Om Infra Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**Om Infra maintains a specialized EPC focus with a robust order book of □2,655.75 Cr, providing 3.8x revenue visibility and a strategic pivot into high-growth Pumped Storage Projects.**	Positive
2	***Consolidated revenue experienced a severe 36.02% collapse to 713 Cr, signaling significant execution delays and operational fragility during the fiscal year.***	Negative
3	***Operating profit plummeted by 75% to just 20 Cr, with margins under extreme pressure as core EPC execution failed to gain momentum.***	Negative
4	***Reported PAT is of low quality, driven almost entirely by non-core "Other Income" and tax credits rather than operational performance.***	Negative
5	**The parent balance sheet shows deleveraging with consolidated borrowings reduced by □20 Cr to □71 Cr, though this is offset by subsidiary-level distress.**	Positive
6	***Cash flow from operations (CFO) of 6 Cr is a dismal 16.6% of PAT, failing to cover interest obligations of 22 Cr and indicating poor cash conversion.***	Negative
7	***Capital allocation efficiency has deteriorated significantly, evidenced by an 87% drop in capex and a weak ROCE of only 4%.***	Negative
8	***Earnings quality is compromised by a CFO/PAT ratio of 0.17 and a working capital cycle that has stretched to 440 days due to doubling debtor days.***	Negative
9	***Governance concerns are heightened by promoter remuneration increasing 13-20% despite the earnings crash, alongside material Related Party Transactions reaching 38% of revenue.***	Negative
10	***Significant balance sheet risk exists with 365 Cr locked in non-performing warehousing assets and three subsidiaries reporting negative net worth.***	Negative
11	**Liquidity outlook depends on non-core catalysts, specifically the □310 Cr realizable value from the Pallacia project and a potential □587 Cr arbitration award.**	Positive
12	Stance is Watch; monitor for a CFO/PAT recovery above 0.8x and a reduction in aged receivables (currently □187 Cr) before re-evaluating the investment thesis.	Neutral

1. Business overview (In Bullet Points)

- **Business Segments:** Primarily operates in specialized Engineering, Procurement, and Construction (EPC) focused on water, hydro-mechanical, and irrigation projects. It also maintains a significant Real Estate segment and legacy interests in Silos/Logistics and Toll Roads.
- **Revenue Drivers:** Driven by the execution of large-scale infrastructure projects like the Isarda Dam and Shahpurkandi. The Jal Jeevan Mission (JJM) has become a major driver, now constituting 20% of the order book (□541 Cr).
- **Cost Drivers:** Major costs include raw materials (steel, cement), subcontracting/civil work expenses, and high finance costs stemming from subsidiary-level debt. Employee costs and other operational overheads have increased as a percentage of revenue due to a lower turnover base.

- **Industry Position:** Transitioning from a legacy "gate and hoist" supplier to a specialized player in the Pumped Storage Project (PSP) and Energy Transition Infrastructure space.
- **Expansion Plans:** Aggressively positioning for the 176 GW PSP opportunity in India, with the Kundah PSP (1,000 MW) serving as a flagship project for credentials.
- **Acquisitions & Capacity:** Focus is on an "Asset-Light" strategy, divesting non-core silos (Gujarat/Bihar) and thermal projects (Gurha) to recycle capital into core EPC.
- **Segment Performance:** EPC revenue saw a sharp 36% contraction in FY25 due to lumpy execution cycles. Real Estate (Pallacia, Jaipur) has transitioned to a monetization phase with ₹310 Cr in remaining realizable value.
- **Geographical Presence:** Strong concentration in Rajasthan and Uttar Pradesh for water projects, with a strategic "free carry" real estate position in Mumbai (Bandra SRA project) via a consortium.

2. Management commentary & outlook

- Management has provided revenue guidance of ₹800–1,000 Cr for FY26, implying a required growth of 15-43% from the FY25 base.
- The strategy is pivoting toward an "Asset-Light" model, aiming to divest non-core assets in Gujarat and Bihar and thermal projects like Gurha to unblock trapped capital.
- The growth narrative relies heavily on the "unblocking" of execution in UP and Rajasthan JJM projects and the nearing completion of the Isarda Dam (90% complete).
- Management is aggressively targeting the Pumped Storage Project (PSP) sector, viewing it as a critical frontier for energy transition infrastructure.
- In Real Estate, the focus has shifted from development to monetization, specifically targeting the ₹310 Cr realizable value from the Pallacia project and the potential 2 million sq. ft. FSI in the Mumbai SRA project.
- The industry outlook is viewed as positive due to the government's continued thrust on the Jal Jeevan Mission and renewable energy storage.
- Competitive intensity is noted as high in general civil work, prompting the company to focus on its specialized hydro-mechanical niche where margins are traditionally better.
- Management highlights the potential liquidity windfall from the ₹587 Cr Bhilwara Jaipur Toll Road arbitration award, which is currently in the Rajasthan High Court.
- The long-term vision is to transition the company from a struggling infrastructure player with legacy debt into a specialized water and hydro-power leader with high-value real estate call options.
- **Management Tone:** The commentary is "defensively optimistic." While management acknowledges the substantial turnover drop in FY25, they quickly pivot to a "700+ Cr monetization" goal and high order book visibility. However, the request for increased promoter remuneration during an earnings crash and the persistent shadow of the 2020 IT raid suggest a "promoter-first" orientation that conflicts with the optimistic growth narrative. (Defensively Optimistic / Promoter-Centric).

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2025	Mar 2024
Sales	713	1,114
Sales Growth %	-36.02	39.37
Expenses	692	1,035
Material Cost %	48.72	44.83
Raw material cost	289	416
Change in inventory	59	83
Manufacturing Cost %	36.91	41.16
Employee Cost %	5.86	3.25
Other Cost %	5.68	3.70
Operating Profit	20	79
OPM %	3	7
Other Income	36	39
Exceptional items	12.57	4.71
Other income normal	23.42	33.84
Interest	22	25
Depreciation	6	7
Profit before tax	28	86
Tax %	-27	45
Net Profit	36	47
Profit from Associates	-0.06	0.17
Exceptional items AT	11.38	2.59
Profit excl Excep	24.53	44.68
Profit for PE	24.53	44.68
Profit for EPS	35.91	47.27
Profit Growth %	-45.10	606.96
EPS (□)	3.73	4.91
Dividend Payout %	11	0

Balance sheet (□Cr)

Line item	Mar 2025	Mar 2024
Equity Capital	10	10
Reserves	736	714
Borrowings	71	91
Long term Borrowings	4	14
Short term Borrowings	67	75
Lease Liabilities	0	1
Other Borrowings	0	0
Other Liabilities	606	642
Non controlling int	46	46
Trade Payables	124	103
Advance from Customers	102	130
Other liability items	334	363
Total Liabilities	1,423	1,456
Fixed Assets	497	503
Land	42	40
Building	27	30
Plant Machinery	32	38
Equipments	1	1
Computers	1	1
Furniture n fittings	2	2
Vehicles	6	6
Intangible Assets	4	4
Other fixed assets	437	440
Gross Block	550	561
Accumulated Depreciation	53	58
CWIP	2	1
Investments	40	47
Other Assets	884	905
Inventories	404	457
Trade receivables	285	236
Receivables over 6m	187	130
Receivables under 6m	98	106
Prov for Doubtful	0	0
Cash Equivalents	85	82
Loans n Advances	34	34
Other asset items	76	96

Line item	Mar 2025	Mar 2024
Total Assets	1,423	1,456

Cash flow statement (□Cr)

Line item	Mar 2025	Mar 2024
Cash from Operating Activity	6	83
Profit from operations	39.09	89.71
Receivables	0	0
Inventory	0	0
Payables	0	0
Loans Advances	0	0
Other WC items	-24.98	14.15
Working capital changes	-24.98	14.15
Direct taxes	-8.31	-20.96
Cash from Investing Activity	43	1
Fixed assets purchased	-2.04	-16.28
Fixed assets sold	14.74	17.89
Capital WIP	0	0
Investments purchased	0	-2.47
Investments sold	2	0
Interest received	5	23.43
Dividends received	0	0
Investment in group cos	0	0
Redemp n Canc of Shares	0	0
Acquisition of companies	0	0
Other investing items	23.20	-21.17
Cash from Financing Activity	-44	-88
Proceeds from shares	0	0
Proceeds from borrowings	0.01	0.11
Repayment of borrowings	-18.43	-57.38
Investment subsidy	0	0
Interest paid fin	-22.09	-24.83
Dividends paid	-4.82	-4.82
Financial liabilities	-0.19	-0.38
Other financing items	1.69	-0.72
Net Cash Flow	5	-4
Free Cash Flow	18	85
CFO/OP	70	132

Key ratios

Line item	Mar 2025	Mar 2024
Debtor Days	146	77
Inventory Days	425	334
Days Payable	131	75
Cash Conversion Cycle	440	336
Working Capital Days	95	52
ROCE %	4	12

3.2 Financial analysis summary

- **Revenue** witnessed a severe contraction of 36.02% YoY to ₹713.00 Cr, primarily due to a 41.11% drop in the Om Metals Consortium (Construction) and a 17.40% decline in High Terrace Realty (Real Estate), signaling a significant slowdown in project execution cycles.
- **Operating Profit** collapsed by 74.68% to ₹20.00 Cr, causing OPM % to shrink from 7.00% to 3.00% as Employee Cost % nearly doubled to 5.86% and Other Cost % rose to 5.68% on a lower revenue base.
- **Net Profit** of ₹36.00 Cr was heavily supported by Other Income of ₹36.00 Cr and Exceptional items of ₹12.57 Cr, alongside a negative Tax % of -27.00%, masking a weak core operational performance where Profit excl Excep was only ₹24.53 Cr.
- **Finance Cost** of ₹22.00 Cr is a major drag on profitability, with the real estate subsidiary (High Terrace) alone incurring ₹14.57 Cr in interest, representing 24.20% of its specific Revenue and contributing to its negative Net Worth of -₹4.29 Cr.
- **Working Capital** efficiency deteriorated sharply as Inventory Days spiked to 425.00 and Debtor Days nearly doubled to 146.00, with Receivables over 6m increasing to ₹187.00 Cr.
- **CFO** of ₹6.00 Cr represents a poor cash conversion of only 16.6% of PAT, as Working Capital changes (specifically Other WC items of -₹24.98 Cr) absorbed most of the operating cash flow.
- **Total Debt** (Borrowings) reduced to ₹71.00 Cr from ₹91.00 Cr, supported by Repayment of borrowings of ₹18.43 Cr in the Cash Flow Statement, yet Interest Coverage weakened from 4.44 to 2.27 due to falling earnings.
- **Fixed Assets** remained stagnant at ₹497.00 Cr, while Asset Quality is a concern with ₹365.15 Cr in non-current assets locked in Gujrat Warehousing despite the entity reporting zero Revenue for the year.
- **ROCE %** declined from 12.00% to 4.00%, reflecting high capital underutilization across subsidiaries like Gujrat Warehousing and Bihar Logistic which hold significant assets but generate no turnover.
- **Free Cash Flow** dropped to ₹18.00 Cr from ₹85.00 Cr, and while the company maintained a Dividend Payout % of 11.00%, the sustainability is pressured by the widening Cash Conversion Cycle of 440 days.
- **Investment** valuation risks are evident as the company consolidates multiple entities with negative Net Worth, including High Terrace Realty (-₹4.29 Cr) and Bhilwara Jaipur Toll Road (-₹3.00 Cr), the latter reporting losses driven entirely by Finance Cost.
- **Other Assets** are dominated by ₹365.15 Cr locked in non-operational Gujrat Warehousing silos and ₹123.64 Cr in the Om Ray Partnership firm; these non-performing assets represent a massive drag on capital efficiency.
- **Other Liabilities** include ₹310.90 Cr in current liabilities within Gujrat Warehousing, which almost entirely offsets its asset base, and ₹224.33 Cr in long-term debt within High Terrace Realty, creating a high-risk leverage structure at the subsidiary level.

- **Other Expenses** and employee costs rose as a percentage of sales, indicating an inability to rationalize the cost structure in the face of a 36% revenue decline.
- The dominant financial theme of the year is **operational stress and liquidity tightening**, where a collapse in core EPC execution has forced a reliance on non-core income and asset sales to service debt and dividends while capital remains structurally trapped in insolvent subsidiaries.

3.3 Contingent liabilities & commitments

- **Litigation & Tax Disputes:** Disputed tax demands of ₹**185.20 Cr** (nearly 5x annual PAT) pose a significant risk to future cash flows. Additionally, the 2020 Income Tax raid remains "under appraisal."
- **Guarantees:** The company provides guarantees to meet working capital requirements for its subsidiaries and JVs, many of which have negative net worth.
- **Capital Commitments:** While not explicitly quantified in subsidiary summaries, the company is committed to completing the Isarda Dam and various JJM projects.
- **Disclosure Gap:** Subsidiary-specific notes (AOC-1) do not explicitly quantify contingent liabilities, which is a critical omission given the high debt and negative net worth in several entities.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash	—	Working capital changes of -□24.98 Cr dragged down operating cash flow (CFS).
2	Receivables & channel-stuffing signal	Revenue ↑↓ — aggressive recognition risk	—	Receivables over 6 months jumped to □187 Cr from □130 Cr, signaling collection issues.
3	Revenue timing (unbilled/ advances)	Revenue ↓ — execution slowdown	—	Notes indicate 41% revenue drop in construction consortium due to project cycles.
4	Revenue from related parties %	Profit ↑↓ — complexity risk	—	Company operates through multiple firms with stakes ranging from 17.5% to 100%.
5	Inventory vs revenue growth	Profit ↓ — liquidity trap	—	High Terrace Realty holds □308 Cr in current assets against only □60 Cr revenue.
6	Inventory valuation method change	Neutral — no policy change	—	Estimation uncertainty noted for real estate inventory NRV in subsidiary High Terrace.
7	Exceptional items in operating profit	Profit ↑ — non-operational boost	—	Profit excluding exceptional items is only □24.53 Cr compared to □35.91 Cr reported for EPS.
8	Depreciation rate vs useful life policy	Profit ↑ — lower charge	—	Accumulated depreciation decreased to □53 Cr from □58 Cr, suggesting asset disposals.
9	Provision reversals boosting PAT	Profit ↑ — credit risk	—	Lack of provisioning for aged receivables overstates the quality of the balance sheet.
10	Tax rate consistency	Profit ↑ — non-cash tax credit	—	Om Metals Consortium reported a tax credit of □0.38 Cr, aiding the move to profit.
11	CWIP age and stalling projects	Neutral — low balance	—	Most capital is locked in "Other Fixed Assets" (□437 Cr) rather than active CWIP.
12	Deferred tax asset recognition adequacy	Profit ↑ — valuation risk	—	Zero revenue in warehousing subsidiary raises questions on asset recoverability/impairment.
13	RPT quantum and trend	Profit ↓ — value leakage	—	JV is unable to service debt from operations, requiring parent support.
14	Dividend paid vs FCF adequacy	Neutral — sustainable	—	Despite low CFO, the sale of fixed assets (□14.74 Cr) supported the FCF and dividend.
15	Subsidiary Insolvency & Going Concern	Profit ↓ — capital impairment	—	Entities are technically insolvent and rely entirely on parent funding to avoid default.
16	Auditor Key Audit Matter: NRV Estimation	Profit ↑ — valuation risk	—	Auditor flagged significant management judgment in NRV of real estate inventories.
17	Stalled Asset Exposure	Profit ↓ — impairment risk	—	Zero revenue generation for the year indicates a stalled asset with no impairment taken.
18	Interest Capitalization Risk	Profit ↑ — expense deferral	—	High debt (□224 Cr) vs negative net worth; shifting to expensing interest would deepen losses.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion Type:** Unqualified / Unmodified.

- **Key Audit Matters (KAMs):**
  - **Estimation Uncertainty (Subsidiary Assets):** Auditor flagged the valuation of current assets (₹308.18 Cr) in High Terrace Realty, involving significant management judgment regarding the Net Realizable Value (NRV) of real estate inventories.
  - **Revenue Recognition (Construction):** Risks associated with project-completion-based recognition, which led to a 41.11% drop in subsidiary construction revenue, signaling high volatility and estimation risk.
- **Emphasis of Matter:**
  - **Material Uncertainty (Going Concern):** Financial data indicates three subsidiaries/JVs (High Terrace, Worship Infra, Bhilwara Toll) report negative net worth and zero revenue, typically triggering material uncertainty disclosures.
  - **Regulatory Investigation:** The income tax raid/investigation conducted in July 2020 remains "under appraisal" with proceedings still in progress.

B. Related party transactions

Party	Relationship	Nature	Amount (₹ Cr)	Concern
OMIL JV	Joint Operation	EPC Contract (Sale)	148.63 Cr	***Material RPT: 20.84% of Consolidated Revenue***
OMIL WIPL JV	Joint Operation	EPC Contract (Sale)	72.18 Cr	***Material RPT: 10.12% of Consolidated Revenue***
HCC OMIL JV	Joint Operation	Supply of Services	37.83 Cr	***Material RPT: 5.31% of Consolidated Revenue***
High Terrace Realty	Subsidiary	Interest Expense	14.57 Cr	***High Leverage: Interest consumes 24.20% of sub-revenue***
Bhilwara Jaipur Toll	Joint Venture	Interest Expense	3.04 Cr	***Distressed Asset: Zero revenue; entity unable to service debt***
Brccpl-OMIL-DARA-JV	Joint Operation	EPC Contract (Sale)	14.02 Cr	Ongoing operational dependency
Gurha Thermal Power	Joint Venture	Net Worth Share	12.81 Cr	Capital lock-up in terminated project

RPT Risk Checks: * **% of Revenue:** 38.24% (Exceeds 15% threshold) → **High Risk**. * **% of CFO:** 4,544.33% → **Severe Cash Leakage Risk**. * **Governance Concern:** RPTs account for over 38% of revenue while the company supports multiple insolvent subsidiaries. The mismatch between RPT volume (₹272.66 Cr) and Operating Cash Flow (₹6.00 Cr) suggests significant capital is structurally trapped.

C. Shareholding

- **Promoters:** 69.41% (Unchanged YoY).
- **Public:** 30.59%.
- **Pledged Shares:** 0.00% (No shares are pledged).
- **Concentration:** T C Kothari & Family Trust holds 11.85%.

D. Board composition + KMP compensation

- **Total Directors:** 6 | **Independent %:** 50.00% | **Women Directors:** 1 (Saloni Kala).

- **KMP Compensation (EBITDA = ₹20.00 Cr, EBITDA Growth = -74.68%):**
  - **Dharam Prakash Kothari (Chairman):** ₹0.997 Cr (+13.04% YoY).
  - **Sunil Kothari (Vice Chairman):** ₹0.997 Cr (+13.04% YoY).
  - **Vikas Kothari (MD & CEO):** ₹0.604 Cr (+19.84% YoY).
- **Family Correlation:** The Chairman is the brother of the Vice Chairman and father of the MD & CEO.
- **Analysis:** Total KMP compensation for the Kothari family increased by ~13-20% despite a **74.68% collapse in Operating Profit**. Aggregate KMP pay (₹2.958 Cr) represents 14.79% of total consolidated Operating Profit, indicating high management cost relative to earnings power.

F. Capital allocation & capex

Action	FY current (₹Cr)	FY prior (₹Cr)	% of CFO	Signal
Dividends	4.82	4.82	80.33%	—
Capex	2.04	16.28	34.00%	**Positive**
Net Debt Change	-20.00	-58.00	-333.33%	**Positive**
Working Capital Investment	-24.98	14.15	-416.33%	***Risk***
Interest Payments	22.09	24.83	368.17%	***Risk***
Asset Sales	14.74	17.89	245.67%	**Positive**

CAPEX Analytical Notes: * **CFO Coverage of Capex:** Ratio is 2.94. While CFO covers the minimal capex of **₹2.04 Cr**, it fails to cover interest and dividends. * **Nature of Capex:** Primarily maintenance-focused; growth capex has stalled as evidenced by the **87% YoY decline** in fixed asset purchases. * **Deployment Efficiency:** Revenue fell 36% despite prior year capex, suggesting a failure to sweat the asset base. * **Key Takeaways: The sharp reduction in Capex to ₹2.04 Cr signals a defensive posture as the company prioritizes survival over expansion.**

H. Risks

1. ***IT Investigation:*** July 2020 raid remains "under appraisal" after 4+ years. **Impact:** Potential for massive tax penalties and promoter-level legal action. (High)
2. ***Subsidiary Insolvency:*** High Terrace, Worship, and Bhilwara report negative net worth. **Impact:** Technical insolvency; requires permanent parent funding to avoid default. (High)
3. ***Tax Litigation:*** Disputed tax demands of **₹185.20 Cr**. **Impact:** Nearly 5x annual PAT; adverse ruling would trigger a liquidity crisis. (High)
4. ***Asset Impairment:*** **₹365.15 Cr** locked in non-operational Gujrat Warehousing. **Impact:** Potential for massive write-downs if silo projects remain stalled. (High)
5. ***Working Capital Stress:*** Cash Conversion Cycle spiked to **440 days**. **Impact:** Severe liquidity crunch; debtor days doubled to 146 days. (High)

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	3	→	Order Book 3.8x Revenue; 36% Revenue drop	Strong order book visibility but lumpy execution and high cyclicality.
Financial health	2	↓	CFO □6 Cr vs Interest □22 Cr; D/E 0.1x	Low parent debt is offset by severe subsidiary-level insolvency and poor cash flow.
Earnings quality	1	↓	CFO/PAT 0.17; Other Income > PBT	PAT is entirely driven by non-core items and tax credits; core operations are weak.
Management & governance	2	↓	Pay ↑ while Profit ↓; 38% RPT/Revenue	Promoter-first compensation and high RPT complexity outweigh clean pledge status.
Capital allocation & earnings visibility	2	↓	Capex ↓ 87%; ROCE 4%	Reinvesting with poor returns; dividends and interest funded by asset sales.

Business positives (for this company this year) * **[Order Book Visibility]:** Robust order book of **□2,655.75 Cr** provides 3.8x revenue visibility for the coming years. * **[Debt Reduction]:** Consolidated borrowings reduced by **□20 Cr** (from □91 Cr to □71 Cr). * **[Real Estate Monetization]:** Pallacia project has **□310 Cr** in remaining realizable value, acting as a cash cow. * **[Strategic Positioning]:** Successfully entered the high-growth Pumped Storage Project (PSP) segment with the **1,000 MW Kundah project**. * **[Asset Sales]:** Generated **□14.74 Cr** from fixed asset sales to support liquidity during a lean execution year.

Business negatives / concerns (for this company this year) * **[Revenue Collapse]:** Consolidated revenue crashed **36.02%** to □713 Cr, signaling severe execution delays. * **[Poor Cash Conversion]:** CFO of **□6 Cr** is only 16.6% of PAT, with working capital absorbing □25 Cr. * **[Subsidiary Insolvency]:** Three major subsidiaries/ JVs report **negative net worth**, including High Terrace Realty (-□4.29 Cr). * **[Governance Overhang]:** Promoter remuneration increased **13-20%** despite a 75% collapse in operating profit. * **[Aged Receivables]:** Receivables over 6 months jumped to **□187 Cr**, representing 65.6% of total debtors. * **[Stalled Assets]: □365.15 Cr** (25% of total assets) is locked in Gujrat Warehousing which generated zero revenue.

Overall scorecard summary Om Infra is currently in a state of operational and financial fragility. While the parent balance sheet appears deleveraged, the consolidated entity is plagued by insolvent subsidiaries, stalled assets, and a severe mismatch between reported profits and actual cash generation. Governance is a primary concern, as evidenced by rising promoter pay during an earnings crash and high RPT complexity. The business is on a **deteriorating trajectory** operationally, and its survival as a growth story depends entirely on the successful monetization of real estate and the resolution of large arbitration awards.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 7/10 — Governance Rating: 2

Part c: investor verdict

Thesis: Om Infra is a specialized EPC player with a massive order book and hidden real estate value, currently masked by a severe operational execution gap and poor governance practices. **Overall stance:** Watch **Rationale:** The disconnect between PAT and CFO, combined with rising promoter pay during a profit crash, necessitates a "wait and see" approach until execution stabilizes. **Re-evaluate when:** CFO/PAT ratio exceeds 0.8x and revenue returns to >□900 Cr levels. **BULL CASE:** High Court upholds the □587 Cr Bhilwara award, making the company net debt-free and funding new PSP projects. **BEAR CASE:** IT raid results in significant penalties and JJM receivables stretch beyond 200 days, triggering a liquidity crisis. **Key monitorable:** Receivables over 6 months: □187 Cr → Watch for reduction below □120 Cr.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Revenue Growth	39% Growth (Turnaround)	36% Contraction (Execution Failure)	The business has swung from a high-growth turnaround to a severe execution crisis within a single fiscal cycle.
Margin Trajectory (OPM)	7% (Stabilizing)	3% (Collapsing)	Operating leverage has turned sharply negative as fixed costs now consume a significantly larger portion of a shrinking revenue base.
Earnings Quality (CFO/PAT)	1.77x (High quality, cash-backed)	0.17x (Poor quality, non-cash)	Reported profits are now almost entirely decoupled from cash generation, relying on non-core income and tax credits to mask operational cash burn.
Working Capital (Receivables)	□130 Cr aged > 6 months	□187 Cr aged > 6 months	The rapid accumulation of legacy receivables suggests a deteriorating collection environment and a heightened risk of future impairments.
Management Compensation	Flat pay (High discipline)	13-20% Increase (Promoter-centric)	Management has abandoned pay discipline, rewarding themselves with double-digit raises despite a 75% collapse in operating profit.
Capital Allocation (Capex)	□16.28 Cr (Maintenance/ Growth)	□2.04 Cr (Stalled/ Defensive)	Growth investment has effectively ceased as the company enters a defensive survival mode to preserve liquidity.
Audit Risk Profile	Unmodified (Cleanup phase)	Unmodified with "Going Concern" flags	While the opinion remains clean, the auditor's focus on subsidiary insolvency and inventory valuation indicates rising structural fragility.

7.2 Persistent patterns

- **Massive Off-Balance Sheet Risk: Disputed tax demands of □185.20 Cr (~5x current PAT) remain a permanent "Sword of Damocles" over the company’s liquidity.**
- **Structural Capital Lock-up: Significant net worth remains trapped in non-operational, litigated, or technically insolvent subsidiaries (Bhilwara Jaipur Toll Road, Gujarat Warehousing).**
- **High Related Party Complexity: RPTs consistently exceed materiality thresholds, accounting for 15% to 38% of revenue, indicating a business model deeply reliant on inter-group transactions.**
- **Regulatory Shadow: The July 2020 Income Tax raid remains "under appraisal" after four years, representing a persistent and unresolved promoter-level legal risk.**
- **Government Counterparty Concentration: Revenue remains almost entirely indexed to Indian government water infrastructure schemes, making the company highly vulnerable to state-level budget cycles and bureaucratic delays.**
- **Internal Control Weaknesses: Recurring forensic red flags in accounting integrity persist, shifting from GST reconciliation mismatches to significant management judgment in valuing stalled real estate inventory.**
- **Litigation-Dependent Liquidity: The investment thesis remains binary and dependent on legal outcomes (arbitration awards) rather than consistent operational cash flow from the core EPC business.**