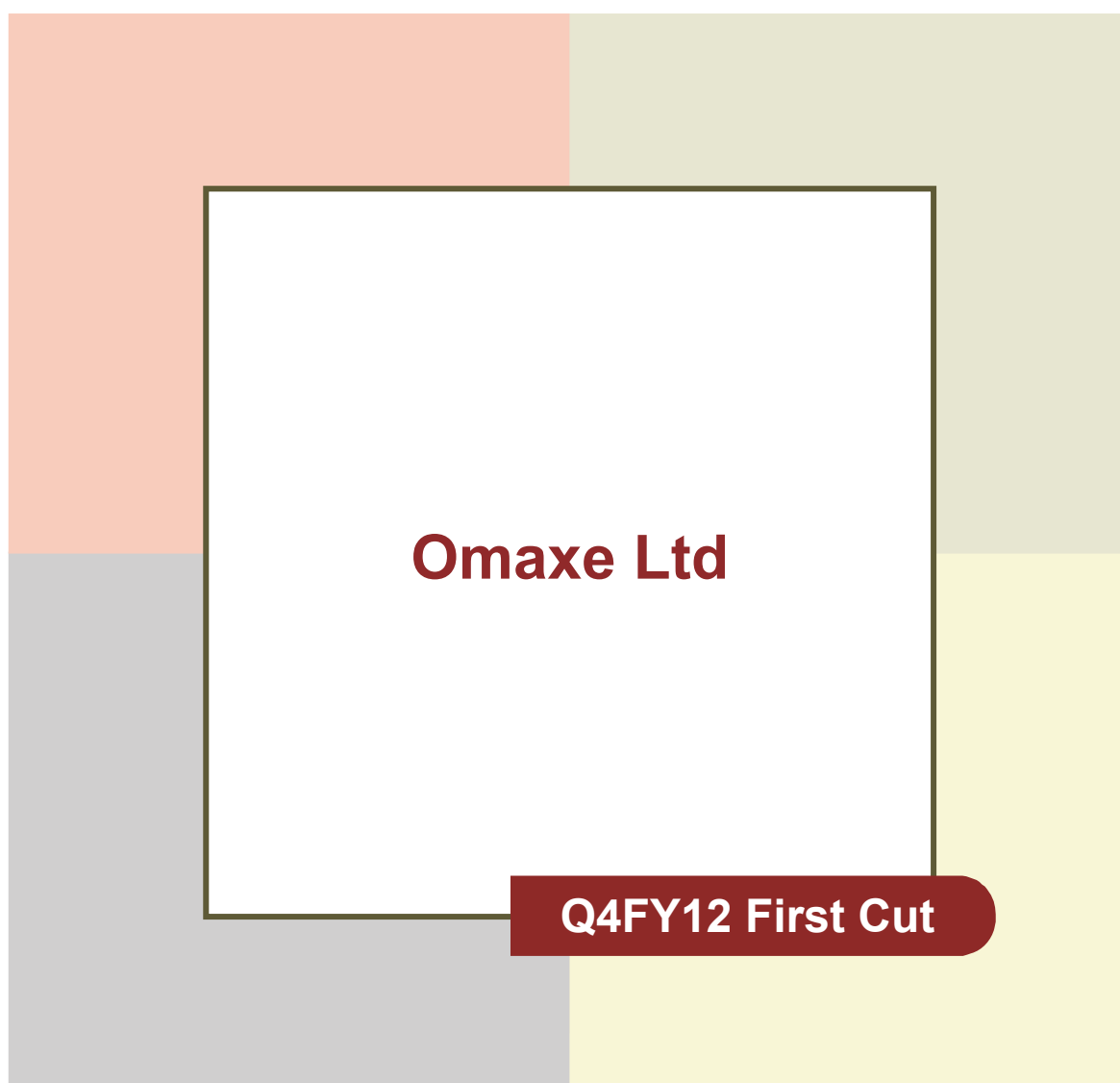


CRISIL IER Independent Equity Research



Enhancing investment decisions



Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

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Last updated: 31 March, 2011

Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

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Fundamental Grade	2/5 (Moderate fundamentals)
Valuation Grade	2/5 (CMP has downside)
Industry	Real Estate Management & Development

Omaxe Ltd's (Omaxe's) Q4FY12 consolidated earnings were in line with CRISIL Research's expectations. Revenue growth of 6% y-o-y to Rs 6 bn beat our estimates of Rs 4.8 bn but EBITDA margin of 8.7% was below our expectations. However, lower-than-expected tax expenses led to earnings in line with expectations. We may revisit our earnings estimates post interaction with the management. We maintain our fundamental grade of **2/5**.

Q4FY12 and FY12 consolidated result analysis

- Q4FY12 revenues grew 6% y-o-y and 32% q-o-q to Rs 6 bn driven by plot sales and revenue recognition in the ongoing projects. Bookings during the quarter were 1.53 mn sq.ft. vs. 2.42 mn sq.ft. in Q3FY12. FY12 revenues grew 21% y-o-y to Rs 18.5 bn.
- Q4FY12 EBITDA margin increased 430 bps y-o-y to 8.7% but was below our expectations of 12.5%. On a q-o-q basis, margin declined 360 bps due to higher raw material costs. FY12 EBITDA margin declined 170 bps y-o-y to 12.7%.
- Revenue growth and 430 bps improvement in operating margin supported PAT growth of 103% y-o-y to Rs 237 mn. On a q-o-q basis, PAT grew 23% mainly due to lower tax expenses. We will provide clarity on lower tax expenses post discussion with the management. EPS was Rs 1.4 vs. Rs 0.7 in Q4FY11. FY12 PAT declined 2.5% y-o-y to Rs 904 mn due to decline in margin and higher interest costs.

Analysis of FY12 standalone results

- Revenues grew 17% y-o-y to Rs 13.3 bn driven by plot sales. EBITDA margin declined 40 bps y-o-y to 14.5%.
- PAT remained flat at Rs 629 mn vs. Rs 625 mn in FY11 as revenue growth was offset by decline in margins and higher interest costs.

FY12 balance sheet key takeaways

The company has repaid debt of Rs 2.2 bn in the past one year; its consolidated debt declined from ~Rs 15.5 bn in FY11 to Rs 13.4 bn in FY12.

Valuations: Current market price has downside

We continue to value Omaxe by the sum-of-the-parts method. Our fair value is Rs 125 per share. We may revise it post interaction with the management. At the current market price of Rs 145, the valuation grade is **2/5**.

KEY FORECAST (CONSOLIDATED)

(Rs mn)	FY09	FY10	FY11	FY12#	FY13E
Operating income	8,789	10,046	15,284	18,487	20,873
EBITDA	1,553	2,015	2,197	2,346	3,089
Adj Net income	444	902	888	904	1,351
Adj EPS-Rs	2.6	5.2	5.1	5.2	7.8
EPS growth (%)	(91.0)	103.4	(1.6)	1.8	49.4
Dividend Yield (%)	-	-	-	-	-
RoCE (%)	4.2	5.7	6.4	7.5	9.5
RoE (%)	3.1	5.9	5.4	5.2	7.3
PE (x)	56.8	27.9	28.4	27.9	18.7
P/BV (x)	1.7	1.6	1.5	1.4	1.3
EV/EBITDA (x)	28.2	20.6	17.9	14.3	12.8

NM: Not meaningful; CMP: Current market price

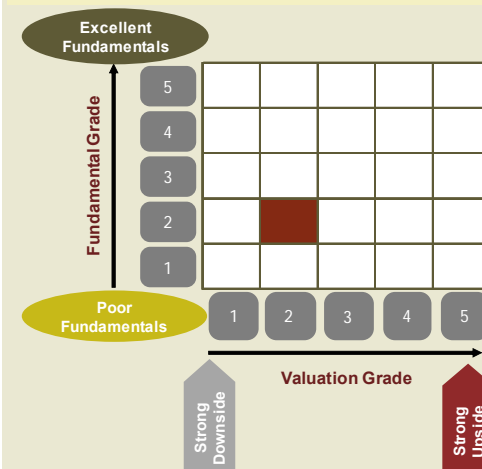
#Abridged financials

Source: Company, CRISIL Research estimates

May 31, 2012

Fair Value Rs 125
CMP Rs 145

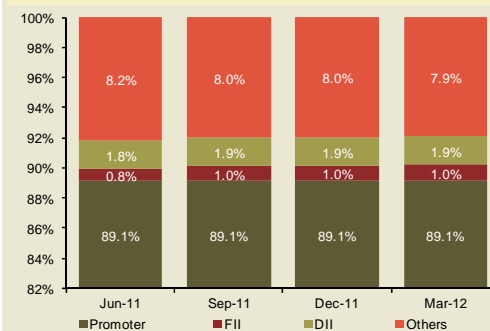
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	4924/16219
NSE /BSE ticker	OMAXE
Face Value (Rs per share)	10
Shares outstanding (mn)	173.6
Market cap (Rs mn)/(US\$ mn)	22,502/450
Enterprise value (Rs mn)/(US\$ mn)	39,221/700
52-week range (Rs) (H/L)	161/116
Beta	1.50
Free float (%)	10.9%
Avg daily volumes (30-days)	175,466
Avg daily value (30-days) (Rs mn)	26.1

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Omaxe	-4%	-6%	2%	13%
NIFTY	-6%	-9%	2%	-11%

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Client servicing desk

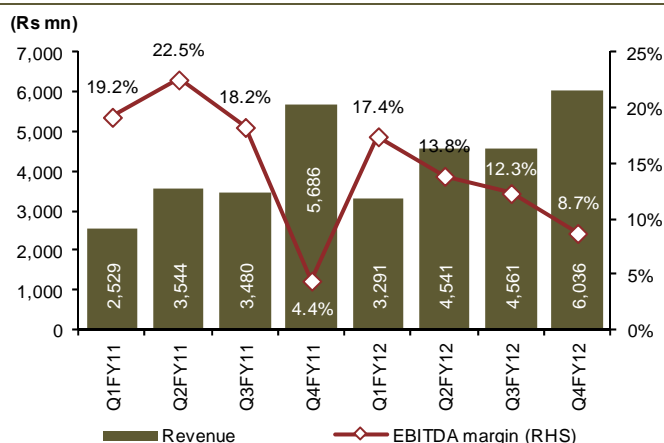
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Q4FY12 Result Summary (Consolidated)

(Rs mn)	Q4FY12	Q3FY12	Q4FY11	q-o-q (%)	y-o-y (%)	FY12	FY11	y-o-y (%)
Net sales	6,036	4,561	5,686	32.3	6.1	18,487	15,259	21.2
Raw materials cost	5,155	3,734	5,095	38.1	1.2	14,990	12,084	24.0
Raw materials cost (% of net sales)	85.4%	81.9%	89.6%	353bps	-419bps	81.1%	79.2%	189bps
Employees cost	150	131	148	14.3	1.0	549	423	29.6
Other expenses	206	135	192	52.5	7.1	602	563	7.0
EBITDA	525	561	251	(6.3)	109.1	2,346	2,189	7.2
EBITDA margin	8.7%	12.3%	4.4%	-359bps	428bps	12.7%	14.3%	-165bps
Depreciation	18	15	13	20.1	34.3	58	48	22.1
EBIT	508	546	238	(7.0)	113.3	2,288	2,141	6.9
Interest and finance charges	354	325	234	8.8	51.1	1,319	1,047	25.9
Operating PBT	154	220	4	(30.3)	NM	970	1,094	(11.4)
Other Income	97	54	96	79.2	0.8	224	188	19.2
PBT	251	275	100	(8.7)	150.3	1,194	1,282	(6.9)
Tax	14	81	(17)	(83.4)	NM	290	355	(18.3)
PAT	237	193	117	22.9	103.3	904	927	(2.5)
Adj PAT	237	193	117	22.8	103.3	904	927	(2.5)
Adj PAT margin	3.9%	4.2%	2.1%	-30bps	188bps	4.9%	6.1%	-119bps
No. of equity shares (mn)	173.6	173.6	173.6	-	-	173.6	173.6	-
Adj. EPS (Rs)	1.4	1.1	0.7	22.8	103.3	5.2	5.3	(2.5)

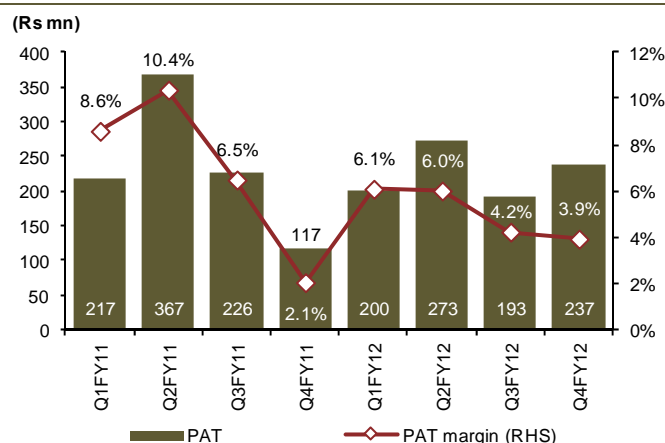
Source: Company, CRISIL Research

EBITDA margin improved y-o-y...



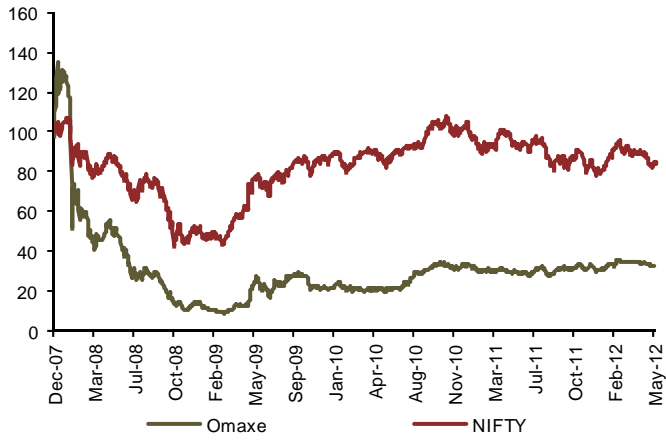
Source: Company, CRISIL Research

... leading to PAT growth



Source: Company, CRISIL Research

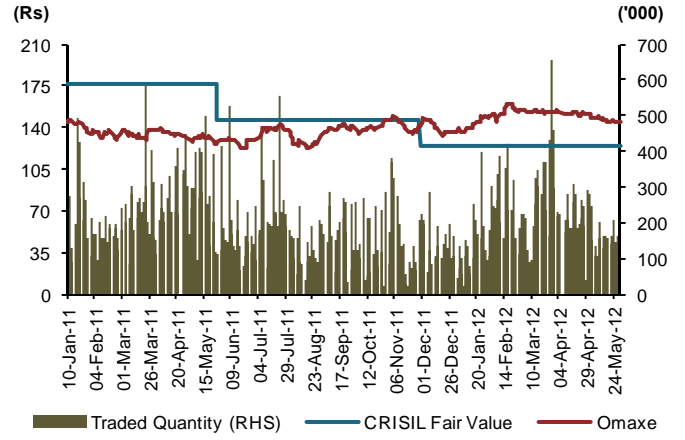
Share price movement



-indexed to 100

Source: NSE, CRISIL Research

Fair value movement since initiation



Source: NSE, BSE, CRISIL Research

Annexure: Financials (Consolidated)

Income statement

(Rs mn)	FY09	FY10	FY11	FY12#
Operating income	8,789	10,046	15,284	18,487
EBITDA	1,553	2,015	2,197	2,346
EBITDA margin	17.7%	20.1%	14.4%	12.7%
Depreciation	64	61	74	58
EBIT	1,489	1,954	2,123	2,288
Interest	1,084	1,021	1,030	1,319
Operating PBT	405	933	1,093	970
Other income	97	101	129	224
Exceptional inc/(exp)	30	223	39	-
PBT	532	1,258	1,261	1,194
Tax provision	58	132	334	290
Minority interest	-	-	-	-
PAT (Reported)	474	1,125	927	904
Less: Exceptionals	30	223	39	-
Adjusted PAT	444	902	888	904

Ratios

	FY09	FY10	FY11	FY12#
Growth				
Operating income (%)	(61.6)	14.3	52.1	21.0
EBITDA (%)	(76.5)	29.7	9.0	6.8
Adj PAT (%)	(91.0)	103.4	(1.6)	1.8
Adj EPS (%)	(91.0)	103.4	(1.6)	1.8

Profitability

EBITDA margin (%)	17.7	20.1	14.4	12.7
Adj PAT Margin (%)	5.0	9.0	5.8	4.9
RoE (%)	3.1	5.9	5.4	5.2
RoCE (%)	4.2	5.7	6.4	7.5
RoIC (%)	4.9	6.2	6.5	8.7

Valuations

Price-earnings (x)	56.8	27.9	28.4	27.9
Price-book (x)	1.7	1.6	1.5	1.4
EV/EBITDA (x)	28.2	20.6	17.9	14.3
EV/Sales (x)	5.5	4.1	2.6	1.8
Dividend payout ratio (%)	-	-	-	-
Dividend yield (%)	-	-	-	-

B/S ratios

Inventory days	1,665	1,563	1,009	738
Creditors days	322	389	352	581
Debtor days	30	45	86	128
Working capital days	1,320	1,156	727	538
Gross asset turnover (x)	16.4	19.0	23.9	23.0
Net asset turnover (x)	26.0	35.4	42.5	38.1
Sales/operating assets (x)	26.0	35.3	41.5	37.4
Current ratio (x)	5.8	4.6	3.5	2.0
Debt-equity (x)	1.4	1.1	1.0	0.6
Net debt/equity (x)	1.3	1.0	0.8	0.5
Interest coverage	1.4	1.9	2.1	1.7

Per share

	FY09	FY10	FY11	FY12#
Adj EPS (Rs)	2.6	5.2	5.1	5.2
CEPS	2.9	5.5	5.5	5.5
Book value	85.2	91.2	96.7	102.0
Dividend (Rs)	-	-	-	-
Actual o/s shares (mn)	173.6	173.6	173.6	173.6

Balance Sheet

(Rs mn)	FY09	FY10	FY11	FY12#
Liabilities				
Equity share capital	1,736	1,736	1,736	1,736
Reserves	13,045	14,085	15,044	15,969
Minorities	-	-	-	2
Net worth	14,781	15,821	16,780	17,707
Convertible debt	-	-	-	-
Other debt	20,040	18,094	15,965	10,210
Total debt	20,040	18,094	15,965	10,210
Deferred tax liability (net)	(102)	(112)	(68)	-
Total liabilities	34,719	33,802	32,677	27,916
Assets				
Net fixed assets	276	291	427	544
Capital WIP	-	2	17	2
Total fixed assets	276	294	444	546
Investments	105	105	105	106
Current assets				
Inventory	30,869	32,143	33,221	32,638
Sundry debtors	656	1,244	3,586	6,473
Loans and advances	7,956	7,012	5,745	11,912
Cash & bank balance	1,403	1,757	1,946	1,960
Marketable securities	-	1	1	-
Total current assets	40,884	42,157	44,499	52,983
Total current liabilities	7,026	9,230	12,861	26,223
Net current assets	33,859	32,926	31,638	26,760
Intangibles/Misc. expenditure	478	477	490	504
Total assets	34,719	33,802	32,677	27,916

Cash flow

(Rs mn)	FY09	FY10	FY11	FY12#
Pre-tax profit	502	1,034	1,222	1,194
Total tax paid	(35)	(142)	(289)	(222)
Depreciation	64	61	74	58
Working capital changes	(1,325)	1,287	1,477	4,892
Net cash from operations	(794)	2,239	2,483	5,922
Cash from investments				
Capital expenditure	105	(77)	(237)	(174)
Investments and others	904	(0)	1	(1)
Net cash from investments	1,009	(77)	(237)	(175)
Cash from financing				
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	(2,268)	(1,946)	(2,129)	(5,755)
Dividend (incl. tax)	-	-	-	-
Others (incl extraordinary)	190	138	71	23
Net cash from financing	(2,078)	(1,808)	(2,058)	(5,732)
Change in cash position	(1,863)	354	189	15
Closing cash	1,403	1,757	1,946	1,960

Quarterly financials

(Rs mn)	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Net Sales	3,291	4,541	4,561	6,036
Change (q-o-q)	-42%	38%	0%	32%
EBITDA	573	629	561	525
Change (q-o-q)	151%	10%	-11%	-6%
EBITDA margin	17.4%	13.8%	12.3%	8.7%
PAT	200	273	193	237
Adj PAT	200	273	193	237
Change (q-o-q)	72%	36%	-29%	23%
Adj PAT margin	6.1%	6.0%	4.2%	3.9%
Adj EPS	1.2	1.6	1.1	1.4

Abridged financials

Note: FY12 financials are not strictly comparable with that of the previous years due to the new format of disclosure under Schedule VI of the Companies Act

Source: CRISIL Research

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