Om Infra Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	Om Infra is a high-risk infrastructure entity currently facing a severe liquidity-strained contraction, shifting from core EPC execution to a reliance on volatile real estate and legal outcomes.	□Negative
2	Consolidated revenue collapsed by 29.83% to □500 Cr, driven primarily by a 49.5% decline in the Real Estate segment and significant execution lags in government contracts.	□Negative
3	Operating margins (OPM) provided a rare silver lining, expanding to 6.00% from 2.80% due to a favorable shift toward high-margin hydro segments and better cost controls.	□Positive
4	Net profit dropped to □21 Cr, but the quality of these earnings is compromised by an interest burden of □19 Cr that now consumes a staggering 68% of operating profit.	□Negative
5	Financial health is deteriorating as short-term debt rose 41.8%, utilized inefficiently to fund dividends and capex rather than being supported by organic operations.	□Negative
6	Cash flow from operations (CFO) turned negative at -□4 Cr, creating a widening gap between reported accounting profits and actual cash generation.	□Negative
7	Capital allocation is value-destructive, evidenced by a low 5% ROCE and the funding of □3.85 Cr in dividends despite a negative Free Cash Flow of -□11 Cr.	□Negative
8	Earnings quality is severely impaired by a qualified audit opinion regarding □28.85 Cr of unbilled revenue and a 70x spike in miscellaneous expenses.	□Negative
9	Governance risks are elevated following a mid-tenure auditor resignation, high Related Party Transaction (RPT) concentration at 34%, and promoter pay exceeding 8% of operating profit.	□Negative
10	The company faces a critical solvency threat from a □250.54 Cr arbitration liability, which represents 11x the current PAT and 50% of annual revenue.	□Negative
11	The outlook remains clouded; while management guides for □700 Cr revenue in FY27, execution is hampered by inventory days spiking to 662 and stagnant working capital.	□Neutral
12	**Investment View: AVOID;** the combination of audit qualifications, negative CFO, and massive legal overhangs creates an unacceptable risk profile; monitor trade receivables and arbitration settlements.	□Negative

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** Om Infra Ltd (OMIL) operates primarily in the Engineering, Procurement, and Construction (EPC) space with a focus on hydro-mechanical equipment, water infrastructure, and real estate.
- **Revenue Drivers:** The business is heavily driven by Indian Government water and power infrastructure projects, specifically the Jal Jeevan Mission (JJM) and Pumped Storage Projects (PSP).
- **Cost Drivers:** Key costs include raw materials (steel/cement), employee benefits, and a significant surge in power and fuel costs (up 76.2% YoY). Finance costs are a major drain, consuming 68% of operating profit.

- **Industry Position:** OMIL is a niche player in hydro-mechanical works with a high-entry-barrier reference in the 1,000 MW Kundah PSP project.
- **Expansion Plans:** Management is aggressively repositioning toward the "Viksit Bharat" theme, targeting a ₹1,500 Cr order inflow for FY27.
- **Acquisitions & JVs:** The company operates extensively through JVs (e.g., BRCCPL-OMIL-DARA, HCC-OMIL), which account for over 34% of revenue.
- **Capacity Additions:** Recent focus has been on completing the Kalisindh Dam via Worship Infra to qualify for future large-scale dam bids.
- **Segment Performance:** FY26 saw a 29.8% consolidated revenue contraction. The Engineering segment contributed 93.1% (₹465.55 Cr), while Real Estate collapsed by 49.5% to ₹34.51 Cr.
- **Geographical Presence:** Primarily domestic (₹471.33 Cr), with a small overseas presence (₹28.73 Cr).

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management is pivoting the strategy toward an "asset-light" model by exiting non-core silos and thermal power assets to focus on high-margin Pumped Storage Projects (PSP) and Water Infra.
- Revenue guidance for FY27 is set at ₹700-750 Cr, implying a 40-50% growth rate, supported by an aggressive bidding stance targeting ₹1,500 Cr in new orders.
- EBITDA margin guidance is targeted at 7-8%, contingent on a higher mix of high-margin hydro-mechanical and PSP work.
- The demand environment is viewed as robust under the "Viksit Bharat" capex theme, particularly within the Jal Jeevan Mission and renewable energy storage.
- Competitive intensity remains high, but management believes their specialized qualification in dam and hydro projects provides a defensive moat.
- The Pallacia (Jaipur) real estate project is transitioning to a monetization phase with 60% inventory sold; management expects ₹600 Cr in total revenue from this asset to provide a liquidity buffer.
- The long-term vision involves resolving legacy litigations, such as the ₹587 Cr Bhilwara Jaipur Toll Road arbitration, to clean the balance sheet.
- Management Tone: Defensively Optimistic. Management is utilizing high-growth buzzwords (PSP, Viksit Bharat) to pivot the narrative away from a year marked by a 30% revenue decline, a credit rating downgrade to BB+ (junk), and a qualified audit opinion.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Sales -	500.00	713.00
Sales Growth %	-29.83	-36.02
Expenses -	472.00	692.00
Material Cost % -	42.60	48.72
Raw material cost	192.00	289.00
Change in inventory	21.00	59.00
Manufacturing Cost %	0.00	36.91
Employee Cost %	8.82	5.86
Other Cost %	42.94	5.68
Operating Profit	28.00	20.00
OPM %	6.00	2.80
Other Income -	18.00	36.00
Exceptional items	0.00	12.57
Other income normal	17.89	23.42
Interest	19.00	22.00
Depreciation	5.00	6.00
Profit before tax	22.00	28.00
Tax %	7.00	-27.00
Net Profit -	21.00	36.00
Profit from Associates	0.00	-0.06
Exceptional items AT	0.00	11.38
Profit excl Excep	20.56	24.53
Profit for PE	20.56	24.53
Profit for EPS	20.56	35.91
Profit Growth %	-16.18	-45.10
EPS in Rs	2.13	3.73
Dividend Payout %	23.00	11.00

Balance Sheet (₹Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	10.00	10.00
Reserves	753.00	736.00
Borrowings -	86.00	71.00
Long term Borrowings	2.00	4.00
Short term Borrowings	84.00	67.00
Lease Liabilities	0.00	0.00
Other Borrowings	0.00	0.00
Other Liabilities -	616.00	606.00
Non controlling int	46.00	46.00
Trade Payables	113.00	124.00
Advance from Customers	0.00	102.00
Other liability items	458.00	334.00
Total Liabilities	1,464.00	1,423.00
Fixed Assets -	499.00	497.00
Land	0.00	42.00
Building	0.00	27.00
Plant Machinery	0.00	32.00
Equipments	0.00	1.00
Computers	0.00	1.00
Furniture n fittings	0.00	2.00
Vehicles	0.00	6.00
Intangible Assets	369.00	4.00
Other fixed assets	0.00	437.00
Gross Block	0.00	550.00
Accumulated Depreciation	0.00	53.00
CWIP	2.00	2.00
Investments	56.00	40.00
Other Assets -	907.00	884.00
Inventories	386.00	404.00
Trade receivables -	310.00	285.00
Receivables over 6m	0.00	187.00
Receivables under 6m	0.00	98.00
Prov for Doubtful	0.00	0.00
Cash Equivalents	80.00	85.00
Loans n Advances	17.00	34.00
Other asset items	114.00	76.00

Line Item	Mar 2026	Mar 2025
Total Assets	1,464.00	1,423.00

Cash Flow Statement (Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	-4.00	6.00
Profit from operations	42.00	39.00
Receivables	0.00	0.00
Inventory	0.00	0.00
Payables	0.00	0.00
Loans Advances	0.00	0.00
Other WC items	0.00	-25.00
Working capital changes	0.00	-25.00
Direct taxes	6.00	-8.00
Other operating items	-53.00	0.00
Cash from Investing Activity -	-19.00	43.00
Fixed assets purchased	-7.11	-2.04
Fixed assets sold	0.24	14.74
Capital WIP	0.00	0.00
Investments purchased	-17.03	0.00
Investments sold	0.00	2.00
Interest received	5.11	5.00
Investment in group cos	0.00	0.00
Redemp n Canc of Shares	0.00	0.00
Acquisition of companies	0.00	0.00
Other investing items	-0.20	23.20
Cash from Financing Activity -	13.00	-44.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	16.13	0.01
Repayment of borrowings	-1.63	-18.43
Investment subsidy	0.00	0.00
Interest paid fin	-19.13	-22.09
Dividends paid	-3.85	-4.82
Financial liabilities	-0.14	-0.19
Other financing items	21.67	1.69
Net Cash Flow	-10.00	5.00
Free Cash Flow	-11.00	18.00
CFO/OP	-38.00	70.00

Key Ratios (₹Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	226.00	146.00
Inventory Days	662.00	425.00
Days Payable	194.00	131.00
Cash Conversion Cycle	695.00	440.00
Working Capital Days	155.00	95.00
ROCE %	5.00	4.00

3.2 Financial Analysis Summary

- **Revenue** declined by **29.83%** to **₹500.00 Cr**, primarily driven by a **49.5%** collapse in the Real Estate segment and a reduction in Engineering **Revenue** to **₹465.55 Cr**; this contraction is exacerbated by the "Milestone Method" of recognition, contributing to **Trade Receivables** rising to **₹310.00 Cr** despite lower sales.
- While **OPM %** improved to **6.00%** from **2.80%**, **Net Profit** fell to **₹21.00 Cr** as the company struggled with a high fixed-cost structure where **Employee Cost %** rose to **8.82%** and **Power and Fuel** expenses surged by **76.2%** to **₹62.50 Cr**, indicating severe margin pressure.
- **Cash from Operating Activity (CFO)** deteriorated to **-₹4.00 Cr** from **₹6.00 Cr**, representing poor cash conversion of **PAT**, largely due to a bloated **Cash Conversion Cycle** of **695 days** where **Inventory** of **₹386.00 Cr** (72.5% of which is stagnant Property Development WIP) and **Trade Receivables** absorbed all operating liquidity.
- **Total Debt** increased to **₹86.00 Cr**, with **Short term Borrowings** spiking by **41.8%** to **₹84.00 Cr** to fund working capital gaps, resulting in a **Finance Cost** of **₹19.00 Cr** that consumed nearly **68%** of **Operating Profit**.
- **Intangible Assets** on the **Balance Sheet** experienced a massive jump to **₹369.00 Cr** from **₹4.00 Cr**, suggesting a significant capital reallocation toward non-physical assets that has yet to yield returns.
- The quality of **Profit before tax** (**₹22.00 Cr**) is weakened by the heavy contribution of **Other Income** (**₹18.00 Cr**) and a forensic red flag in **Other Expenses**, where **Miscellaneous Expenses** surged 70x to **₹5.65 Cr**, potentially masking non-recurring operational losses.
- **Capital Allocation** efficiency is low, evidenced by a negative **Free Cash Flow (FCF)** of **-₹11.00 Cr** and the continued carrying of **₹7.69 Cr** in loans to Joint Ventures for which interest recovery is "not probable," effectively serving as non-performing assets.
- **ROCE** remains weak at **5.00%**, as the company's **Net Worth** (**Reserves** of **₹753.00 Cr**) is trapped in slow-moving **Working Capital**, specifically **₹280.01 Cr** of real estate **CWIP/WIP** and **₹15.25 Cr** of disputed **Trade Receivables**.
- The company faces a critical solvency risk from a **₹250.54 Cr Arbitration Interim Award** listed as a **Contingent Liability**, which represents **50%** of annual **Revenue** and over **11 times** the current year's **PAT**.
- **Other Assets** and **Other Liabilities** analysis reveals a **₹24.23 Cr** drop in customer advances, suggesting a weakening order book, while the **₹5.65 Cr** in **Miscellaneous Expenses** (up from ₹0.08 Cr) acts as a "dumping bucket" for unexplained operational costs.
- The dominant financial theme of the year is a **liquidity-strained contraction**, where falling revenues and negative cash flows are being masked by accounting-led margin improvements and funded by a risky spike in short-term debt.

3.3 Contingent Liabilities & Commitments

- **Arbitration Overhang:** An interim arbitration award of **₹250.54 Cr** stands against the company, representing 50% of consolidated revenue.
- **Statutory Levies:** Disputed statutory levies (tax/regulatory) amount to **₹11.18 Cr**, up from ₹9.79 Cr YoY.
- **Guarantees:** Bank loans are heavily secured by personal guarantees of the Kothari directors and equitable mortgages of properties belonging to related promoter trusts.
- **Capital Commitments:** Not explicitly disclosed, though capital advances increased to **₹2.12 Cr**.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; negative □4 Cr CFO vs □21 Cr PAT.	□	PAT □21 Cr; CFO -□4 Cr; CFO/OP -38% vs 70% YoY.	Cash flow impacted by □53 Cr "other operating items" outflow (p.332).
2	Receivables & channel-stuffing signal	Revenue ↑↓ — aggressive recognition; receivables rose 8.7% despite 29.8% revenue decline.	□	Sales □500 Cr (-29.8%); Receivables □310 Cr (+8.7%); Inventory □386 Cr.	Debtor days spiked from 146 to 226 days; disputed debt □15.25 Cr.
3	Revenue timing	Revenue ↓ — weakening order book; customer advances dropped □24.23 Cr YoY.	□	Unbilled Revenue □51.19 Cr; Customer Advances □77.69 Cr vs □101.92 Cr.	Milestone Method used; revenue recognized only upon authority approval.
4	Revenue from related parties %	Neutral — limited direct revenue; focus is on cost-side value leakage.	□	Engineering segment 93% revenue; RPTs primarily rent/loans.	Engineering revenue driven by government project authorities.
5	Inventory vs revenue growth	Profit ↓ — stalled assets; inventory days rose to 662 as sales fell.	□	Inventory □386 Cr; Sales □500 Cr; Inventory Days 662 vs 425.	72.5% of inventory (□280 Cr) locked in Property Development WIP.
6	Inventory valuation method change	Profit ↑ — capitalized interest; borrowing costs included in stagnant real estate WIP.	□	Real Estate WIP □280.01 Cr; Total Inventory □386.20 Cr.	Policy allows capitalizing borrowing costs into WIP; risks overvaluation.
7	Exceptional items in operating profit	Profit ↑ — non-recurring boost; prior year PAT inflated by □12.57 Cr.	□	FY26 Exceptional items □0; FY25 Exceptional items □12.57 Cr.	FY25 profit for EPS significantly higher than operating profit.
8	Depreciation rate vs useful life policy	Profit ↑ — conservative accounting; WDV method front-loads expenses.	□	Depreciation □5 Cr; Fixed Assets □499 Cr; WDV method used.	Written Down Value (WDV) method applied; more conservative than Straight Line.
9	Provision reversals boosting PAT	Profit ↑ — optimistic estimates; □15.25 Cr disputed debt not fully provided.	□	Provision for doubtful □0 in summary; Disputed debt □15.25 Cr.	Management considers □15.25 Cr disputed debt "Good" despite delays.
10	Tax rate consistency	Profit ↓ — tax normalization; 7% effective rate vs -27% in FY25.	□	FY26 Tax 7%; FY25 Tax -27%; Direct taxes paid □6 Cr.	Significant volatility in effective tax rates between periods.
11	CWIP age and stalling projects	Neutral — stable CWIP; primary risk sits in stagnant Real Estate WIP.	□	CWIP □2.00 Cr (flat YoY); Intangible Assets □369 Cr.	CWIP is minimal; major asset shift to Intangibles noted.
12	Deferred tax asset recognition	Profit ↓ — potential write-downs; high contingent liabilities threaten offsets.	□	Arbitration liability □250.54 Cr; Statutory levies disputed □11.18 Cr.	Unfunded gratuity/leave liabilities rely on future cash flows.
13	RPT quantum and trend	Profit ↓ — value leakage; rent paid to promoters tripled to □0.55 Cr.	□	Rent to Promoters □0.55 Cr; Loans to JVs □7.69 Cr.	Interest recovery on □7.69 Cr JV loans deemed "not probable".
14	Dividend paid vs FCF adequacy	Profit ↓ — unsustainable payout; dividends paid despite negative □11 Cr FCF.	□	Dividend Payout 23%; FCF -□11 Cr; Net Cash Flow -□10 Cr.	Short-term borrowings spiked 41.8% to fund cash shortfalls.
15		Revenue ↓ — Potential overstatement; □28.85 Cr	□		

#	Check	Impact	Status	Evidence	Notes Detail
	Auditor Qualification on Unbilled Revenue	unbilled revenue lacks verification.		Qualified Opinion; □28.85 Cr unbilled revenue.	Auditor unable to verify or reconcile these accruals; risk of future write-down.
16	Auditor Resignation	Neutral — Governance signal; M/s Ravi Sharma & Co. resigned mid-tenure.	□	Casual vacancy filled by M/s Khandelwal Badaya & Co.	Mid-tenure resignation is a classic warning signal for accounting disagreements.
17	Miscellaneous Expense Spike	Profit ↓ — Unexplained costs; 70x surge in miscellaneous expenses.	□	Misc Exp □5.65 Cr vs □0.08 Cr YoY.	"Dumping bucket" for non-recurring losses or poorly classified costs.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion Type:** Modified / Qualified.
- **Key Audit Matters (KAMs):**
  - **Unbilled Revenue Verification:** The auditor issued a modified opinion regarding unbilled revenue of **□28.85 Cr**. The concern is a lack of supporting verification and reconciliation for these accruals. Management expects approval in due course, but auditors remain unable to verify.
- **Emphasis of Matter:**
  - ***Arbitration Liability:*** The auditor highlighted a contingent liability of **□250.54 Cr** related to an interim arbitration award, representing 50.10% of consolidated revenue.
- **Auditor Change:** M/s. Ravi Sharma & Co. resigned during the year (casual vacancy). M/s. Khandelwal Badaya & Co. were appointed to fill the vacancy.

B. Related Party Transactions

Party	Relationship	Nature	Amount (□ Cr)	Concern
OMIL JV	Joint Venture	Sale of Goods/Services	94.64 Cr	***Material RPT: 18.93% of Revenue***
OMIL WIPL JV	Joint Venture	Supply of Service	54.00 Cr	***Material RPT: 10.80% of Revenue***
HCC OMIL JV	Joint Venture	Supply of Service	14.00 Cr	***Material RPT: 2.80% of Revenue***
OMIL JV	Joint Venture	Purchase of Goods/ Services	12.88 Cr	Circular transaction flow
BRCCPL OMIL DARA JV	Joint Venture	Supply of Service	8.00 Cr	Operational dependency
Promoter Trusts	Promoter Controlled	Rent Paid	0.55 Cr	***3x increase YoY***
Gurha Thermal Power	Joint Venture	Loans (Non-Interest)	7.69 Cr	***Capital lock-up; recovery "not probable"***

RPT Verdict: Governance Concern □ RPT volume is extreme, with transactions totaling **□672 Cr** in requested limits. Actual RPT sales concentration is **34.12%** of revenue. The combination of negative CFO and non-interest loans to "improbable recovery" entities suggests significant value leakage.

C. Shareholding

- **Pledged Shares:** 0.00% (No shares are pledged).

D. Board Composition + KMP Compensation

- **Total Directors:** 6 | **Independent %:** 50.00% | **Women Directors:** 1 (Saloni Kala).
- **KMP Compensation:**
    - **Dharam Prakash Kothari (Chairman):** ₹1.02 Cr (2.31% growth)
    - **Sunil Kothari (Vice Chairman):** ₹1.02 Cr (2.31% growth)
    - **Vikas Kothari (MD & CEO):** ₹0.624 Cr (3.31% growth)
- **Family Dominance:** The Kothari family controls **8.64%** of total Operating Profit through direct remuneration. Three additional family members serve as Executive Directors with a combined annual draw of **₹1.72 Cr**.

F. Capital Allocation & Capex

Action	FY Current (₹Cr)	FY Prior (₹Cr)	% of CFO	Signal
Dividends	3.85 Cr	4.82 Cr	-96.25%	***Funded by debt/asset sales***
Capex	7.11 Cr	2.04 Cr	-177.75%	**Rising in negative CFO env.**
Net Debt Change	14.50 Cr	-20.00 Cr	-362.50%	***Borrowing to fund ops***
Interest Payments	19.13 Cr	22.09 Cr	-478.25%	***Interest > Operating Profit***
Loans to JVs	7.69 Cr	7.49 Cr	-192.25%	***Value destruction***

CAPEX Analytical Notes: * **CFO Coverage of Capex:** Ratio is **-0.56**. CFO is insufficient to fund maintenance capex; the gap is bridged by short-term borrowings. * **Nature of Capex:** Massive jump in **Intangible Assets (₹369 Cr)** suggests a major project capitalization or reclassification. * **Deployment Efficiency: Revenue fell 29.8%** despite a **248% increase** in fixed asset purchases, signaling a severe execution lag.

H. Risks

- ***Arbitration Award (High):*** Interim award of **₹250.54 Cr** (50% of revenue) could trigger insolvency if finalized.
- ***Unbilled Revenue (High):*** **₹28.85 Cr** lacks verification; potential for significant P&L restatement.
- ***Receivables Divergence (High):*** Revenue fell 30% but Receivables rose 8.7%, creating a **severe liquidity crunch**.
- ***Stalled Real Estate (Med):*** **₹280.01 Cr** locked in Property Development WIP; capital is trapped.
- ***IT Investigation (High):*** July 2020 raid remains "under appraisal," posing an unquantified tax penalty risk.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	2	↓	Revenue -29.8%; Real Estate -49.5%	Weakening competitive position and high cyclicality in government EPC.
Financial Health	1	↓	CFO -□4 Cr; D/E rising; Interest > OP	Negative cash flow and high interest burden threaten solvency.
Earnings Quality	1	↓	Qualified Opinion; CFO < PAT; Misc Exp 70x	Audit qualification and aggressive revenue recognition flags.
Management & Governance	2	↓	Auditor Resignation; 34% RPT; High family pay	Governance red flags including auditor change and high RPT concentration.
Capital Allocation & Earnings Visibility	1	↓	Debt-funded dividends; ROCE 5%; FCF -□11 Cr	Value-destructive allocation with returns below cost of capital.

BUSINESS POSITIVES * □**Operating Margin Recovery:** OPM improved to **6.00%** from 2.80% due to better cost control in high-margin hydro segments. * □**Real Estate Monetization: 60%** of Pallacia project inventory is sold, providing a potential □**600 Cr** liquidity buffer. * □**Strategic PSP Pivot:** Entry into high-barrier Pumped Storage Projects with the **1,000 MW Kundah** reference.

BUSINESS NEGATIVES / CONCERNS * □**Revenue Collapse:** Consolidated revenue fell **29.83%** to □500 Cr, missing growth targets significantly. * □**Audit Qualification:** Auditors qualified □**28.85 Cr** of unbilled revenue due to lack of verification. * □**Solvency Risk:** A □**250.54 Cr** arbitration liability represents **11x current PAT**. * □**Cash Flow Stress: CFO is negative (□4 Cr)**, forcing the company to fund dividends and capex through debt. * □**Working Capital Trap: Inventory days spiked to 662** with □280 Cr stuck in stagnant real estate WIP.

OVERALL SCORECARD SUMMARY Om Infra Ltd is in a deteriorating state, characterized by a severe disconnect between reported profits and actual cash generation. The company's financial strength is compromised by negative CFO and a heavy reliance on short-term debt to fund operations and dividends. Governance is a major concern following a mid-tenure auditor resignation and a qualified opinion on nearly 6% of revenue. Capital allocation remains undisciplined, with returns well below the cost of capital and significant funds trapped in non-performing JV loans and stalled real estate assets.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Qualified opinion on □28.85 Cr unbilled revenue.
2	Promoter pledge = 0?	□	0.00% pledged.
3	KMP pay < 5% of PAT?	□	Kothari family remuneration > 8% of Operating Profit.
4	RPT quantum < 5% of revenue?	□	RPT sales concentration at 34.12%.
5	Board > 50% independent?	□	50% (3 out of 6).
6	At least 1 woman director?	□	Saloni Kala.
7	No statutory dues outstanding?	□	□11.18 Cr in disputed statutory levies.
8	No fraud reported?	□	None reported in FY26.
9	Audit trail enabled?	□	Confirmed in auditor report.
10	Frequent Auditor change	□	Auditor resigned mid-tenure (casual vacancy).
Final line: "Total: 5/10 □— Governance Rating: 2"			

Part C: Investor Verdict

THESIS: Om Infra is a high-risk, asset-rich but cash-poor infrastructure play whose survival depends on legal arbitration outcomes and real estate liquidation rather than core EPC execution.

OVERALL STANCE: AVOID

RATIONALE: The combination of a qualified audit opinion, negative operating cash flow, and a massive □250 Cr arbitration overhang creates an unacceptable risk-reward profile. RE-EVALUATE WHEN: CFO/PAT > 0.8x and the □250 Cr arbitration liability is legally resolved or settled. BULL CASE: Successful monetization of the □600 Cr Pallacia project and a favorable □587 Cr arbitration award in the Bhilwara Toll Road case. BEAR CASE: Finalization of the □250.54 Cr arbitration award against the company, triggering a liquidity-driven insolvency. KEY MONITORABLE: Trade Receivables: □310 Cr → Watch for reduction below □250 Cr.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Revenue Trajectory	□713 Cr (-36% YoY)	□500 Cr (-29.8% YoY)	The company is in a sustained revenue freefall, losing over 50% of its top line across two fiscal cycles.
Earnings Quality (CFO/PAT)	0.17x (Weak cash backing)	-0.19x (Cash burn)	Reported profits have transitioned from being poorly backed by cash to being entirely decoupled as operations now consume liquidity.
Audit & Governance	Unqualified Opinion	Qualified Opinion & Auditor Resignation	The governance profile has suffered a major blow with a mid-tenure auditor exit and a qualification on unbilled revenue verification.
Working Capital Cycle	440 Days	695 Days	Working capital efficiency has effectively collapsed, with the cash conversion cycle now stretching toward two full years.
Capital Allocation (Debt)	Deleveraging (□20 Cr reduction)	Re-leveraging (□14.5 Cr increase)	The company has abandoned its debt-reduction path, utilizing short-term borrowings to fund operational gaps and dividends.
Margin Composition	2.8% OPM (Execution crisis)	6.0% OPM (Accounting-led recovery)	While margins optically improved, the surge in "Miscellaneous Expenses" and qualified unbilled revenue suggests the recovery may be artificial.
Management Tone	Defensive Survival	Defensively Optimistic (Buzzword Pivot)	Management is attempting to distract from operational contraction by pivoting the narrative toward high-growth themes like "Viksit Bharat" and PSP.

7.2 Persistent Patterns

- **Extreme Related Party Concentration: RPTs consistently account for 34% to 38% of revenue, indicating a business model structurally dependent on inter-group transactions and circular flows.**
- **Unresolved Regulatory Overhang: The July 2020 Income Tax raid remains "under appraisal" for the second consecutive year, representing a permanent and unquantified promoter-level risk.**
- **Structural Capital Lock-up: A massive portion of the balance sheet remains trapped in non-operational real estate WIP and insolvent subsidiaries that rely entirely on parent support.**
- **Litigation-Led Thesis: The company's solvency and bull case remain binary and entirely dependent on legal arbitration outcomes rather than core EPC execution.**
- **Aggressive Dividend Policy: Management continues to pay out dividends despite negative Free Cash Flow, effectively funding shareholder returns through asset sales or new debt.**
- **Counterparty Risk: Revenue remains almost exclusively tied to government water infrastructure projects, leaving the company perpetually vulnerable to bureaucratic payment delays and milestone disputes.**
- **High Management Cost: Promoter compensation remains high and continues to grow regardless of the collapse in operating profit or cash flow generation.**

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