OMAXE
Turning dreams into reality

February 16, 2016

The BSE Limited (Bombay Stock Exchange)
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

National Stock Exchange of India Limited
'Exchange Plaza'
Bandra Kurla Complex,
Bandra (East)
Mumbai- 400 051

<u>SUB: Transcript of Conference Call</u>

Dear Sir/Madam,

Please find enclosed herewith the transcript of Conference Call held on Wednesday, 10th day of February, 2016, with analysts on Financial Results of the Company for the Quarterly and Nine months ended on December 31, 2015.

This is for your kind reference and records.

For Omaxe Ltd.

Venkat Rao
(Additional Vice President
& Company Secretary)
Encl: a/a

OMAXE LTD.
Corporate Office : 7, Local Shopping Centre, Kalkaji, New Delhi-110 019 (India)
Tel. : 91-11-41896680-85, 41893100, Fax : 91-11-41896653, 41896655, 41896799
Regd. Office : Shop No. 19-B, First Floor, Omaxe Celebration Mall, Sohna Road, Gurgaon - 122 001, (Haryana)
Website : www.omaxe.com CIN : L74899HR1989PLC051918

Omaxe Limited Q3 FY 16
Results Conference Call
February 10, 2016

Moderator: Good afternoon ladies and gentlemen, I am Ali moderator for this conference. Welcome to the conference call of Omaxe Limited arranged by Concept Investor Relations to discuss Q3 FY 16 results. We have with us today Mr. Mohit Goel – CEO, Mr. Sudhangshu Biswal – President, Corporate Finance, Mr. Amit Mehta – Senior General Manager and Mr. Abhijit Diwan – General Manager Equity and IR. At this moment all participant lines are in listen-only mode later we will conduct and question and answer session. At that time if you have a question please '*' and '1' on your touchphone keypad. Please note this conference is being recorded. I would now like to hand over the floor to Mr. Abhijit Diwan, thank you and over to you sir.

Abhijit Diwan: Thank you Ali. I will now hand over the call to Mr. Mohit Goel for a brief commentary on the quarter gone by.

Mohit Goel: Good afternoon everyone and thank you for joining us this afternoon. We would like to update you with the facts and results of the quarter ended December 2015.

The consolidated income from operation for this quarter was Rs. 439 crores as against Rs. 308 crores in the corresponding quarter last year, up by 43%. The EBITDA for the quarter stood at Rs. 71 crores against Rs. 65 crores in the same quarter previous year. The Profit after Tax for the quarter stood at Rs. 18 crores against Rs. 14 crores for the same period of the previous year, up by 27%.

For the 9 month period ended the consolidated income from operation was at Rs. 1183 crores as against Rs. 1017 crores, up by 16%. The EBITDA stood at Rs. 209 crores against Rs. 206 crores. The Profit after Tax for the quarter stood at Rs. 54 crores against Rs. 40 crores, up by 36%.

With respect to operational updates for the quarter, details are as follows: We sold around 0.79 mn sq. ft. of area consisting of 0.73 mn sq. ft. of residential development and 0.06 mn sq. ft. of commercial development. Total sales value of this area was around Rs. 276 crores with an average realization of approximately Rs. 3,500 per sq. ft. Group Housing in Allahabad, Ludhiana and floors at Chandigarh were the major contributors to sales this quarter.

For the 9 month period ended we sold a total of 3.57 mn sq.ft consisting of 3.10 mn sq.ft of residential spaces and 0.47 mn. Sq.ft of commercial spaces with a total sales value of Rs. 1,335 crores. The average realization for the year ended is Rs. 3,744 per sq.ft. Group Housing in New Chandigarh, Allahabad and Lucknow were the major contributors to sales for 9 month period.

During the quarter gone by we delivered ~ 1.39 mn.Sq.ft of space at various projects including Indore and Faridabad. For the 9 Month Period ended December 31, 2015, we delivered a total of 5.20 mn sq.ft of space at various projects including Lucknow, Faridabad, Indore, New Chandigarh and Bahadurgarh taking the total area delivered in real estate to 68.49 mn sq.ft.

We are proud of the fact that we have reached hallmark delivery of ~100 mn sq.ft towards our vision of "Turning Dreams into Reality""

I will now brief you on cash flow position for the quarter. Total inflows from operations were Rs. 325 crores. The same was utilized towards Construction, and approval charges to the tune of Rs. 224 crores, Selling, HR & Admin expenses of Rs. 152 crores, Interest payment and interest expenses of Rs. 45 crores. Net borrowings for the quarter were (14) crores.

For the 9 month period ended Total inflows from operations were Rs. 1026 crores. The same was utilized towards Construction, Land Purchase and approval charges to the tune of Rs. 633 crores, Selling, HR & Admin expenses of Rs. 390 crores, Interest payment and interest expenses of Rs. 131 crores and Dividend payout of Rs.9 crores. Net borrowings for 9 month ended were Rs.159 crores.

Our Net Worth as on December 31, 2015 stands at Rs. 2282 crores. Gross Debt as on December 31, 2015 stands at Rs. 1260 crores, while the Net Debt stood at Rs. 1028 crores. As on December 2015, the gross debt equity ratio of the company stood at 0.55, while the net debt equity ratio for the company stood at 0.45.

Thank you and now the floor is open for all the questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Sayan Das Sharma from CRISIL. Please go ahead.

Sayan Das Sharma: While the revenue growth and PAT growth are quite good congratulations for that but if I look at your bookings number area sold is slightly below our expectations because we were expecting around 2 to 2.5 million square feet in the H2 FY 16. So would like to understand the reason for the same and what will be your guidance from here on for Q4 and going forward?

Management: We are not going by numbers, we are going by volume as well. Total sales for the nine month period is 1335 crores of the bookings that consist of 3.57 million square feet. Against the last year nine months its 2.87 million square feet and the value is 1145 crores. So we are ahead of 15-16%, we have increased in volume terms as well as in value terms.

Sayan Das Sharma: If you see YoY there is a decline, while in the first two quarters the bookings momentum was quite healthy this quarter it seems a little down. So just want to understand the reason for the same.

Management: The new launches that were planned in Q3 will be launched in Q4.

Sayan Das Sharma: Did we launch anything this quarter? What would be in million square feet terms?

Management: In Chandigarh we have sold 0.16 million sq.ft of area worth 68 crores. In Ludhiana we have sold 0.6 million square feet of area worth 26 crores. In Allahabad we have sold 0.43 million square feet area worth 121 crores.

Sayan Das Sharma: If I look at your average rate per square feet that is also down slightly, so is that on account of plotted development which has gone up in this quarter.

Management: No, it is just because what we have sold in Allahabad as well as Ludhiana, that is in the range of less than 3000, that is why average has gone down slightly.

Sayan Das Sharma: How is the market looking like right now? In new cities what would be the inventory levels currently and when do you see a real revival coming in these cities, if you could share your sense?

Management: See let me just give you a figure, Lucknow has huge supply but if you compare like Lucknow and Chandigarh where we are present it is not as bad as Delhi NCR but definitely there is a supply but as I have always been saying in all the calls it doesn't matter because till the time you are number one over there your product will get absorbed more than anywhere else. So going forward I think next 6 to 12 months Delhi NCR and all the markets I am hoping that it is going to go up, so the oversupply which is present in the cities will also get absorbed and we will see better rate of realization coming to us and better absorption in terms of volumes also.

Moderator: We will take the next question from the line of Ashok Jain from JM Financial.

Ashok Jain: Wanted to understand a bit on the pricing front, how do you see pricing at this point of time in the Tier-2, Tier-3 cities and especially Allahabad, Chandigarh where you are present, if you could throw some light on pricing as well as the demand situation.

Management: The only upside I see is around 5-10% in terms of pricing and in terms of volumes of sales we are kind of achieving our targets. In fact what sort of response we are getting is beyond our expectation because of the simple thing that a lot of people in the cities they are lacking trust on developers. People who have given delivery can sell 10-20% higher than the market rate. In terms of pricing I see 5-10% upside and in terms of volume I don't see any problem for the company like Omaxe who has delivered majorly in the cities.

Moderator: We will take the next question from the line of Ashok Shah from LFC Securities.

Ashok Shah: My question is related to the interest rate which has gone down over the last 6 to 12 months, what's the benefit we are going to realize and forward when we can realize? And second question is regarding, are we doing any work for Indian Army?

Management: In the last nine months our cost of capital has gone down. Our weighted average cost is about 15.2% to 15.7% in the last quarter.

Ashok Shah: Next 6 months are you expecting any further reduction in rates?

Management: It would be another 10-15 bps maybe.

Ashok Shah: Are we doing any work for the Indian Army?

Management: No.

Moderator: We will take the next question from the line of Rahul Jain from Systematix Shares.

Rahul Jain: If I see this particular quarter bulk of may be 80% of the booking is probably from three projects but we may be doing 20 different projects right now so there would be a clear case of mismatch of cash flows in terms of financing so what are the execution delays we are seeing in projects which are not seeing the traction?

Management: The rest of the projects we are concentrating on deliveries, not that we are not able to sell, we are able to sell in those projects also because deliveries is close by and after delivery you can sell at a higher rate and that's what we are trying to do to improve our profitability and average rate of realization also. And in terms of delays you are talking about we are giving deliveries in all our projects and we are expanding the project there. So there is no execution cash flow mismatch at all. It's not that only three projects are giving money inflow to us and rest of the projects are not. If the outflow of the rest of the projects is x, the inflow of those projects is also x + y, so there is no mismatch at all.

Rahul Jain: In that case can you share with me what is the cash collected in this nine months versus last nine months?

Management: Cash collection for the current quarter is 325 crores and for the nine months it is 1026 crores.

Rahul Jain: What is the construction cost incurred?

Management: Construction as well as approval charges we have spent around 224 crores so on an average we are spending 50-60 crores per month only on construction.

Rahul Jain: What about the same data for nine month?

Management: We have spent 633 crores.

Rahul Jain: This includes even the commercial investment?

Management: All included.

Management: Its inclusive of construction and purchases and approval charges but out of 633 I can say that 550 crores is spent on construction.

Rahul Jain: Regarding the balance cash flow of around 370 crores we have seen on a nine-month basis our debt position has increased so where is this 370 crores going?

Management: Out of 370 crores we have spent on selling and HR Admin expenses and interest payment.

Rahul Jain: Interest payment for nine months would be around 120 crores?

Management: 131 crores.

Rahul Jain: You said that some of the inventory you are keeping so that you could get a better realization at a later stage. So can you give me the break of the 100% of your project how you try to sell over life-cycle of your project?

Management: On an average any project we sell we try to sell 50-70% of the inventory at the time of launch of the project and then another 10-15% when the structure is ready another 10-15% at the time of possession.

Rahul Jain: So can you quantify what could be the component sitting in the near possession because that component would be having a very minimal incremental cost and everything, we may be realizing at a good valuation and would come into the cash flow.

Management: The inventory which you are talking about is around 600 crores.

Rahul Jain: This 600 crores are near possession to actual possession situation and based on the improvement of demand immediately can come into the cash flow?

Management: Absolutely. We have actually started concentrating on that big time to improve our cash flows, so I am thinking of getting this 600 in the next 9 to 12 months.

Rahul Jain: In general if you could share your thought process in terms of demand especially in the urban markets like Delhi NCR or any other market which you can talk about?

Management: We are present in all over North India and demand is there, fundamental demand is there. A person who is launching the right product at the right price at right location he is able to sell plus he needs to have a name in the market. People have stopped buying new developers' products, they just can't trust them. It's just the trust factor which is lacking in the market. A person who has trust in the market like any brand who is trustworthy, right now I think Godrej, Tata, Mahindra are able to sell and people like us we are also able to sell, where they have got no issues in terms of deliveries. People who are not concentrating on deliveries they are not able to sell at whatever price they are launching their projects at.

Rahul Jain: Lastly, what is the status of OCP?

Management: OCP we have given possession and we are at the verge of getting the completion certificate plus we have already leased out the mall of at least 6 lakh square feet. We have started the fit outs. We are expecting to launch OCP around June or July of this year.

Rahul Jain: So once we do this then this 0.6 million sqft which you talked about is what percentage of the total area?

Management: This is around 50% of the total retail area.

Rahul Jain: So we would retain the entire component or we have part sold already?

Management: We have part sold already. There is no lease income coming from this.

Rahul Jain: So 0.6 lakh sq.ft is a sold out area which is now leased?

Management: Yes.

Rahul Jain: So there is no incremental cash flow for us from this?

Management: No.

Rahul Jain: What we gain in terms of opportunity once this gets launched in June-July?

Management: In terms of opportunity I would say it's a showcase for our commercial space because we are kind of strong in residential but not that strong in commercial side, so if we are successful in launching this mall and we are able to operate it really well then it opens the commercial space window for us.

Rahul Jain: So basically from a realization perspective we have already done everything, I mean we have sold everything from our end?

Management: Yes but we are still left with around 250 crores inventory in OCP.

Rahul Jain: Which is part of the 600 which we talked about?

Management: Which is not part of the 600, it is out of 600.

Rahul Jain: Because it is still few months from possession, so 600 is the actual finish inventory and this 250 is near possession I would say.

Management: Yes, if you kind of combine both we have around 1000 crores.

Rahul Jain: All put together you have 1000 which can be accessed in another 6 months from an execution perspective or 1 year from demand realization perspective.

Management: I would say 12 to 15 months, yes.

Moderator: We will take the next question from the line of Saif Shaikh from Maple Investments.

Saif Shaikh: When I was looking at your cash flow your cash flow is showing negative but at the same time in the nine months you have given a dividend, so may I know what is the reason for this?

Management: Dividend we announced before so we had to pay the dividend, it's not that our cash flows are negative and we are still giving out dividends. And cash flow went negative in the last nine months because we were kind of expanding and we were concentrating on deliveries so that's the reason the cash flow is a little negative in the last nine months.

Saif Shaikh: In terms of project delivery are all the projects running on time or are there any kind of delays there?

Management: Most of the projects which we have delivered in the last two years these projects were delayed by 6 to 12 months.

Saif Shaikh: On the gross debt side currently you have 1270 crores of gross debt so what is your outlook on this? Are planning to reduce this going ahead or are you comfortable with this?

Management: We are very comfortable and we will be maintaining the same debt equity ratio.

Saif Shaikh: When I was looking at your booking the commercial has seen a major decline whereas many places if you see the commercial actually has turned around, so what is the reason for that?

Management: There is no particular reason for that because as we have already said that we have concentrated more on residential, commercial demand you rightly said that it has improved but not that we are sitting on any commercial asset or office asset or retail asset that we need to sell. We have more of residential assets with us. In townships we definitely have commercial but it is not ready yet to be sold. In the next 2-3 years once people start residing in your township then the commercial space comes in demand and then you can monetize it.

Saif Shaikh: So would you be able to maintain the current margins going ahead in the next 2 to 3 years?

Management: Pretty much easily.

Saif Shaikh: What kind of sales growth you expect in the next 2-3 years?

Management: Around 10-15%.

Moderator: As there are no further questions in the queue I now hand the conference over to Mr. Abhijit Diwan for closing comments.

Abhijit Diwan: Thank you all for joining us this afternoon. If you have any further queries you can drop in an email or call me up. My email address is abhijitdiwan@omaxe.com. The investor presentation and the press release are also put up at our website www.omaxe.com and also on the stock exchange websites at BSE and NSE. Thank you again for joining us.

Moderator: Thank you all for being a part of conference call.