MAY 21, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE MEDIUM TERM INSTRUMENTS OF OMAXE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Medium-term Instrument-I (Fixed Deposits)	100	**CARE BBB (FD) [Triple B (Fixed Deposits)]**	Revised from CARE BBB- (FD) [Triple B Minus (Fixed Deposits)]
Medium-term Instrument-II (Fixed Deposits)	100	**CARE BBB (FD) [Triple B (Fixed Deposits)]**	Revised from CARE BBB- (FD)/ CARE A3 (FD) [Triple B Minus (Fixed Deposits)]/[A Three (Fixed Deposits)]

Rating Rationale

The revision in the ratings of Omaxe Limited (Omaxe) takes into account higher collections from projects backed by consistent execution, thereby providing improved revenue visibility in the medium-term. The ratings draw strength from the stable profitability margins, moderate gearing levels and satisfactory operational progress in terms of execution/delivery in FY14 (refers to the period April 01 to March 31) along with strong promoter's experience, large land bank and demonstrated track record of executing real estate projects.

The ratings, however, remain constrained by the aggressive sales and development plans, high execution risk for ongoing projects with dependence on customer advances, high competition and subdued sector scenario.

Going forward, the ability of the company to timely execute and deliver projects, maintain sales momentum and continue to contain its overall gearing level shall remain the key rating sensitivities.

Background

Omaxe was promoted in March 1989 by Mr Rohtas Goel and Mr Sunil Goel as Omaxe Builders Pvt Ltd. In August 1999, the company was converted into a public limited company and the name was changed to Omaxe Constructions Ltd and later in 2006, the name of the company was again re-christened as Omaxe Limited. Omaxe is engaged in the business of real estate development and has presence across 30 cities in 9 states in India. With the focus on creating affordable housing in Tier-II/III cities, the company has undertaken various projects in the areas of township development, plotted colonies and multi-storied apartments along with building of commercial complexes. As of December 31, 2014, Omaxe has a track record of executing 60.8 million square feet (msf) area.

Omaxe reported a total operating income (on a consolidated basis) of Rs.1,623 crore in FY14 (PY: Rs.2,078 crore) and earned PAT of Rs.79 crore (PY: Rs.106 crore). During 9MFY15 (unaudited; consolidated), Omaxe achieved a total operating income of Rs.1,017 crore and earned a PAT of Rs.40 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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