OCTOBER 18, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES, NCD AND FIXED DEPOSITS OF OMAXE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	1055 [Enhanced from 1040 crore]	**CARE BBB- (Triple B Minus)**	Reaffirmed
Long Term/Short term Bank Facilities	145 [Reduced from 160 crore]	**CARE BBB-/CARE A3 (Triple B Minus/A Three)**	Reaffirmed
Total Facilities	**1200 (Rupees One Thousand and Two Hundred Crore only)**		
Non-Convertible Debentures (NCD)	25	**CARE BBB (SO)* [Triple B (Structured Obligation)]**	Reaffirmed
Medium Term Instruments- Fixed Deposit	200	**CARE BBB (FD) [Triple B (Fixed Deposit)]**	Reaffirmed

** The above ratings are based on the credit enhancement in the form of Structured Payment Mechanism including operation of Escrow Accounts.*

Rating Rationale

The ratings for bank facilities and fixed deposit continue to draw comfort from the promoter's experience, large land bank, stability in operational progress in terms of collections from projects, continued execution/ deliveries made during FY16 (refers to the period April 01 to March 31) and moderate overall gearing of 0.79x as on March 31, 2016. The ratings, however, remain constrained by the aggressive sales and development plans, continued execution risk for ongoing projects with dependence on customer advances and continued subdued demand scenario in the real estate sector.

The rating for the NCD issue continues to factor in the 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.

Furthermore, the rating for NCD issue continues to take into account promoter's experience and demonstrated track record of executing real estate projects. The rating, however, continues to remain constrained by off-take risk for the mall and subdued demand scenario in the real estate sector.

Going forward, the ability of the company to timely execute and deliver projects, maintain sales momentum/ collections and contain its overall gearing level 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. 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. As of March 31, 2016, Omaxe has executed 75.77 million square feet (msf) as a real estate developer and 31.80 msf as third party contractor.

Omaxe reported a total operating income (on a consolidated basis) of Rs.1,668 crore in FY16 (PY: Rs.1,431 crore) and earned PAT of Rs.78 crore (PY: Rs.60 crore). During Q1FY17 (unaudited), Omaxe achieved a total operating income of Rs.452 crore and earned a PAT of Rs.46 crore.

Analyst Contact

Name: Mr Amit Jindal
Tel: 011-45333242
Email: amit.jindal@careratings.com

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

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

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.

CONTACT

Head Office Mumbai

Mr. Amod Khanorkar
Mobile: + 91 98190 84000
E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy
Mobile: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

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