highlighted are more likely to be launched or more certain to be launched in second half?

Vikas Oberoi: From likely to certain, then I will be committing to it. But let me just tell you that as a company we have always never made any future comments, forward-looking statements. So, I would only say that it's all work in progress, and we are progressing really well. We are hoping to do projects that we have committed within this year itself. Again, as far as approvals go, we are almost there with Gurugram. I do not know how many of you know, we have started demolishing the existing building, we are loading our entire TDR. And hopefully, by early Jan, we will have our plans in place, including RERA, if possible. So nothing really will stop us from then to do that.

The same goes with Adarsh Nagar. Again, planning fully done. Multiple approvals also taken, a few now on its way. So, again, like really looking good. Our Pedder Road project also looking good. We have received approvals for Carter Road project already, all approvals in place. So that part is done. So again, like I said, that a lot is happening.

Kunal Lakhan: Undertsood. Thanks so much, Vikas. All the best to you and your team. And Happy Diwali to you all. Thank you.

Vikas Oberoi: Happy Diwali to you as well. Thank you.

Saumil Daru: Before we conclude, just to clarify on that one question around the share of profit from joint ventures, about Rs. 11 crores. That was essentially ORL's share of income from the I-Ven Realty Limited JV. As somebody pointed out earlier in the question, there was a fund infusion which had happened. So, this is nothing but treasury income from that fund and correspondingly the profit line pickup.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Oberoi for closing comments.

Vikas Oberoi: Thank you. 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 Relations team, as and when you have any questions. Thank you once again, and wishing you all a very Happy Diwali and a prosperous New Year in advance. Thank you again.

Saumil Daru: Thank you, everybody. Happy Diwali.

Moderator: Thank you. On behalf of Oberoi Realty, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.