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Operator:

Thank you for standing by and welcome to the 4Q FY11 results update conference call hosted by Macquarie Capital Securities.

At this moment, all the participants are in a listen-only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask a question please press *1 on your telephone. Please be advised this conference is being recorded today.

I would like to hand the conference over to Mr. Saurabh Kumar now. Over to you sir.

Mr. Saurabh Kumar:

Thanks operator. Thanks for joining everyone. I have with me Mr. Hemant Kumar, President, Corporate Finance and Treasury, Omaxe Limited, Ms. Vijayalakshmi Purohit, Chief Operating Officer, and Mr. Sumit Arora, VP, Investor and Strategic Relationship, Omaxe Limited. Now without wasting any time, I would like to hand over the call to Omaxe team. Over to you sir.

Mr. Hemant Kumar:

Hi, Saurabh, thank you very much.

Good evening dear friends. I welcome you all to this investor conference call for the quarter ended March 31, 2011. We would like to thank you for your support to the group and understanding the philosophy of the group to be in the affordable segment. For the fourth quarter, the company has reported consolidated total operating income of Rs. 566 crores compared to Rs. 378 crores for the corresponding period last fiscal registering a growth of more than 50%. The EBITDA for this quarter stood at Rs. 33.6 crores against Rs. 34.8 crores for the same period last year. The total income from operations increased from Rs. 1001 crores to Rs. 1522 crores in the financial year 2011 showing a growth of 52%. EBITDA has increased from Rs. 210 crores to Rs. 237 crores showing the growth of 13% in the financial year 2011. EBITDA margin for financial year 2011 is 15.6% and

PAT margin is 6.1%. PAT has increased from Rs. 90 crores to Rs. 93 crores showing a growth of 3% before taking into account the tax credit adjustment done last year.

Friends, we have consciously strategized towards improving recovery by way of possessions and incentives. Escalation in the raw material cost, labor cost, etc., and our faster churning of saleable area did improve our cash flow position. However, it has resulted into decline in the company's margins. The most promising effect is that our sales continue to be good at 2.11 million square feet for the fourth quarter. The total sales value for this area is more than Rs. 264 crores with average realization of Rs. 1250 per square feet. Friends, I believe you shall be pleased to know that total recovery for financial year 2011 stood at more than Rs. 1995 crores which was diligently used for construction, repayment of liabilities and land purchase. In terms of completion of projects, we have offered completed projects for possession to the extent of 12.61 million square feet in the quarter ended 31st March 2011, and this takes our total delivery for the present financial year to 22.66 million square feet. At present our order book of Omaxe Construction and Infrastructure Limited stands at Rs. 1438 crores. I invite Sumit to take on the proceedings from hereon.

Mr. Sumit Arora:

Good evening friends, this is Sumit. Mr. Hemant thanks a lot for giving us a brief update on the results. I would like to give a more operational analysis.

As reported, our total income for this quarter stood at Rs. 578 crores against Rs. 385 crores for the same period previous fiscal, this is including other income. The EBITDA stood at Rs. 35 crores against Rs. 34 crores for the previous year. The EBITDA margin for the quarter has reduced from around 8.9% to 6.14% for the period in the comparison, and the PAT for this quarter stood at around Rs. 12 crores. The total income of Rs. 578 crores includes roughly Rs. 82 crores from our construction subsidiary where the gross margin is around 7.33%. The gross and overall margin of the company is primarily due to completion of projects which were launched in previous years 2008 and 2007 largely speaking and were generating gross margin of around 22%, and the other factors which contributed to the fall in margin is largely rise in input cost, discount or debates offered to customers for early cash recovery, and overall rise in direct selling cost on new launches.

Similarly, if we talk about the whole of the financial year 2011, the total income stood at Rs. 1545 crores against Rs. 1014 crores for FY2010. Our EBITDA has gone up by roughly Rs. 27.6 crores on year on year basis and PBT has increased by 24% for the same period to Rs. 128 crores from Rs. 103 crores for the previous year. As Mr. Hemant mentioned, there was a tax credit during FY2010 of roughly Rs. 22.33 crores, which was related to previous years and due to which the reported PAT for 2010 stood at Rs. 112.5 crores. If we do not consider that one time exceptional item, the reported PAT would be around Rs. 90.2 crores for FY10 against Rs. 92.7 crores for FY11.

Further if you have noticed, our operating cost to sales ratio has increased from 72% in FY10 to around 79% in FY11, and almost 3% of this increment which is around 6 to 7% of overall increment and almost 3% of that is coming in from the direct selling cost which includes our commissions and brokerages. However, this corresponds well with the robust tied up sales for this year. The company has completed close to 22.66 million square feet of project during the whole of FY11, which is in line of our target, which we projected, or the projections, which we had made earlier. Out of this 22.66, almost 13.35 million square feet is plotted development, and 9.32 million square feet is built up development, and this is spread over around 11 projects. More than 20 million square feet of this 22.66 has been already sold with the sales value of Rs. 1912 crores and a gross margin of 22%. The eleven projects which have been delivered or completed, comprise of four integrated townships, one we have in Jaipur, Indore, Sonipat, and we have four group housing projects, Faridabad, another one at Bahadurgarh, so multiple projects all in all, and three commercial malls, and the remaining 2.6 million of completed projects which are still lying at finish tops in the inventory will command a saleable value of roughly 250 crores. The projects launched during 2010 and 2011, were launched at comparatively higher prices and given the market value at that point in time and are generating around 30 to 32% of gross margins. The revenue booking from few of these projects have already started like that from Chandigarh where the floors construction is going on in full swing. We have a Royal Residency Group Housing project at Ludhiana which is also contributing to our top line this year have good margins, and our premium project at Noida Forest Park is again contributing to our top line and bottom line pretty significantly. However, still the weightage of the old projects, which are completed, add a higher proportion in the mix of total sales for the last year. There were in all 14 new projects launched during FY2011 adding up to 7.7 million square feet and out of this 7.7, some 4 million square feet is already sold. The total new bookings for whole of FY11 stood at 9.76 million square feet against our target of around 11 million square feet which we were projecting and the reason for this is the normal business delays in obtaining license for couple of our projects. The moment we have those licenses in place, we are hopeful that the sales will catch up. Our IDC sales of 59.5 million square feet stand reduced to 39.4 million square feet after adjusting first completed projects. If you take out our 20 million square feet of completed projects which we have already delivered, our sales have come down to around 39.4 million square feet and which still has almost 3000 crores of cash recoverable from those sold areas. We are confident that during financial year 2012, we shall be selling another 10 million square feet with average realization of 1700 to 1800 rupees per square feet. Our FY2011 some eight new launches are expected. Basically these are different project categories over the existing projects and adding up to around 10.5 million square feet in area terms. Out of this almost 9.5 million will be residential and the remaining million will be around commercial projects. In terms of recovery from customers as Mr. Hemant mentioned, our total cash accruals during FY2011 stood at a very aggressive level of close to 2000 crores. Recovery during fourth quarter was strong at 600 crores. Out of this 2000 crores almost 1157 crores was spent against construction of projects, land acquisition, and IDC payments together. We have repaid all our scheduled debt commitments adding up to around 600 crores and interest liability of Rs. 220 crores over previous year. Approximately, 270 crores was spent against other expenses including HR, admin, commercial payments including brokerages and media and advertising payments. The company raised fresh debt of Rs. 322 crores during the financial year 2011 for its new project and on the face of it the debt has reduced from Rs. 1813 crores in the beginning of the year to around Rs. 1552 crores by the end of the fiscal 2011. This 1552 debt includes 206 crores of deferred land payments that will be paid over the next four years. If we consider plain debt from banking and financial institutions, it stands at around Rs. 1346 crores as in balance sheet date. The company has debt repayment liability of at least Rs. 627 crores for FY2012 and it is confident of meeting this liability from internal accruals. However, due to proposed project launches and to maintain growth in business, fresh debt of roughly 300 to 350 crores is expected to be raised during this year. The net effect of this shall bring the debt down to around 1000 to 1050 crores before end of FY12 which reduces the leverage from presently 0.9 to roughly 0.7 times by the end of fiscal. In terms of land acquisitions, we have added close to 500 acres of land spread over cities like Chandigarh, Lucknow, Faridabad, these are the major three cities, and that also largely as expansion of our existing projects. The average realization in these cities has increased by 1.5 to 1.8 times from the launch price for these projects. We believe that our strategy to focus on tier II cities has paid up well for us and now even bigger players are eyeing that opportunity. Given a cheaper landmark we definitely have a competitive edge over them.

Coming to our subsidiary Omaxe Infrastructure and Construction Limited, which has an order book of Rs. 1438 crores as on date and out of this almost 32% is already recognized until financial year 2011. All in all for FY11 some 15% of our top line is coming in from the infrastructure business. The company expects to complete these projects in the infrastructure company in the next two to two and half years of span and the focus is to bid for more government contracts and increase the order book to around 1800 to 1900 crores before the end of this financial year.

This is the brief highlight and a small presentation from our end. We have updated our investor's update also on our web site and have emailed also to few of you. You are requested to kindly spare some time and visit our web site for some more detail information and now I go back to Saurabh and leave the floor open for questions.

Mr. Saurabh Kumar:

Operator?

Operator:

Sir, we will begin with the question and answer round sir?

Mr. Saurabh Kumar:

Yes.

Operator:

Thank you. At this time, participants who wish to ask a question, please press *1 on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press hash or the pound key.

First in line, we have Mr. Gagan Agarwal from Merrill Lynch. You may go ahead please.

Mr. Gagan Agarwal:

Hi, Sumit, the question was on EBITDA margin, what is the expectation for next year?

Mr. Sumit Arora:

Gagan, in FY12 also we have around 17 to 18 million square feet of delivery in pipeline which will again largely come from the old projects, and given the scenario we believe our EBITDA from 15.62% for FY11 will marginally increase to around 17 to 18%, it may not be as high as 20 to 22% which we used to have previous years.

Mr. Gagan Agarwal:

Okay. What is the growth you are looking at for the construction business from this year?

Mr. Sumit Arora:

Construction business has been contributing, last year it contributed around 20% to top line, this year around 15%, but there are many projects which are at fairly good stage of completion and we are expecting almost 300 crores probably to come in in this year in our top line.

Mr. Gagan Agarwal:

And the margin will remain somewhere similar to 7.5 to 8%?

Mr. Sumit Arora:

The gross margins for that business is around you are right in the range of around 8 to 9%.

Mr. Gagan Agarwal:

Okay. And there was an increase in your inventory this year quite sharply. Any particular reason for that from 650 crores we have increased to 1200 crores.

Mr. Sumit Arora:

Increase in inventory that actually adds to land. Whatever land we have acquired that is adding it to the inventory to the extent of around 360 crores of land has been added, and stock of finished product, almost 216 crores of finished goods have been transferred to inventory.

Mr. Gagan Agarwal:

Okay. And the sundry creditor what would that include, around 1280 crores of that.

Mr. Sumit Arora:

Sundry creditors include some advances received from collaborators against the project where the work has not initiated so far. So, this quarter it will be adjusted against PIP actually, this will be added into PIP.

Mr. Gagan Agarwal:

Okay, that is all from me. Thank you.

Operator:

Thank you sir. Second in line we have Ms. Nitika Singhal from BNK Securities. You may go ahead please.

Ms. Nitika Singhal:

Yes, hi Sumit.

Mr. Sumit Arora:

Hi Nitika.

Ms. Nitika Singhal:

Yes, I have a couple of questions. I was looking at your average realization. When you have offered some discounts for early cash payments, your average realization _______.

Sumit, can I have the figures for average realization for this quarter versus 3Q FY11 the previous quarter?

Mr. Sumit Arora:

For FY11 the average realization in all, let me tell you the overall average realization also, was in the range of around 1750 rupees per square feet, but as you know this day they will start reflecting into P&L in the coming years. My average realization for Q4 was 1250 rupees per square feet, for Q3 it was around 2200 rupees per square feet. All in all for FY11 it works out to around 1750 rupees per square feet. How we get it is 1700 crores is the value of sales for the fresh bookings and the area is 9.76 million square feet and this has a margin of around 30 to 32% on gross levels.

Ms. Nitika Singhal:

Okay.

Mr. Sumit Arora:

The reflection in P&L is coming in from the previous sales.

Ms. Nitika Singhal:

Yes, what is the average realization of the revenues, which you have booked, in this particular FY11?

Mr. Sumit Arora:

That is around 1000 to 1100 rupees per square feet that include 13 million of plotted also.

Ms. Nitika Singhal:

Okay. And one thing you said, you have some 59 million square feet of pre-sold area.

Mr. Sumit Arora:

Out of that 20 million is completed now.

Ms. Nitika Singhal:

Okay, so you are left with just 39 million square feet?

Mr. Sumit Arora:

Exactly, the total inventory also reduces by that much area. You know we have 160 million square feet that again comes down to 140.

Ms. Nitika Singhal:

Against this pre-sold area what is the total receivables, which are still to be received?

Mr. Sumit Arora:

We have almost 3000 crores yet to be received from the sold inventory and that will be realized probably in the next you can say 18 to 24 months of time.

Ms. Nitika Singhal:

And against the unsold inventory on the ongoing projects?

Mr. Sumit Arora:

Unsold inventory is valued at another ongoing project it will add altogether, it is almost 12,000 crores.

Ms. Nitika Singhal:

Okay. Thanks a lot Sumit.

Operator:

Thank you madam.

I repeat, participants who wish to ask a question, please press *1 on your telephone keypad and wait for your name to be announced.

Next in line we have Mr. Amit Murarka from Crisil. You can go ahead please.

Mr. Amit Murarka:

Hi Sumit, thanks for taking my questions. Just a couple of questions, one is I was just going through the investor update where we have given one point like the monetization of nonstrategic land parcels too smaller in size and exited from tier III cities. So, just give a breakup like which are the land parcels which we have exited and which are the cities from where we have exited our projects?

Mr. Sumit Arora:

Amit, good for raising this point. However, the size of this sale is not significant but we would still like to mention we have sold land parcels, which were non-strategic in nature to us in places like Ajmer, Kanpur, Golumajra in Punjab, and Raipur. And all of this has contributed around 60 to 70 crores in the total cash flows, cash collections.

Mr. Amit Murarka:

I mean if I have to take into the account these cities I mean the projects and all these cities or the land bank in all these cities were part of the 165 million square feet of development, which we were showcasing?

Mr. Sumit Arora:

No, it was the excess land what we had identified for the future developments or monetization. So this has nothing to do with that 165 million square feet of developable area we have been talking about.

Mr. Amit Murarka:

Another thing is sequentially when we say that like you know the realizations are pretty lower and close to like half of what we have realized in third quarter in terms of fresh bookings, is it more has to be done in terms of your product mix because we have done more of our plotted sales this quarter as compared to the last quarter, is it like that?

Mr. Sumit Arora:

Exactly, out of 2.11 million square feet of area sold in Q4, 1.35 million is plotted, and remaining is built up.

Mr. Amit Murarka:

And what was the same in last quarter?

Mr. Sumit Arora:

Last quarter if you compare it was almost 80% coming in from built up. Let me see what exactly is the number we had, just a second. All in all we had 2.7 million square feet of area sold.

Mr. Amit Murarka:

So, just like understanding I mean is it just any strategic decision or just I mean out of coincidence that we have sold more plots this quarter and less built up spaces?

Mr. Sumit Arora:

No, actually this is about new launches also. We have launched also almost 2 million square feet of new projects in Q4, most of them are plotted for villas, villa or plotted development. That has also contributed. Plus, that is general in business, I mean cyclical in this business, actually it is more launched kind of a season. Jaipur and all we have launched new projects, so whenever new projects is launched, some kind of a spurt is being visible.

Mr. Amit Murarka:

Another thing is about Allahabad Water Front project, I mean what is the status like you know I mean of the project as of date in terms of like you know I mean the areas completed or handed over and bookings, realizations?

Mr. Sumit Arora:

As of now delivery is already in schedule for three to six months in line for plotted development, so another three to six months we will be delivering the plotted development what has already sold in first phase, and so far we have not launched the second phase of that project, and most likely it is a matter of another few months, we will be launching the second phase again for villas and low rise developments, and that will add to more sales of that project. To be very frank that project is not moving as great as we were expecting earlier. There is not much of demand happening for the constructed properties, the built up area. Again built up area means group housing is not moving pretty fast, low rise developments are moving and we are concentrating and completing those projects, so that at least the habitation of that project starts and gradually the overall things will pick up.

Mr. Amit Murarka:

All right. And just one last question, like about the other two high tech projects which we have I mean like any incremental development during the quarter in terms of land acquisitions or in terms of like any approvals which we have received?

Mr. Sumit Arora:

Yes, for Lucknow there has been progress. We have acquired another 250 odd acres in Lucknow adding up to total of 400 acres already acquired in Lucknow. In Greater Noida, so far there has been no movement and we are deliberately going slow on that. We would first like to get all these projects in place, get a visibility from these projects and then would like to get into new such large exposure or venture.

Mr. Amit Murarka:

Fine, thanks, that is all from my side. Thank you.

Mr. Sumit Arora:

Thank you.

Operator:

Thank you sir. Once again, participants who wish to ask a question, please press *1 on your telephone keypad and wait for your name to be announced.

Mr. Sumit Arora:

Do we have anyone else or are we done?

Operator:

At this time, there are no further questions from the participants. I would like to hand the floor back to Mr. Saurabh Kumar for final remarks. Over to you sir.

Mr. Saurabh Kumar:

Thanks everyone. Thanks for joining the call. Sumit, would you like to add anything?

Mr. Sumit Arora:

Yes, Mr. Hemant would.

Mr. Hemant Kumar:

Thank you very much for being present in this conference call for the annual results of Omaxe. Thank you very much.

Mr. Sumit Arora:

And thanks Saurabh for hosting this. Thanks a lot everyone. Bye bye.

Mr. Saurabh Kumar:

Thank you.

Operator:

Thank you sir. That does conclude our conference for today. Thank you for participating on Reliance Conference Bridge. You may all disconnect now.