

Omaxe Limited

January 07, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	555.09	CARE BB; Stable (Double B; Outlook: Stable)	Reaffirmed
Long Term / Short Term Bank Facilities	43.40	CARE BB; Stable / CARE A4 (Double B ; Outlook: Stable/ A Four)	Reaffirmed
Total Bank Facilities	598.49 (Rs. Five Hundred Ninety-Eight Crore and Forty-Nine Lakhs Only)		
Fixed Deposit	18.00	CARE BB (FD); Stable [Double B (Fixed Deposit); Outlook: Stable]	Reaffirmed
Fixed Deposit	3.00	CARE BB (FD); Stable [Double B (Fixed Deposit); Outlook: Stable]	Reaffirmed
Total Medium Term Instruments	21.00 (Rs. Twenty-One Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings to the bank facilities/instruments of Omaxe Limited continue to derive strength from experienced promoters with established track record in real estate sector and improved operational performance as reflected by satisfactory sales and collection momentum along with adequate liquidity position.

However, the ratings continue to remain constrained on account of high debt repayment in the short to medium term, salability risk for ongoing projects along with new launches, net losses during FY21 and H1FY22 and ongoing disputes in the NCLT.

Rating Sensitivities

Positive Factors- Factors that could lead to positive rating action/upgrade

- Decline in total debt level beyond Rs. 700 crore on sustained basis.
- Increase in quarterly collections beyond 450 crore on sustained basis

Negative Factors- Factors that could lead to negative rating action/downgrade

- Decline in quarterly collections beyond 200 crore on sustained basis.
- Aggressive project launches leading to higher-than-envisaged escalation of total debt.
- Adverse impact on business due to the outcome of the legal dispute between the promoters

Detailed description of the key rating drivers

Key Rating Weaknesses

Execution and saleability risk for ongoing projects along with new launches

As on June 30, 2021, Omaxe is executing 30 projects in township, group housing (GH) and commercial segments. At aggregate level, the company is yet to incur 35% of the total cost which is Rs. 8500 crore. The company has sold out 50.22 mn sq ft (~75%) out of the total saleable area of 66.66 mn sq ft as on June 30, 2021 for a sale price of Rs 13013.28 crore and has received Rs 9554 crore. Thus, the saleability risk remains high for the ongoing projects of the company.

Continued Net Losses in FY21 and H1FY22

The group suffered net losses in FY21 and H1FY22 as there has been change in the accounting policy from 'Percentage of completion method' to 'Completed Contract method' wherein revenue is recognized on completion of the project. Adoption of Ind AS has affected inventory measurement, taxes, provisions, leases, financial instruments and other key financials. Further, Covid-19 induced lockdown led to movement of construction workers thereby adversely affecting construction activity which resulted in reduced revenue recognition. Though, it continued to incur various fixed cost such as administrative, selling & general expense, lease rent, interest cost & other office expenses besides the higher operational cost due to social distancing, sanitization, security and thermal cost etc.

High debt repayment in H2FY22 and FY23

The group has high debt repayment of Rs. 187.27 crore during H2FY22 and Rs 417.81 crore in FY23 for the ongoing and upcoming projects. Therefore, going forward, it is imperative for the group to improve on its collection and liquidity.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Pending Legal Issues and settlements

Earlier Mr. Sunil Goel had filed an application with NCLT regarding oppression of minority shareholders, illegal removal of him as JMD and financial mismanagement. With the appointment of Mr. Sunil Goel as director some of the NCLT cases were withdrawn in the last hearing. Pending litigation with the authorities any adverse outcome of the same can have an adverse impact on the financial risk profile of the company and would be key rating sensitivity.

Key Rating Strengths

Experienced promoters with established track record in real estate sector

Omaxe derives strength from the experience of the founder promoter, Mr Rohtas Goel, who holds a Diploma in Civil Engineering and has an experience of over two decades in the field of construction and real estate development. The promoter group held 74.15% stake in Omaxe as on September 30, 2021. Omaxe has a track record of successful completion of real estate projects, including development of township, group housing, commercial complexes, etc. As of March 31, 2021, Omaxe has a track record of executing 126.15 msf as a real estate developer and as third-party contractor.

Improved average realization

The average unit realization has witnessed improvement in FY21 as compared to FY20. The average realization for residential and commercial was Rs 2,653 per sqft and Rs 31,292 per sqft respectively in FY21 as against Rs, 2,251 per sqft for residential and Rs 8,433 per sqft for commercial in the same period last year. The company sold 2.73 mn sqft valued at Rs 2051 crore (vis-à-vis 4.99 mn sqft valued at Rs 1739 crore as on March 31, 2020.) It comprises of 2.27 mn sqft valued at Rs 603 crore in residential and 0.46 mn sqft valued at Rs. 1448 crore in commercial segment. Further during H1FY22, the company sold 1.01 mn sqft for a sale price of Rs 568.16 crore. Also, the group had collections of Rs 1295 crore in FY21 and Rs 700 crore in H1FY22. Further, in Oct'21 and Nov'21 the group had sales of Rs.300 crore and collections of Rs.330 crores.

Liquidity: Adequate

The group has sufficient cushion available for meeting its debt obligations as the debt repayments in FY22 for the group amounted to Rs 369.41 crore. The group has received collections of Rs 1030 crore in 8MFY22. Due to healthy collections, group has prepaid Rs 50 crore apart from the scheduled repayments as on Nov 09, 2021. Due to the regular repayments and no additional debt, outstanding debt has come down to Rs 950 crore as on Nov 09, 2021 as compared to Rs 1235 crore as on March 31, 2021.

Analytical Approach:

CARE has taken consolidated approach for analyzing Omaxe Ltd which has 101 subsidiaries/ step subsidiaries/ associates which are primarily land holding companies, the details of which are given in Annexure 6.

Applicable Criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating methodology for Real estate sector](#)

About the Company

Omaxe Ltd was promoted in March 1989 and in August 1999, the company was converted into a public limited company. The name was changed to Omaxe Constructions Ltd and later in 2006, the name of the company was again rechristened as Omaxe Limited. The company is currently engaged in the business of real estate development and has presence across 27 cities in 8 states of India. Omaxe has undertaken various projects in the areas of contractual construction, township development, building of commercial complexes, multi-storied apartments, etc.

Brief Financials (Rs. crore)	31-03-2019 (A)	31-03-2020 (A)	31-03-2021 (A)	H1FY22(UA)
Total operating income	1190.73	1152.28	505.30	108.61
PBILDT	633.05	585.87	228.27	(206.38)
PAT	48.65	-97.14	-235.21	(86.43)
Overall gearing (times)	1.43	1.40	1.54	NA
Interest coverage (times)	1.15	1.27	0.50	-ve

A: Audited; UA-Unaudited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	May 2023	269.69	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	-	110.00	CARE BB; Stable
Fund-based - LT-Cash Credit		-	-	-	43.39	CARE BB; Stable
Non-fund-based - LT-Bank Guarantees		-	-	-	132.01	CARE BB; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	43.40	CARE BB; Stable / CARE A4
Fixed Deposit		-	-	-	18.00	CARE BB (FD); Stable
Fixed Deposit		-	-	-	3.00	CARE BB (FD); Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	269.69	CARE BB; Stable	1)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)	-	1)CARE BBB-; Negative (07-Jan-19) 2)CARE BBB-; Stable (04-Jun-18)
2	Fund-based - LT-Term Loan	LT	110.00	CARE BB; Stable	1)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)	-	1)CARE BBB-; Negative (07-Jan-19) 2)CARE BBB-; Stable (04-Jun-18)
3	Fund-based - LT-Cash Credit	LT	43.39	CARE BB; Stable	1)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)	-	1)CARE BBB-; Negative (07-Jan-19) 2)CARE BBB-; Stable (04-Jun-18)
4	Non-fund-based - LT-Bank Guarantees	LT	132.01	CARE BB; Stable	1)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)	-	1)CARE BBB-; Negative (07-Jan-19) 2)CARE BBB-; Stable (04-Jun-18)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST*	43.40	CARE BB; Stable / CARE A4	1)CARE BB; Stable / CARE A4 (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+;	-	1)CARE BBB-; Negative / CARE A3 (07-Jan-19)

						Stable / CARE A4+ (03-Apr-20)		2)CARE BBB-; Stable / CARE A3 (04-Jun-18)
6	Fixed Deposit	LT	18.00	CARE BB (FD); Stable	1)CARE BB (FD); Stable (18-Nov-21)	1)CARE D (FD) (05-Mar-21) 2)CARE BB+ (FD); Stable (03-Apr-20)	-	1)CARE BBB (FD); Negative (07-Jan-19) 2)CARE BBB (FD); Stable (04-Jun-18)
7	Fixed Deposit	LT	3.00	CARE BB (FD); Stable	1)CARE BB (FD); Stable (18-Nov-21)	1)CARE D (FD) (05-Mar-21) 2)CARE BB+ (FD); Stable (03-Apr-20)	-	1)CARE BBB (FD); Negative (07-Jan-19) 2)CARE BBB (FD); Stable (04-Jun-18)
8	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (04-Jun-18)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - LT-Bank Guarantees	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Annexure 6: List of Subsidiaries

Name of the company	Type
Anjaniputra Builders Private Limited	Subsidiary
Arman Builders Private Limited	Subsidiary
Atulah Contractors and Constructions Private Limited	Subsidiary
Eden Buildcon Limited (up to 23.05.2019)	Subsidiary
Ekansh Buildtech Private Limited	Subsidiary
Garv Buildtech Private Limited	Subsidiary
Giant Dragon Mart Private Limited	Subsidiary
Golden Glades Builders Private Limited	Subsidiary
Green Planet Colonisers Private Limited	Subsidiary
Hamara Ghar Constructions and Developers Private Limited	Subsidiary
Hartal Builders and Developers Private Limited (w.e.f. 14.08.2019)	Subsidiary
Jagdamba Contractors and Builders Limited	Subsidiary
JKB Constructions Private Limited	Subsidiary
JRS Projects Private Limited	Subsidiary
Kamini Builders And Promoters Private Limited	Subsidiary
Kashish Buildtech Private Limited	Subsidiary
Kavya Buildtech Private Limited	Subsidiary
Landlord Developers Private Limited	Subsidiary
Link Infrastructure and Developers Private Limited	Subsidiary
Mehboob Builders Private Limited	Subsidiary
Mehtab Infratech Private Limited	Subsidiary
Monarch Villas Private Limited	Subsidiary
National Affordable Housing and Infrastructure Limited	Subsidiary
Navratan Techbuild Private Limited	Subsidiary
Oasis Township Private Limited	Subsidiary
Omaxe Buildhome Limited	Subsidiary
Omaxe Buildwell Limited	Subsidiary
Omaxe Connaught Place Mall Limited	Subsidiary
Omaxe Entertainment Limited	Subsidiary
Omaxe Forest Spa and Hills Developers Limited	Subsidiary
Omaxe Heritage Private Limited	Subsidiary
Omaxe Hitech Infrastructure Company Private Limited	Subsidiary
Omaxe Housing and Developers Limited	Subsidiary
Omaxe Housing And Infrastructure Limited	Subsidiary
Omaxe Infotech City Developers Limited	Subsidiary
Omaxe Infrastructure Limited	Subsidiary
Omaxe International Bazaar Private Limited	Subsidiary
Omaxe New Chandigarh Developers Private Limited	Subsidiary
Omaxe New Faridabad Developers Private Limited	Subsidiary
Omaxe Power Private Limited	Subsidiary

Omexe Rajasthan SEZ Developers Limited	Subsidiary
Omtech Infrastructure and Construction Limited	Subsidiary
Pam Developers (India) Private Limited	Subsidiary
Omexe Pancham Realcon Private Limited	Subsidiary
Panchi Developers Private Limited	Subsidiary
PP Devcon Private Limited	Subsidiary
Primordial Buildcon Private Limited	Subsidiary
Rivaj Infratech Private Limited	Subsidiary
Robust Buildwell Private Limited	Subsidiary
Rohtas Holdings (Gulf) Limited	Subsidiary
Shamba Developers Private Limited	Subsidiary
Shikhar Landcon Private Limited	Subsidiary
Sri Balaji Green Heights Private Limited	Subsidiary
Zodiac Housing and Infrastructure Private Limited	Subsidiary
Aadhira Developers Private Limited	Step Subsidiary
Aashna Realcon Private Limited	Step Subsidiary
Aradhya Real Estate Private Limited	Step Subsidiary
Ashray Infrabuild Private Limited	Step Subsidiary
Ayush Landcon Private Limited	Step Subsidiary
Bhanu Infrabuild Private Limited	Step Subsidiary
Caspian Realtors Private Limited	Step Subsidiary
Chapal Buildhome Private Limited	Step Subsidiary
Daman Builders Private Limited	Step Subsidiary
Damodar Infratech Private Limited	Step Subsidiary
Davesh Technobuild Private Limited	Step Subsidiary
Dhanu Real Estate Private Limited	Step Subsidiary
Dinkar Realcon Private Limited	Step Subsidiary
Ekapad Developers Private Limited	Step Subsidiary
Hemang Buildcon Private Limited	Step Subsidiary
Hiresh Builders Private Limited	Step Subsidiary
Manit Developers Private Limited	Step Subsidiary
NRI City Developers Private Limited	Step Subsidiary
Rupesh Infratech Private Limited	Step Subsidiary
Sanvim Developers Private Limited	Step Subsidiary
Sarthak Landcon Private Limited	Step Subsidiary
Sarva Buildtech Private Limited	Step Subsidiary
Shubh Bhumi Developers Private Limited	Step Subsidiary
Silver Peak Township Private Limited	Step Subsidiary
Aarzo Technobuild Private Limited	Step Subsidiary
Abheek Builders Private Limited	Step Subsidiary
Radiance Housing and Properties Private Limited	Step Subsidiary
Ashok Infrabuild Private Limited	Step Subsidiary

Glacier Agro Foods Products Private Limited	Step Subsidiary
Tejpal Infra Developers Private Limited	Step Subsidiary
S N Realtors Private Limited	Step Subsidiary
Oasis Suncity Realtors Private Limited	Step Subsidiary
Reliable Manpower Solutions Limited	Step Subsidiary
RPS Suncity Promoters and Developers Private Limited	Step Subsidiary
Satvik Hitech Builders Private Limited	Step Subsidiary
Omaxe India Trade Centre Private Limited	Step Subsidiary
Aviral Colonizers Private Limited	Step Subsidiary
Satkar Colonisers Private Limited	Step Subsidiary
Utkrisht Real Estate and Associates Private Limited	Step Subsidiary
Abhas Realcon Private Limited	Step Subsidiary
Adesh Realcon Private Limited	Step Subsidiary
Anveshan Builders Private Limited	Step Subsidiary
Navadip Developers Private Limited	Step Subsidiary
Capital Redevelopment Private Limited	Associate
Parkash Omaxe Amusement Park Private Limited	Associate

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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