

Committed to Developing a Sustainable Tomorrow

Annual Report
2019-20



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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 2019-20.

03

Decades plus rich experience

42

Completed projects at strategic locations, capturing the Mumbai skyline

38

Million sq. ft. area under construction as on March 31, 2020

OBEROI REALTY IS A BRAND KNOWN FOR IT'S CUSTOMER CENTRICITY, QUALITY DEVELOPMENTS, AND FINANCIAL PRUDENCE.

With an experienced team of professionals focused on putting the customer first and a vision to create developments that are sustainable and iconic identifiers of the city, the company has emerged as the most preferred residential developer of Mumbai. We are confident that even in the toughest of times only robust and reputed developers like us will continue to thrive.



Residential



Commercial



Retail



Social



Hospitality

CHAIRMAN'S

MESSAGE



At Oberoi Realty,
we continue to
enhance our
execution
capabilities through
numerous
technological
interventions across
the value chain.

Dear Shareholders,

We trust that you are all safe and healthy and with your loved ones during these challenging times.

The financial year 2019-20 commenced with the appointment of a new government at the centre with an emphatic victory. In the second tenure, the government got into action by allowing FII to invest in NBFCs, giving incentives for affordable housing, corporate tax cuts, and various measures to put more money in the hands of the people. The reforms initiated for the economy and for the real estate sector in the past few years have resulted in formalisation within the industry and increased accountability and transparency for the end-consumer.

As the world battles the Pandemic challenges, the initiatives announced by the Government, the RBI and the Finance Ministry to provide stimulus to the economy are highly commendable. Covid-19 is the story of our era which will be remembered and documented for teaching us to be self-reliant. It has definitely affected all of us in different forms, beginning with challenging one's existence, moving to testing the sustainability of businesses and for those who will survive, preparing them to be more responsible, resilient, and innovative.

On the customer side, the pandemic and the lockdown have compelled people to think seriously about homes that are spacious, secure, and offer a holistic lifestyle. People have realized the importance of a bigger and better home, in a more secure environment and a space that caters to the needs of every member of the family. With public infrastructure yet to develop to global standards, people will increasingly prefer locations where their children can walk to their school, people can walk to their offices and the family can together walk to the nearest mall for shopping, dining, and entertainment. Customers will prefer to live in mixed-use developments that offer a one-stop solution for all their Live, Work & Play needs. Spacious apartments within gated communities seem to be the winner in the future.

Even prior to the emergence of the pandemic, a large number of players in the sector were already struggling with stretched balance sheets and lack of customer credibility. With the lockdown and the ensuing freezing of all cash flows for most of them, we believe that a new phase of consolidation has commenced in the real estate sector. Only developers with repute, inherent knowledge of customer needs, ability to design and execute world-class products, and above all being financially prudent will survive.

While the residential segment is clearly showing signs of consolidation, the office and retail space are likely to consolidate even faster. Capital intensive projects like malls and large office complexes have a different level of financial dynamics - unthinkable for developers who cannot survive the working capital friendly model of residential real estate. Our recent announcement on leasing space to Morgan Stanley, among the largest office space transactions, is a pertinent example of our financial strength and brand equity despite the demanding situation. With consolidation playing out due to a variety of reasons - regulatory changes, dearth of capital, and government reforms, we are all set to capitalise on the opportunity in the annuity business and ready to slingshot the next phase of growth for our company.

At Oberoi Realty, we continue to enhance our execution capabilities through numerous technological interventions across the value chain. As early adopters of technology, we are redefining the ways of digitizing the business - be it in the areas of ERP, CRM or BIM. Our sales and marketing efforts have been digitally savvy even before this lockdown, which helped the teams to seamlessly communicate with our existing and potential customers despite the restricted mobility during this period.

Albert Einstein said, "in the midst of every crisis, lies great opportunity." Covid-19 has created a new normal for all of us. For more than three decades, Oberoi Realty has served its stakeholders due to its ability to adapt effortlessly. Tough times are succeeded by great opportunities. With our track record of execution, our brand and our rock solid financial strength, we have complete faith in our ability to not only survive these challenging times but to emerge stronger to redefine and thrive in the new normal.

We sincerely appreciate the faith and trust that you have bestowed on us during the last year and over the lockdown period. Each one of us at Oberoi Realty is committed to deliver excellent customer service and world-class products and would like to thank all our customers, partners, financial institutions, and all government authorities for their continuous support.

Stay Positive, Stay Safe & Stay Healthy.

Best Wishes,

Vikas Oberoi

Chairman & Managing Director

PROFILE OF OUR BOARD OF DIRECTORS



Vikas Oberoi
Chairman &
Managing Director

Vikas Oberoi is the Chairman and Managing Director of Oberoi Realty Ltd. He is involved in the formulation of corporate strategy and management and concentrates on the growth and diversification plans of the Company.

He has more than three decades of experience in the real estate industry and is the recipient of numerous awards and accolades for his thought leadership and contribution to the sector. He firmly believes in overall societal development and is passionate about contributing to society

He is also an alumnus of Harvard Business School and on HBS's India Advising 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 CEO of BentallGreenOak, global real estate firm that seeks to create long-term value for its investors and clients, with approximately \$50 billion of assets under management and operations in 12 countries around the world. Sonny is a graduate of Georgetown University with a BS degree in Finance, May 1990, and currently serves on the Board of Directors of the 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 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 with the Company since 2002. He is the Director-Finance and a member of the board of Oberoi Realty Limited since May 2014.

As the Chief Financial Officer of the Company he heads Finance, Accounts and Tax functions of the Company and has a cumulative work experience of over 20 years.

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.



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 more than 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 Institute of Chartered Accountants of India and member of 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 transfer pricing and Black Money Act 2015 of India. He is a regular speaker on allied subjects, domestically and internationally.



Tina Trikha
Independent,
Non-Executive Director

On the Board of Directors since April 2019, Tina Trikha has close to two decades of experience working with companies in the United States, India, and South-East Asia. A published author and an executive coach, she currently serves as head of communications and talent development for SeaLink Capital Partners, a private equity firm based in Mumbai. Previously she was Vice President of corporate planning and strategy at Godrej Industries Limited. As part of her role, Tina worked with various Godrej businesses on defining strategic goals and identifying initiatives. Prior to that, Tina was responsible for strategic planning and business development at Scholastic, a book publisher and distributor in New York. Her previous roles also included providing financial and strategic advice to companies as a consultant with McKinsey & Company in New York and as an investment banker with Credit Suisse in New York and Hong Kong. Tina holds a bachelor's degree in economics from Massachusetts Institute of Technology and a Master's degree in Business Management from the Wharton School of Business.



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 Twenty Second Annual Report of the Company on the business and operations of the Company, together with the Audited Financial Statements for the year ended March 31, 2020.

Financial Results

The Company's performance during the financial year ended March 31, 2020 as compared to the previous financial year is summarized below:

(₹ in Lakh)

Particulars	CONSOLIDATED		STANDALONE	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	2,23,763.29	2,58,249.93	61,966.20	1,02,865.55
Other income	4,835.22	7,884.68	12,419.52	12,972.43
Total revenue	2,28,598.51	2,66,134.61	74,385.72	1,15,837.98
Expenses	1,32,300.16	1,49,061.78	32,494.49	51,349.39
Profit before share of profit of joint venture (net)	96,298.35	1,17,072.83	41,891.23	64,488.59
Share of Profit/(Loss) of joint ventures (net)	590.88	689.60	-	-
Profit before tax	96,889.23	1,17,762.43	41,891.23	64,488.59
Tax expenses	27,956.21	36,069.08	10,406.89	19,118.40
Other comprehensive income (net of tax)	(14.02)	62.92	(14.40)	49.63
Total comprehensive income for the year	68,919.00	81,756.27	31,469.94	45,419.82

NATURE OF BUSINESS

The Company is primarily engaged in the activities of Real Estate Development. 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 ₹ 2,28,598.51 lakh as compared to ₹ 2,66,134.61 lakh for the previous year, representing a decrease of 14.10%; profit before tax stood at ₹ 96,889.23 lakh for the year under review as compared to ₹ 1,17,762.43 lakh for the previous year representing a decrease of 17.72%; and the total comprehensive income stood at ₹ 68,919.00 lakh as compared to ₹ 81,756.27 lakh for the previous year representing a decrease of 15.70%.

Standalone Financials

During the year under review, the total revenue stood at ₹ 74,385.72 lakh as compared to ₹ 1,15,837.98 lakh for the previous year representing a decrease of 35.78%; profit before tax stood at ₹ 41,891.23 lakh for the year under review as compared to ₹ 64,488.59 lakh for the previous year representing a decrease of 35.04%; and the total comprehensive income stood at ₹ 31,469.94 lakh as compared to ₹ 45,419.82 lakh for the previous year representing a decrease of 30.71%.

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, 2020 is attached to the financial statements hereto.

During the year under review, Evenstar Hotels Private Limited was incorporated as a wholly owned subsidiary of Company. Save and except the same, no Company has become or ceased as a subsidiary, associate, or joint venture of your Company 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 2019-20.

DIVIDEND

With a view to conserve resources, the Directors do not recommend any dividend for the year ended March 31, 2020 (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

DIRECTORS' REPORT

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. Internal control systems are designed to ensure 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

Kindly refer the financial statements for the loans, guarantees and investments given/made by the Company as on March 31, 2020.

UTILIZATION OF BALANCE PROCEEDS OF QUALIFIED INSTITUTIONS PLACEMENT OF EQUITY SHARES

Your Company undertook a qualified institutions placement (QIP) of its equity shares in the month of June 2018. The balance unutilized issue proceeds as on March 31, 2019 amounting to ₹ 56,882.16 lakh were fully utilized towards the objects of the issue during the year under review. Kindly refer the report on corporate governance for the utilization of the said QIP proceeds.

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 there were no instances of grant, vest, exercise, or lapse/cancellation of employee stock options under the Employee Stock Option Scheme of the Company. Also, as at the beginning of the year, there were no outstanding options granted. Hence, no disclosures in terms of Companies (Share Capital and Debenture) Rules, 2014 and SEBI (Employee Share Based Employee Benefits) Regulations, 2014 are required.

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

During the year under review, the Board of Directors at its meeting held on May 10, 2019, and the shareholders at the

DIRECTORS' REPORT

Annual General Meeting held on August 23, 2019 approved the reappointments of Mr. Vikas Oberoi as the Managing Director of the Company for a period of 5 years commencing from December 4, 2019 till December 3, 2024; and that of Mr. Saumil Daru as Director – Finance of the Company for a period of 5 years commencing from May 10, 2019 till May 9, 2024.

Also, during the year under review, the Directors of the Company appointed Ms. Tina Trikha as an Independent Director w.e.f. April 12, 2019, and the shareholders at the Annual General Meeting held on August 23, 2019 approved her appointment as an Independent Director of the Company, for the 5 year term ending on April 11, 2024.

During the year under review, the Board of Directors at its meeting held on July 24, 2019 considered, and the shareholders at their Annual General Meeting held on August 23, 2019 approved the appointments of Mr. T.P. Ostwal, Mr. Venkatesh Mysore, and Mr. Karamjit Singh Kalsi for the second consecutive term of 5 years as Independent Directors i.e. from August 27, 2019 to August 26, 2024, from August 27, 2019 to August 26, 2024, and from July 1, 2020 to June 30, 2025 respectively.

Also, Mr. Anil Harish, an Independent Director, resigned from the Directorship of the Company w.e.f. July 24, 2019.

Save and except the above, there were no changes in the composition of Board of Directors and the Key Managerial Personnel during the year under review.

Mr. Vikas Oberoi is liable to retire by rotation at the 22nd Annual General Meeting in terms of Section 152 read with Section 149(13) of the Companies Act, 2013, and the said Director has offered himself for reappointment. The resolution for his reappointment is incorporated in the Notice of the ensuing Annual General Meeting, and the brief profile and other information as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") relating to him forms part of the Notice of ensuing Annual General Meeting.

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.

In the opinion of the Board, each of the Independent Director appointed during the year under review possess requisite integrity, expertise, and experience for acting as an Independent Director of the Company.

In view of the available time limit, those Independent Directors who are required to undertake the online proficiency self-assessment test as contemplated under Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, are yet to undertake such test.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board Meetings

The Board of Directors met 4 times during the financial year ended March 31, 2020 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 February 7, 2020, 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, 2020, 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 judgements 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, 2020 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.