

BUILDING TOMORROW,
TODAY

ANNUAL REPORT
2017-18

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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 2017-18.

BUSINESS AGILITY IS THE ABILITY OF AN ORGANISATION TO ANTICIPATE CHANGES AND EFFORTLESSLY ADAPT THE NEW NORMAL IN ORDER TO DELIVER VALUE TO ITS CUSTOMERS.

The year 2017-18 witnessed implementation of two major regulatory reforms – GST and RERA. Our decades-rich experience in constructing projects across residential, commercial, retail, social and hospitality segments has made us immune to regulatory changes. We efficiently adapted the new reforms and explored new growth opportunities. With a slight course correction, we continued our journey of co-creating value to our customers and stakeholders.

03

Decades-rich
experience

40

Completed projects
at strategic location,
capturing the Mumbai
skyline

19.86

Million sq. ft. of spaces
under construction as on
March 31, 2018



Residential



Commercial



Retail



Social



Hospitality

CHAIRMAN'S MESSAGE



AS A COMPANY,
OUR VISION
IS TO CREATE
SPACES THAT ARE
ASPIRATIONAL
AND LIVE BEYOND
OUR LIFETIME;
DEVELOPMENTS
THAT SET
BENCHMARKS FOR
THE INDUSTRY
AND ENHANCE
THE ENTIRE
ECOSYSTEM THEY
OPERATE IN

Dear Shareholders,

As we enter a new financial year, we at Oberoi Realty are humbled with the trust bestowed upon us. The past year was an eventful one in terms of overall economic reforms, not just for us but for the whole of corporate India. In its sustained effort to achieve uniformity and transparency, the Government implemented two significant reforms in the last fiscal year – GST and RERA which we believe will continue to positively impact the Indian economy in the coming years.

The unified tax regime under GST is designed to enable India to be one of the fastest growing economies. In addition, RERA, a major reform for our industry, is fair to both buyers and developers - making the realty sector more transparent and protecting the interests of all stakeholders. Furthermore, the State Government's efforts to develop key infrastructure projects, introduce a new development plan for Mumbai and implement policies for ease of doing business are all set to transform the lifestyle of its inhabitants and improve the overall business environment.

As the real estate industry enters a new era of consolidation, there is renewed enthusiasm about our sector in the economy. We are at a crucial juncture where we believe that the time is right for developers of repute and credibility to lead the way. Together, these reforms are poised to increase investment into the sector, aiding growth of not just our industry but the overall economy as well.

Our single-minded focus on the quality of our deliverables and strong process control has been recognised by multiple industry bodies, with awards and accolades galore. Commerz II at OGC received the Health & Safety Award at High Rise India Summit & Awards, the latest in a long line of rewards for the commercial property.

The awards we receive continue to be a validation of our work and we are extremely proud of this affirmation conferred upon us by the industry time and again.

With these ground-breaking reforms, it is clear that in times to come, only the agile will thrive. Your Company is a strong believer in adaptability and has already been attuning itself to altering market sentiments. As a Company, our vision is to create spaces that are aspirational and live beyond our lifetime; developments that set benchmarks for the industry and enhance the entire ecosystem they operate in.

As always, I would like to thank you for continuing to repose your faith in our organisation and standing by us. With a sustained emphasis on quality control, execution, innovation and ethics, the future augurs well for your Company.

Wishing you all a successful year ahead!

Best Wishes,

Vikas Oberoi

Chairman & Managing Director

PROFILE OF OUR BOARD OF DIRECTORS



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 the co-Founder and Partner of GreenOak Real Estate, an independent, partner-owned real estate principal investing firm that seeks to create long-term value for its investors and clients, with approximately \$10 billion of equity capital under management, and having nine offices globally including New York, Los Angeles, London, Madrid, Tokyo and Seoul. Sonny is a graduate of Georgetown University with a BS degree in Finance, May 1990, and is a former 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, AHRC New York City Foundation, PowHERful Foundation, 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 Master 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 until 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 40 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 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 Twentieth 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, 2018.

FINANCIAL RESULTS

The Company's performance during the financial year ended March 31, 2018 as compared to the previous financial year is summarised below:

Particulars	(₹ in Lakh)			
	CONSOLIDATED		STANDALONE	
	2017-18	2016-17	2017-18	2016-17
Revenue from operations	1,26,542.90	1,11,374.39	97,422.33	89,071.20
Other income	2,657.80	4,760.29	10,911.85	5,848.15
Total revenue	1,29,200.70	1,16,134.68	1,08,334.18	94,919.35
Expenses	64,610.11	59,904.99	49,240.34	47,306.14
Profit before share of profit of joint venture (net)	64,590.59	56,229.69	59,093.84	47,613.21
Share of Profit/(Loss) of joint ventures (net)	361.97	313.93	-	-
Profit before tax	64,952.56	56,543.62	59,093.84	47,613.21
Tax expenses	19,072.24	18,684.86	17,377.06	15,548.24
Other comprehensive income (net of tax)	118.67	22.48	78.62	20.52
Total comprehensive income for the year	45,998.99	37,881.24	41,795.40	32,085.49

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 ₹ 1,29,200.70 lakh as compared to ₹ 1,16,134.68 lakh for the previous year, representing an increase of 11.25%; profit before tax stood at ₹ 64,952.56 lakh for the year under review as compared to ₹ 56,543.62 lakh for the previous year representing an increase of 14.87%; and the total comprehensive income stood at ₹ 45,998.99 lakh as compared to ₹ 37,881.24 lakh for the previous year representing an increase of 21.43%.

Standalone Financials

During the year under review, the total revenue stood at ₹ 1,08,334.18 lakh as compared to ₹ 94,919.35 lakh for the previous year representing an increase of 14.13%; profit before tax stood at ₹ 59,093.84 lakh for the year under review as compared to ₹ 47,613.21 lakh for the previous year representing an increase of 24.11%; and the total comprehensive income stood at ₹ 41,795.40 lakh as compared to ₹ 32,085.49 lakh for the previous year representing an increase of 30.26%.

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, 2018 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 2017-18.

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, 2018 (previous year: ₹ 2 per Equity Share, (i.e. 20%) of the paid up Equity Share Capital).

DIRECTORS' REPORT

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)(I) 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. Kindly refer the financial statements for the transactions with related parties entered during the year under review.

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. Kindly refer the financial statements for the loans, guarantees and investments given/ made by the Company as on March 31, 2018.

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, 2014 expired on May 4, 2017 for non-exercise within the Exercise Period. Further, during the year under review, certain Option Grantees have exercised 66,811 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, 2018 are furnished in **Annexure II** attached herewith and forms part of this report.

DISCLOSURES IN RESPECT OF VOTING RIGHTS NOT DIRECTLY EXERCISED BY EMPLOYEES

There are no shares held by trustees for the benefit of employees and hence no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors and Key Managerial Personnel

There was no change in the composition of Board of Directors and the Key Managerial Personnel during the year under review.

Also, in terms of Section 152 read with Section 149(13) of the Companies Act, 2013, Ms. Bindu Oberoi is liable to retire by rotation. The said Director has offered herself for reappointment and resolution for her reappointment, is incorporated in the Notice of the ensuing Annual General Meeting.

DIRECTORS' REPORT

Declarations by Independent Directors

Pursuant to the provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received individual declarations from all the Independent Directors confirming that they fulfill the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board Meetings

The Board of Directors met 4 times during the financial year ended March 31, 2018 in accordance with the provisions of the Companies Act, 2013 and rules made there under. All the Directors actively participated in the meetings and provided their valuable inputs on the matters brought before the Board of Directors from time to time. Additionally, on January 30, 2018, the Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Director's Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2018, the Board of Directors hereby confirms that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, wherever applicable;
- (b) such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profits of the Company for the year ended on that date;
- (c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts of the Company have been prepared on a going concern basis;
- (e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee is in existence in accordance with the provisions of sub-section (1) of Section 178 of the Companies Act, 2013. Kindly refer section on Corporate Governance, under head 'Nomination, Remuneration, Compensation and Management Development Committee' for matters relating to constitution, meetings, functions of the Committee and the remuneration policy formulated by this Committee.

Audit Committee

An Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer section on Corporate Governance, under head 'Audit Committee' for matters relating to constitution, meetings and functions of this Committee.

Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee constituted by the Board of Directors exists.

For details of the composition of the Committee, the CSR policy and other relevant details that are required to be disclosed under the provisions of Section 134(3)(o) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, kindly refer **Annexure III** attached herewith and which forms part of this report.

Other Board Committees

For details of other board committees, kindly refer the section on Corporate Governance.

Vigil Mechanism for the Directors and Employees

In compliance with the provisions of Section 177(9) of the Companies Act, 2013, the Board of Directors of the Company has framed the "Whistle Blower Policy" as the vigil mechanism for Directors and employees of the Company.

The Whistle Blower Policy is disclosed on the website of the Company at http://www.oberoiREALTY.com/pdf/Whistle_Blower_Policy.pdf

Fraud Reporting

During the year under review, no instances of fraud were reported by the Statutory Auditors of the Company.

Risk Management Policy

The Board of Directors of the Company has put in place a Risk Management Policy which aims at enhancing shareholders' value and providing an optimum risk-reward trade off. The risk management approach is based on a clear understanding of the variety of risks that the organisation faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.