



**“Q3 FY13 Results Conference Call of
Omaxe Limited”**

February 12, 2013



SPEAKERS:

- 1. Mr. Sudhangshu S. Biswal, President, Finance**
- 2. Mr. Amit Mehta, Senior General Manager,
Finance**
- 3. Mr. Abhijit A. Diwan, General Manager, Equity
& Investor Relations**

Moderator: Good afternoon, ladies and gentlemen. I am Aanchal Rastogi, the moderator of this call. Thank you for standing by and welcome to Omaxe Limited Quarter Third Financial Year 2013 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. Abhishek Bhandari from Macquarie Capital Securities. Over to you, sir.

Abhishek Bhandari: Thank you. Good evening all. Welcome to Omaxe Third Quarter FY13 conference call. We have from the management Mr. Sudhangsu S. Biswal, President Corporate Finance Officer; Mr. Amit Mehta, Senior General Manager, Finance; and Mr. Abhijit Anand Diwan, General Manager, Equity and Investor Relations. I would request the management to give a brief commentary as your opening remark and then probably we will open the line for question and answer. Over to you, sir.

Sudhangshu S. Biswal: A Happy New Year to everyone and welcome to our Q3 FY 2013 earnings call. Thank you for joining us this afternoon. Representing Omaxe Limited, I'm Sudhangshu Shekhar Biswal and I have with me my colleagues Amit Mehta and Abhijit Diwan.

We would like to update you with the financial results for the quarter ended December 31, 2012. The total operating income for the quarter is Rs. 567.93 crore against Rs. 461.64 Crore for the previous quarter; up by 23%. The EBIDTA stood at Rs. 78.37 crore against the preceding quarter number of Rs.62.78 Crore; up by 25%. The EBIDTA margin has also increased to 13.80% from the previous quarter margin of 13.60%. The PAT for the quarter stood at Rs. 28.85 Cr against Rs. 22.98 Cr over the previous quarter, up by 25%. The total income includes approx. Rs. 42.56 crore from construction activities and Rs. 525.37 crore from real estate activities.

The major revenue contribution during the quarter is from group housing projects at Bahadurgarh, Ludhiana, Greater Noida, Lucknow, Township at New Chandigarh and Bhiwadi.

With respect to operational updates for the quarter following details are noteworthy:

The Company had launched 6 new projects during the quarter adding up to 1.26 mn sq. ft. of salable area out of which 0.73 mn sq ft has been booked. Some of the prominent ones are 0.37 mn sq ft of low rise floors at Shubhangan, Bahadurgarh which got overwhelming response from the customers, 0.48 mn sq ft of Group Housing at Omaxe Hills Indore, 0.22 mn sq ft of villas at Omaxe City, Yamuna Nagar and 0.12 mn sq ft of group housing at Bhiwadi, which also got huge responses.

In terms of bookings from total projects during this quarter, 3.33 mn sq. ft. of area has been booked consisting 1.62 mn sq. ft. of plotted development and 1.29 mn sq. ft. built-up development and 0.42 mn sq ft of commercial development. Total sales value of this area is approx. Rs. 666 crore and the average realization is approximately Rs. 2000 per sq.ft.

Total area booked till 31st December 2012 stands at approx. 46.90 mn sq. ft from the running projects.

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. 625 crore during the quarter. The same have been mainly utilized towards construction activities to the tune of Rs 201 crores. Rs 99 have been utilized towards land acquisition, approval expenses and EDC/IDC. We have repaid debt of Rs. 134 crore during this quarter along with interest of another Rs 47 crores. Remaining amount has been utilized towards administration expenses, Commercial, Media, Marketing activities and other payments of the company.

The company availed new project loans of total Rs.128 during the quarter against Rs 134 crores repaid and Rs 45 Crs reduction in utilization of Working Capital Limits; resulting in debt equity ratio coming down from 0.62 to 0.52. During the 9 months ending 31 Dec 2012, the Company has repaid total debts amounting to 396 crores against Rs 287 Crs raised during the period. The gross debt as on 31st December 2012 stands at Rs. a comfortable level of Rs 960 crore.

Omaxe Infrastructure & Construction Ltd. has present orders under execution at Rs. 1,018.48 crore of which

40% is already recognized till Q3 FY 2013 and 60% remaining to be completed till March 2014.

This is the brief highlight and a small presentation from our end. You are requested to please visit our website for more detailed information.

The floor is open for questions and discussions.

Moderator: Thank you so much, sir. Participants, we would now start the Q&A interactive session. Any questions from any participants, you are requested to press “0” “1” on your telephone keypads. I repeat, any questions from any participants, you are requested to press “0” “1” on your telephone keypads and we will announce your names. I have one question coming up from Mr. Prem Khurana from B&K Securities. Sir, please go ahead.

Prem Khurana: Good evening, sir. Sir, what would you attribute this sudden jump in revenue recognition to – have you achieved any revenue recognition because some of our projects are – we have done some inventory liquidation during [inaudible]. What would you attribute this to?

Amit Mehta: It is with respect to the all project sales which are nearing completion. The projects like in the Greater Noida and the project in Ludhiana having the floors and group housing are nearing completion. So, these projects are being sold out, so balance 20% inventory has been sold out in the last three to six months. So, that’s the reason why the revenue is higher this quarter.

Prem Khurana: Sure. Sir, would you be able to break it up into – I mean, how much has come in on how much of revenue recognition on PUCM basis and how much on account for delivery of completed units?

Amit Mehta: Delivery of completed units is hardly 5 to 6 crores only. Rest is all from PUC method. But in PUC method, which are at the 90% stage and 90% construction is complete and nearing completion. These projects are giving higher revenues now.

Prem Khurana: Okay. Because your inventory during the quarter has come up by some 128 odd crores rupees which is – I mean, if I were to compare with your historical numbers, I have never seen this kind of number before this quarter, so which is very, very big in terms of inventory going down. That’s a 128 odd crores during

the quarter and you spent only around 201 crores incrementally on your projects and the number seems to be very, very high. So, just wanted to understand why is it so?

Amit Mehta: That's what I am telling. There are some projects like in Ludhiana and Greater Noida where the projects are 80 to 90% complete, but we are holding out the inventory because of the better realizations because those markets were not performing earlier one year before. Now, these markets are performing very well. So, we are liquidating those inventories in Ludhiana and Greater Noida.

Prem Khurana: But then the margin does not seem to have improved significantly, I mean, if you [Multiple Speakers]?

Amit Mehta: Margins will remain the same because the pressure margin still continues in those cities. But now the market has started performing, there is a demand for real estate now in these areas.

Prem Khurana: Okay. And, just on this Azorim, the settlement has already been achieved now. So, would you be able to see any numbers coming from this project Azorim next quarter onwards?

Amit Mehta: Yes, surely.

Prem Khurana: Okay. Would you be able to give some kind of guidance, what kind of numbers are we expecting, what...?

Amit Mehta: The mix depends on how do you sell out and what construction you are doing. We are doing at least construction of about 20 to 30 crores of rupees per quarter. And, whatever inventory we will be able to liquidate, surely the numbers will come automatically.

Prem Khurana: Sure, sure. Thanks, sir. Thanks a lot.

Moderator: Thank you so much, sir. The next question is coming up from Mr. Bhaskar from Crisil. Sir, please go ahead.

Ravi: Yes. Ravi here from Crisil. Good evening.

Amit Mehta: Good evening.

Ravi: Just want to understand the break-up of this 3.3 million square feet, you know, if you can help us with the

break-up geography-wise as in which project has contributed more to the current bookings?

Amit Mehta: See, the sales what we have done in this quarter is a mix. Malls have been launched, one in Greater Noida and one in Chandigarh. So, that sale is coming. Then, we have sold some floors in Bahadurgarh. Then, we have sold some plots in Jhajjar Road, Bahadurgarh. Then, we have sold some villas in Yamunanagar. New area has been launched last quarter. Earlier we have sold plots, now we have launched some villas there. In Bhiwadi we have launched flats and floors, so that has been sold out during this quarter.

Ravi: Okay.

Amit Mehta: Complete break-up of each segment-wise amount, area is being on the website. You can see it there.

Ravi: Okay, sure. In every presentation there is a deferred payment which is reflecting of 231 crores. So, this will be payable in what timeframe?

Amit Mehta: See, as per the repayment schedule of deferred payment, it is to be payable up to 2016. In next three years, we have to pay. It's about six monthly instalments.

Ravi: Six monthly?

Amit Mehta: Yes.

Ravi: Okay, sure. And, also on the high-tech township projects, if you can just give us some update whether additional land has been acquired in any of the projects?

Amit Mehta: The land buying is going on in Lucknow. Majorly, we are planning for the Lucknow, so land buying is now going on in Lucknow project only.

Ravi: Okay. Sir till date, how many acres and at what price has been acquired in Lucknow?

Amit Mehta: In Lucknow, all across, it will be tentatively about 500 to 600 acres of land that has been acquired.

Ravi: Okay.

Amit Mehta: And, in the range of...

- Ravi:** And, at what price?
- Amit Mehta:** It will be in the range of 20 to 30 lakhs rupees.
- Ravi:** Per acre?
- Amit Mehta:** Yes.
- Ravi:** Sure. So, any big land payments that needs to be made in next two years?
- Amit Mehta:** No, there is no such thing. No land payment is due as such which has to be paid. Whatever land acquisition we are doing, that is the only thing. Otherwise, nothing is due which is to be paid in next quarter or so.
- Ravi:** Okay. What is your outlook for the future given that interest rates have already started declining and Omaxe is having projects majorly in tier 2 and tier 3?
- Sudhangshu S. Biswal:** I have stated, to some of the people before also – the next three year is going to be better than the last three years.
- Ravi:** Okay.
- Sudhangshu S. Biswal:** So, for real estate that is going to be the scenario. So, from hereon we are going to be strong year after year.
- Ravi:** Okay. Sure. And, last question from our end is regarding the dilution of promoters holding by June 2013. There has been news, you know, companies are evaluating various options. So, any particular thing that has been finalized or in advance stage?
- Sudhangshu S. Biswal:** No, not yet. You know, we are in the process. We have been talking to few people and we are in the process. Now, at this point in time, we won't be able to divulge any information on this.
- Ravi:** Okay. Sure. Thank you.
- Sudhangshu S. Biswal:** Thank you.
- Moderator:** Thank you so much, sir. Any other questions from any other participants, you are requested to press "0" "1" on your telephone keypads. I repeat, any questions from any participants, please press "0" "1" on your telephone keypads.

- Abhishek:** Sir, this is Abhishek here. If there are no questions, I would just want to ask one question to you. Sir, where do we see our debt position in next two years from now? Do we see a significant reduction in the debt or are we comfortable with the current level of debt what we have on the books?
- Amit Mehta:** I think I have been deliberately – I mean, last conference call, even before that earnings call, I have been stating that. I think we have substantially reduced our debt if you look at today. And, going forward, it would be in the same range of Rs. 1000 to 1200 crores because our company has to be leveraged rightly actually. If I have to look at this kind of cash flow today and, you know, we have to maintain that kind of debt level which is quite comfortable for us.
- Abhishek Bhandari:** Okay. Sure, sir.
- Moderator:** Thank you so much, sir. Sir, there are no questions coming up from the participants in the queue. Sir, you can take over the floor.
- Abhishek Bhandari:** Sure. Sir, would you like to add any closing comments before we wind up the call, sir?
- Sudhangshu S. Biswal:** Okay, just thanks. If any information is required and anything is required, you can just mail to us and we will give reply accordingly.
- Moderator:** Thank you so much, sir. Thank you so much, participants. With this, we conclude the conference call for today. You may all disconnect your lines now. Thank you and have a great day.