



LOOKING UP,
LOOKING AHEAD.

ANNUAL REPORT 2016-2017

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Oberoi Realty Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Oberoi Realty Limited annual report 2016-17.

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FY 2016-17 has been a significant year for the Indian economy, a year of huge transformations. At Oberoi Realty Limited, with customer centricity and transparency as the backbone of our existence, we have heartily embraced the progressive agenda of the government. Our strong values and belief system have paid dividends, as demonstrated in our exceptional performance for the year. With a gross annual booking value of more than ₹ 1,500 crores, we have continued creating unprecedented value for all our stakeholders and will keep doing so. Going forward, we intend to expand our portfolio in diverse businesses and focus on execution and project delivery.



CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year 2016-17 has been a landmark year for the Indian economy, a year of significant reforms and progressive decisions. The government has put the nation on a trajectory where all past benchmarks have been redefined and a new order of fiscal control has set in, getting India ready to claim its rightful place as the most attractive country for doing business.

Amidst these profound transformations, including the much talked about demonetisation, and a budget that included path-breaking initiatives on the rural sector, a huge fillip to affordable housing, recalibration of capital gains treatment and more, the year rounded off on a positive note with the long-awaited Goods and Service Tax (GST) and RERA becoming a reality. In Maharashtra, the state government's sustained focus on infrastructure augurs well for its economy and industry.

At Oberoi Realty, with our long-standing history of transparency and customer centricity, we have heartily welcomed and embraced the progressive agenda. With a continuous emphasis on financial transparency in all our transactions, demonetisation was virtually a non-event for us. We are enthusiastic about RERA being implemented, as it will bring in much-needed accountability and clarity to the sector. This will increase customer confidence and create a level playing field for developers like us with a proven track record. We also believe that the unified tax structure under GST will truly strengthen the country's economy. I can assure you that the future is bright for companies like yours as the real estate sector transforms into a space meant for players with credibility and integrity.

FY16-17 has been yet another year of value-based operations for your company; the strong performance has come on the back of our commitment to deliver value to all our stakeholders. Our revenues for FY17 stand at ₹ 1,161.04 crores with an EBITDA of ₹ 617.36 crores and our gross annual booking value exceeded ₹ 1,500 crores. Our retail development, Oberoi Mall, continues to command leadership position in the western suburbs of Mumbai due to its location and excellent mix of brands across segments.

With the ethos of your company inherent in all that we do, I am happy to share that over the past year, despite challenging economic environment, our projects across various segments saw an exceptional response. We are also glad to inform you that all our ongoing projects are moving at a steady pace, making us confident about the timely delivery of the projects.

The success of the Oberoi Realty brand has been, to a large extent, a result of our unwavering belief in the highest standards of corporate governance and philosophy of integrity and customer centricity. Over the last year, we have been the recipients of numerous accolades; including awards for "Best for Investor Relation" and "Best for Disclosure and Transparency" by Asiamoney Corporate Governance Poll India – 2016.

The foundation of our core existence is composed of many enablers, such as our strong investors, our focused employees and our ever-supportive partners. I thank each of you for being a pillar of this organisation, and giving me the opportunity to lead your esteemed company.

With a continued emphasis on project delivery, quality construction, innovation and value enhancement of the entire ecosystem, the future looks promising for your company. Let us all look forward to building an India of the future and the Oberoi Realty of our dreams.

Best wishes,

Vikas Oberoi

PROFILE OF OUR BOARD OF DIRECTORS



Vikas Oberoi

Chairman &
Managing Director



Anil Harish

Independent,
Non-Executive Director



Bindu Oberoi

Non-Independent,
Non-Executive Director



**Karamjit Singh
Kalsi (Sonny Kalsi)**

Independent,
Non-Executive Director



Saumil Daru

Non-Independent,
Executive Director



**Tilokchand P.
Ostwal**

Independent,
Non-Executive Director



Venkatesh Mysore

Independent,
Non-Executive Director

Vikas Oberoi

Chairman &
Managing Director

A Harvard Business School alumnus, Vikas Oberoi has been on the Board of Directors since the inception of the company. With about three decades of experience in the real estate industry, he brings on board his unique vision, management practices and global approach to the company. He is involved in the formulation of corporate strategy and planning, overall execution and management of the company. He is an integral part of the key management and manages a portfolio spanning across residential, office space, retail, hospitality and social infrastructure projects.

Anil Harish

Independent,
Non-Executive Director

On the Board of Directors since September 2009, Anil Harish is a seasoned legal expert with over three decades of experience in Real Estate, Taxation and collaboration laws in India. With a Bachelor's degree in Law from Mumbai University and a Master's degree in Law from University of Miami, USA, he is a partner at D.M. Harish & Co. Advocates. He was a member of the Managing Committee of the Indian Merchants Chamber and was Executive Vice President of the Society of Indian Law Firms. He is a trustee of Hyderabad (Sind) National Collegiate Board.

Bindu Oberoi

Non-Independent,
Non-Executive Director

On the Board of Directors since December 2006, Bindu Oberoi is a Commerce Graduate from Mumbai University and is deeply involved in various design, landscaping and interior aspects of the projects developed.

Karamjit Singh Kalsi (Sonny Kalsi)

Independent,
Non-Executive Director

On the Board of Directors since September 2014, Sonny is based out of the US and is a founder and partner

of GreenOak Real Estate, an independent, partner-owned real estate principal investing and advisory firm, that seeks to provide strategic advice and create long-term value for clients and investors, with approximately \$8 billion of equity capital under management, and having offices in New York, London, Madrid, Tokyo and Los Angeles. Sonny is a graduate of Georgetown University with a BS degree in Finance, May 1990, and is also a member of the Board of Regents of Georgetown University. He also serves on the board of several organizations including: The Spence School, Teaching Matters, Room to Read, The Hirshhorn Museum, and the Asia Society. He is a member of the Young Presidents Organization and an Adjunct Professor at Columbia University in the Masters of Real Estate Program.

Sonny was previously the Global Co-Head of Morgan Stanley's Real Estate Investing (MSREI) business and President of the Morgan Stanley Real Estate Funds till 2009. Prior to managing MSREI globally, Sonny was based in Asia where, beginning in late 1997 and through his tenure into 2006, Sonny and his team led the formation of Morgan Stanley's property business in Asia and built the leading real estate platform in the region.

Sonny has also been cited in several publications for his profile in the real estate industry, including Private Equity Real Estate magazine as one of the "30 Most Influential" people in private equity real estate globally.

Saumil Daru

Non-Independent,
Executive Director

Saumil Daru has been associated with the Group since 2002. He is also the Chief Financial Officer of the company and heads Finance, Accounts and Tax functions. A graduate in Commerce from Mumbai University, he is also a qualified Chartered Accountant and has completed the Advanced Management Program from the Harvard Business School. Prior to joining Oberoi Realty, he was working with Arthur Andersen / Ernst & Young India Private Limited and has a cumulative work experience of over 20 years in Tax, Accounts and Finance.

Tilokchand P. Ostwal

Independent,
Non-Executive Director

Recognised amongst the top 50 tax professionals in the world, Tilokchand P. Ostwal has been on the Board of Directors since December 2007. He is fellow member of the ICAI and in practice for 39 years. He is a partner of T. P. Ostwal & Associates and DTS & Associates, Chartered Accountants. He is a member of International Taxation Committee of Bombay Chartered Accountants' Society (BCA) and member of International Taxation Committee and Taxation Committee of Indian Merchants' Chamber (IMC). He was also a member of International Taxation Committee of ICAI. He was a member of the advisory group/committee set up by the Government of India for international taxation and transfer pricing. Besides, he served as the Vice-Chairman of the Executive Board of International Fiscal Association, Netherlands. He is a member of the United Nations group for developing the transfer pricing manual and documentation for developing countries. He is a visiting professor at Vienna University, Austria. He is also the author of several publications on international taxation and Black Money Act 2015 of India. He is a regular speaker on allied subjects, domestically and internationally.

Venkatesh Mysore

Independent,
Non-Executive Director

On the Board of Directors since July 2011, Venkatesh Mysore is currently the CEO and MD of Knight Riders Sports Private Limited (Kolkata Knight Riders) and also the Chief Executive Officer of Red Chillies Entertainment Private Limited. Venkatesh Mysore brings on board decades of rich and versatile experience in the insurance sector, asset management and in setting up and promoting companies in diverse cultural and business environments. With years of experience in the financial sector in the US, he has served as the CEO & MD of MetLife, where he spent over 21 years and also helped start up its India venture. He has also served as

the India Country Head of Sun Life Financial, besides being on board with FICCI, CII, IMC, American Chamber of Commerce, Indo-Canadian Chamber and several committees established by IRDA.

DIRECTORS' REPORT

To
The Members,
Oberoi Realty Limited

Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company on the business and operations of the Company, together with the Audited Financial Statement for the year ended March 31, 2017.

Financial Results

The Company's performance during the financial year ended March 31, 2017 as compared to the previous financial year is summarized below:

(₹ in Lakh)

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Revenue from operations	1,11,374.39	1,41,614.71	89,071.20	1,18,352.69
Other income	4,729.80	4,276.70	5,837.01	16,561.47
Total revenue	1,16,104.19	1,45,891.41	94,908.21	1,34,914.16
Expenses	59,874.50	79,567.13	47,295.00	66,842.35
Profit before tax	56,229.69	66,324.28	47,613.21	68,071.81
Tax expenses	18,684.86	22,928.18	15,548.24	18,313.57
Share of Profit / (loss) of associates / joint ventures (net)	313.93	159.50	-	-
Profit after tax	37,858.76	43,555.60	32,064.97	49,758.24
Other comprehensive income/ (expenses)	22.48	(28.05)	20.52	(7.54)
Total Comprehensive Income for the year	37,881.24	43,527.55	32,085.49	49,750.70

The above is an extract from the financial statements prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 by the Ministry of Corporate Affairs, as amended by the Companies (Indian Accounting Standards) Rules, 2016.

Nature of Business

The Company is engaged in the activities of Real Estate Development and Hospitality. On the real estate development front, the Company develops residential, commercial, retail and social infrastructure projects. There was no change in nature of the business of the Company, during the year under review.

Financial Performance

Consolidated financials

During the year under review, your Company's consolidated total revenue stood at ₹ 1,16,104.19 Lakh as compared to ₹ 1,45,891.41 Lakh for the previous year, representing a decrease of 20.42%; profit before tax stood at ₹ 56,229.69 Lakh for the year under review as compared to ₹ 66,324.28 Lakh for the previous year representing a decrease of 15.22%; and the total comprehensive income stood at ₹ 37,881.24 Lakh as compared to ₹ 43,527.55 Lakh for the previous year representing a decrease of 12.97%.

Standalone financials

During the year under review, the total revenue stood at ₹ 94,908.21 Lakh as compared to ₹ 1,34,914.16 Lakh for the previous year representing a decrease of 29.65%; profit before tax stood at ₹ 47,613.21 Lakh for the year under review as compared to ₹ 68,071.81 Lakh for the previous year representing a decrease of 30.05%; and the total comprehensive income stood at ₹ 32,085.49 Lakh as compared to ₹ 49,750.70 Lakh for the previous year representing a decrease of 35.51%.

Report on performance and financial position of subsidiaries, associates and joint venture companies

The performance and financial position of each of the subsidiaries, associates and joint venture companies for the year ended March 31, 2017 is attached to the financial statements hereto.

No company has become or ceased as subsidiary, associate and joint venture, during the year under review.

Transfer to Reserves

It is not proposed to transfer any amount to reserves out of the profits earned during FY 2016-17.

Dividend

Despite macro-economic headwinds, sluggish industry volume numbers and increased costs, there is an overall improvement in business/ investment sentiment, and taking into consideration the stable performance of your Company and in recognition of the trust in the management by the members of the Company, the Directors are pleased to recommend a dividend at the rate of ₹ 2 per equity share, i.e. 20% of the paid up Equity Share Capital for the year ended March 31, 2017 (previous year: ₹ 2 per Equity Share, (i.e. 20%) of the paid up Equity Share Capital).

Deposits

During the year under review, your Company neither accepted any deposits nor there were any amounts outstanding at the beginning of the year which were classified as 'Deposits' in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

Disclosures under Section 134(3)(l) of the Companies Act, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.

Internal Financial Controls

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors and the Internal Auditors of the Company on the inefficiency or inadequacy of such controls.

Internal Control Systems

Adequate internal control systems commensurate with the nature of the company's business and size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

Disclosure of orders passed by regulators or courts or tribunal

No significant and material orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

Particulars of contracts or arrangements with related parties

All the transactions/contracts/arrangements of the nature as specified in Section 188(1) of the Companies Act, 2013 entered by the Company during the year under review with related party(ies) are in ordinary course of business and on arm's length. Further none of such transactions/contracts/arrangements are material (i.e., satisfying the criteria provided in first proviso of section 188(1) of the Companies Act, 2013) in nature. Hence, no particulars in form AOC-2 are furnished.

Particulars of loans, guarantees, investments under Section 186

The particulars of loans, guarantees and investments given/ made during the financial year under review and governed by the provisions of Section 186 of the Companies Act, 2013 has been furnished in **Annexure I** attached herewith and forms part of this report.

Disclosure relating to equity shares with differential rights

The Company has not issued any equity shares with differential rights during the year under review and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

Disclosure relating to sweat equity shares

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

Disclosure relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme

During the year under review, the unexercised portion of employee stock options vested in Option Grantees on May 4, 2013 expired on May 4, 2016 for non-exercise within the Exercise Period. Further, during the year under review, certain Option Grantees have exercised 2,31,581 options vested in them.

In compliance with the provisions of Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and SEBI (Employee Share Based Employee Benefits) Regulations, 2014, the details of Employee Stock Option Scheme as on March 31, 2017 are furnished in **Annexure II** attached herewith and forms part of this report.