

MAY 28, 2015

CARE ASSIGNS FINAL RATING AND REAFFIRMS RATING TO THE NCD OF OMAXE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Non-Convertible Debentures-I	50	CARE BBB (SO) [@] [Triple B (Structured Obligation)]	Final Rating
Non-Convertible Debentures-II	50	Provisional CARE BBB (SO) ^{@ #} [Provisional Triple B (Structured Obligation)]	Reaffirmed

[@] Backed by credit enhancement in the form of structured payment mechanism (including operation of Escrow Accounts). The rating is now confirmed and final rating of CARE BBB (SO) is assigned to the NCDs post furnishing of duly executed transaction documents by the Issuer to CARE.

[#] Provisional rating assigned is based on indicative terms of the proposed issue. Final rating shall be assigned on execution of transaction documents to the satisfaction of the CARE.

Rating Rationale

The ratings are based on credit enhancement in the form of Structured Payment Mechanism (SPM; including operation of Escrow Accounts), required approvals in place for the project 'Omaxe Connaught Place', advanced stage of completion and high booking status in the project along with promoter's experience and demonstrated track record of executing real estate projects. The ratings, however, remain constrained by the exposure of the project to salability risk, majority of cash flows being dependent upon future sales and subdued demand scenario in the real estate sector.

Going forward, the ability of the company to complete the project within envisaged costs, achievement of new sales at envisaged rate and timely realization from the customers shall remain the key rating sensitivities.

Background

Omaxe Ltd 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 608 lac square feet (lsf).

Omaxe reported a total operating income (on a consolidated basis) of Rs.1,623 crore in FY14 (refers to the period April 1 to March 31 - PY: 2,078) and earned PAT of Rs.79 crore (PY: 106). 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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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