



**“Q1 FY12-13 Results Conference Call of Omaxe Limited”**

**August 16<sup>th</sup>, 2012**



**SPEAKERS:**

**Ms. Vijayalaxmi Purohit, COO**  
**Mr. Sudhangshu Biswal, President, Finance**  
**Mr. Amit Mehta, Senior General Manager,**  
**Finance**



**Moderator:** A very good afternoon, ladies and gentlemen. I am Souradeep Sarkar, the moderator of this call. Thank you for standing by and welcome to the Omaxe Limited First Quarter Financial year 2012-13 Earnings Conference call.

For the duration of presentation, all participants' lines will be in the listen-only mode and we will have a Q&A session after the presentation. I would like to now hand over the conference to Mr. Unmesh Sharma from Macquarie Capital Securities. Over to you, sir.

**Unmesh Sharma:** Thank you very much. Welcome to the First Quarter results call for Omaxe. We have with us Ms. Vijayalaxmi Purohit, Chief Operating Officer; and Mr. Amit Mehta, Senior General Manager Finance. They will represent Omaxe. I would like to invite the management for initial comments before the Q&A session. Thanks and over to you, Ms. Purohit.

**Vijayalaxmi Purohit:** Good afternoon, everyone. This is Vijayalaxmi. Thank you for joining us today for Omaxe Limited Quarter One Financial Year 2013 Conference Call. I have with me Mr. Sudhangshu S. Biswal, President Corporate Finance and Mr. Amit Mehta, Senior General Manager Finance on this call.

I would like to begin by taking you through the operational highlights of the quarter followed by a discussion on the financial performance of the company. Friends, as we declare the result for Q1 FY 2013, the macro economic condition shows no signs of improvement and we expect the GDP growth to be slow and sticky. However, at the same time, we have great expectation from our government to put reform agenda back on the priority list to drive economic growth. In the current environment, we find no short-term signals from RBI to bring down interest rates and at the same time high inflation is acting as double whammy by affecting the gross margins. We plan to stick to our strategy of steady launch of plotted development and independent floor lowers the effect of inflation to strengthen our cash flow. At the same time, we focus on execution of existing projects to ensure timely deliveries



leading to better customer satisfaction, retention and repetition of existing customers.

We draw strength from strong demand in prominent tier 2 cities like Lucknow, New Chandigarh, Ludhiana, Bahadurgarh, Bhiwadi and Indore to name a few. Our consistent cash flows have helped us bring our consolidated debt down to comfortable level with debt/equity ratio reducing to 0.72.

Now coming to financial results of the company, for the quarter ended 30<sup>th</sup> June 2012, the total operating income for the quarter is Rs. 368.30 crores against Rs. 331.15 crores for previous year quarter. The EBITDA stood at Rs. 59.78 crores against Rs 62.06 crores over the previous year quarter.

The EBITDA margin decreased to 16.23% from 18.74% for the quarter under comparison. The PAT for the quarter stood at Rs. 18.18 crores against Rs. 20.03 crores over the previous year quarter. The total income includes approximately Rs 49.74 crores from construction activities of the group and Rs. 318.56 crores from real estate activities. The operating margins for construction activities are approximately 10% and for the real estate it is approximately 32% in the quarter.

The major revenue contribution during the quarter was from township projects at New Chandigarh and group housing projects at Lucknow, Ludhiana, Bhiwadi, Noida and Faridabad. The company had launched eight new projects during the quarter adding up to 1.57 million square feet of saleable area out of which 1.20 million square feet has been booked. Some of the prominent ones are 0.37 million square feet of floor and 0.10 million square feet of villas in Omaxe City, New Chandigarh, 0.30 million square feet of low-rise floors at Omaxe Shubhangan, Bahadurgarh, commercial plots of 0.26 million square feet at Omaxe City Mangliya, Indore residential plots of 0.23 million square feet at Omaxe City, Yamuna Nagar and 0.10 million square feet of luxurious villas in Ludhiana. In terms of booking of our projects during this quarter, 2.01 million square feet area has been booked consisting 0.61 million square feet of plotted development and 1.40 million square feet built-up



development. Total sale value of this area is approximately Rs. 436 crores where the average realisation comes to approximately Rs. 2167 per square feet. Total booked area till 30<sup>th</sup> June 2012 stands at approximately 41.25 million square feet from the running projects. During the current year, we have strategically improved our cash flow by focusing on execution and delivery.

I will now brief you on cash flow position of the group during the quarter under review. The total cash inflow from operations stood at around Rs. 559 crores during this quarter. The same had been mainly utilised towards our construction activities to the tune of Rs. 234 crores and we have repaid debt of Rs. 144 crores during this quarter along with interest of another Rs. 42 crores. Rs. 76 crores has been utilised towards further land acquisition, EDC and approval expenses. Beyond this new project loan of total Rs 87 crores has been availed during the quarter. The gross debt as on 30<sup>th</sup> June 2012 stands at Rs. 1295 crores including Rs. 247 crores towards deferred land payment. The gross debt has reduced by net amount of Rs. 45 crores during the quarter. The debt/equity ratio stands at 0.72 on a consolidated basis, that is we have been able to reduce our debt/equity ratio from 0.87 to 0.72 on quarter-to-quarter basis.

Omaxe Infrastructures and Construction Limited's present order under execution is Rs. 1018.48 crores of which 33% has been recognised till Q1 FY 2013 and balance 67% is expected to be completed by March 2014. Total EPC contracts order under execution in the group is Rs. 1123.24 crores. Till date four EPC contracts of approximately Rs. 325.54 crores has been completed.

These are the brief highlights of major events in the quarter. We have also updated our investor presentation on our website. You are requested to please visit our website for more detailed information. Now the floor is open for your questions. Thank you.

**Moderator:**

Thank you so much, ma'am. With this, we are going to start the Q&A interactive session. So I would request all the attendees and the participants, if you wish to ask any



question, please press “0” and “1” on your telephone keypad and wait for your name to be announced.

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I would like to repeat once again to all attendees and the participants, if you wish to ask any question, please “0” and “1” on your telephone keypad and wait for your name to be announced.

There are no questions in the queue, so I would request Mr. Sharma to go ahead and ask the question.

**Unmesh Sharma:**

Three questions, firstly on your outlook for FY13 and 14 what would be the square foot sale that you are targeting? The second is that within this what will be the product mix in terms of plots, floors and high-rise constructions. And the third is regarding the debt situation right now. What is the refinancing requirement for all of FY13? How much of that is likely to be met by internal accruals and how much do you expect to be rolled away? One more question is, what is the current cost of debts for the company? Thank you.

**Sudhangshu Biswal:**

Mr. Sharma , I should answer here. The first question you asked about outlook for FY13-14 in terms of sales in million square feet. It will be about 9 to 11 million sq ft . That is what we have been doing last couple of years. Our range is about a million square feet per month but this year we will look at about 9 to 10 million square feet. That would be the outlook for this year.

Coming to your product mix, we are expecting 50-50, 50% plotted development and 50% built-up development.

Coming to that debt level, I mentioned last time also, looking at the size of our company, our debt would be about 1200 crores. So there is no question of refinancing. If you look at our balance sheet of last couple of years, we have been reducing debt on year-to-year basis. That’s how we managed to do in Q1 also. Despite the market being slow, we managed to reduce debt from internal accrual. So,



there is no question of refinancing actually. And the cost of debt today is about 15.5%. That is what it is.

**Unmesh Sharma:** Thank you, sir. These are all my questions. Operator, are there any other questions from participants?

**Moderator:** Well, sir, no one is in the queue but I would like to repeat once again to all the participants and attendees, if you wish to ask any question, please press "0" and "1" on your telephone keypad and wait for name to be announced.

Well, sir, there are no questions in the queue. So I would request you to please take over the floor for the final comments.

**Unmesh Sharma:** Thank you very much and thank you to the management. I would like to request Omaxe management for any parting remarks.

**Amit Mehta:** Yes, we thank you all. If you ever require any other information, you can visit our website as well as you can contact me anytime for all your queries. Thank you.

**Vijayalaxmi Purohit:** Okay, thanks a lot.

**Moderator:** Thank you so much all the panellists. With this, we conclude the conference for today. Wish you all a great day ahead. You all can disconnect your line. Thank you.