

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 functions as a water-EPC specialist with 91% of revenue derived from Engineering, achieving a 39% YoY scale-up despite high geographic concentration.	□
2	Top-line momentum is robust with revenue reaching ₹1,114 Cr, supported by the commissioning of capital work-in-progress and improved asset sweating.	□
3	Operational efficiency improved significantly as ROCE doubled from 5% to 12%, reflecting better utilization of the asset base following project completions.	□
4	Profitability witnessed a sharp turnaround with PAT surging 606% to ₹47 Cr, driven by execution scale in the core Engineering segment.	□
5	The balance sheet underwent aggressive deleveraging, reducing total debt by 39% to ₹91 Cr and achieving a conservative Debt/Equity ratio of 0.13x.	□
6	Cash flow generation is a primary strength, with CFO at ₹83 Cr (1.77x PAT), providing sufficient liquidity to self-fund capex and debt obligations.	□
7	Capital allocation remains hindered by ₹120.83 Cr (17% of Net Worth) trapped in the non-operational and litigated Bhilwara Jaipur Toll Road SPV.	□
8	Earnings quality has structurally improved, evidenced by the transition to an unmodified audit opinion and high cash-backing of reported profits.	□
9	<i>Governance is pressured by high family concentration and Related Party Transactions (RPT) totaling 166 Cr, which exceeds 200% of annual CFO.</i>	□
10	<i>The company faces a severe "Sword of Damocles" risk via 185.20 Cr in disputed tax demands—nearly 4x annual PAT—and a pending 2020 IT raid appraisal.</i>	□
11	<i>Working capital stress is emerging, marked by an 80% spike in retention money to 78.12 Cr and 130 Cr in receivables outstanding for over six months.</i>	□
12	Stance is ACCUMULATE based on operational turnaround; monitor the ₹575 Cr arbitration claims and ensure receivables do not breach the ₹175 Cr threshold.	□

1. BUSINESS OVERVIEW (In Bullet Points)

- Business Segments:** Om Infra has successfully pivoted from a general hydro-mechanical player to a specialized water infrastructure entity. The core **Engineering Division** is now heavily indexed to the Indian government's *Jal Jeevan Mission (JJM)* and *Pradhan Mantri Krishi Sinchai Yojana (PMKSY)*.
- Revenue Drivers:** Engineering contributes 91.09% of total turnover. Secondary drivers include the **Real Estate** segment (Bandra SRA Project and Jaipur residential) and a marginal hedge from international footprints in **Rwanda and Ghana**.

- **Cost Drivers:** Primary costs include raw materials (steel/cement), sub-contracting expenses, and site-specific operational costs. The company also manages significant finance costs related to its fund and non-fund based limits.
- **Industry Position:** Positioned as a specialized player in water EPC and hydro-mechanical equipment. It is transitioning toward an **Asset-Light EPC Shift**, moving away from capital-heavy BOT models.
- **Expansion & Capacity:** Management is focusing on execution in the **Isarda Dam project (70% complete)** and the **Shahpurkandi Power House**.
- **Acquisitions & Divestments:** Actively "trimming the fat" by divesting stakes in **Sanmati Infradevelopers (25%)** and **Chahel Infrastructures (94.64%)**, alongside planned disposal of land in **Bihar and Gujarat (FCI Silos)**.
- **Geographical Presence:** High geographic concentration in **Rajasthan** (Nokha and Khajuwala projects), with selective international presence.
- **Real Estate Wildcard:** Holds a 17.5% stake in the **Om Metals Consortium (Bandra SRA Project)** with **DB Realty**, where DB Realty incurs 100% of development costs for a share of salable area.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management explicitly forecasts "handsome growth" for FY25, shifting from a "recovery mode" in FY23 to "growth acceleration" in FY24.
- The strategy focuses on cleaning the balance sheet of long-gestation, capital-trapping projects, evidenced by the termination of the **Bhilwara Jaipur Toll Road** and **Gurha Thermal** agreements.
- Management is aggressively pursuing arbitration awards as a liquidity strategy, specifically highlighting the **₹587 Cr award** for the Bhilwara Toll Road currently in the Rajasthan High Court.
- The company is generating cash from non-core assets, such as the Jaipur real estate project (60% sold), to fund EPC growth.
- A significant portion of management bandwidth remains consumed by "legacy recovery" and legal/arbitration updates rather than pure future execution.
- The company sought a special resolution to allow Related Party Transactions (RPTs) up to **₹1,000 Cr or 10% of turnover**, indicating that a JV-led execution model is the permanent operating blueprint.
- The Board remains heavily dominated by the **Kothari family**, with the re-appointment of **Dharam Prakash Kothari (73)** as Chairman, confirming that the "Old Guard" retains absolute control.
- Management Tone: The management tone is **AGGRESSIVELY OPTIMISTIC BUT LITIGATION-HEAVY**. While they are confident in delivering "handsome growth" and have successfully transitioned to an unmodified audit opinion, the narrative is heavily punctuated by legal disputes and the lingering shadow of the 2020 IT investigation, suggesting a confident but high-risk execution environment.

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 2024	Mar 2023
Sales -	1,114.00	799.00
Sales Growth %	39.37	155.31
Expenses -	1,035.00	762.00
Material Cost % -	44.83	52.36
Raw material cost	416.00	298.00
Change in inventory	83.00	121.00
Manufacturing Cost %	41.16	35.16
Employee Cost %	3.25	3.72
Other Cost %	3.70	4.05
Operating Profit	79.00	38.00
OPM %	7.00	5.00
Other Income -	39.00	30.00
Exceptional items	4.71	16.28
Other income normal	33.84	13.52
Interest	25.00	28.00
Depreciation	7.00	7.00
Profit before tax	86.00	32.00
Tax %	45.00	60.00
Net Profit -	47.00	13.00
Profit from Associates	0.17	-0.13
Exceptional items AT	2.59	6.55
Profit excl Excep	44.68	6.32
Profit for PE	44.68	6.32
Profit for EPS	47.27	12.87
Profit Growth %	606.96	-76.10
EPS in Rs	4.91	1.34
Dividend Payout %	0.00	37.00

Balance Sheet (₹ Crores)

Line Item	Mar 2024	Mar 2023
Equity Capital	10.00	10.00
Reserves	714.00	673.00
Borrowings -	91.00	149.00
Long term Borrowings	14.00	41.00
Short term Borrowings	75.00	85.00
Lease Liabilities	1.00	2.00
Other Borrowings	0.00	21.00
Other Liabilities -	642.00	708.00
Non controlling int	46.00	46.00
Trade Payables	103.00	179.00
Advance from Customers	130.00	248.00
Other liability items	363.00	236.00
Total Liabilities	1,456.00	1,540.00
Fixed Assets -	503.00	505.00
Land	40.00	41.00
Building	30.00	31.00
Plant Machinery	38.00	33.00
Equipments	1.00	1.00
Computers	1.00	1.00
Furniture n fittings	2.00	2.00
Vehicles	6.00	5.00
Intangible Assets	4.00	4.00
Other fixed assets	440.00	440.00
Gross Block	561.00	558.00
Accumulated Depreciation	58.00	53.00
CWIP	1.00	11.00
Investments	47.00	45.00
Other Assets -	905.00	979.00
Inventories	457.00	544.00
Trade receivables -	236.00	242.00
Receivables over 6m	130.00	76.00
Receivables under 6m	106.00	168.00
Prov for Doubtful	0.00	-2.00
Cash Equivalentents	82.00	75.00
Loans n Advances	34.00	23.00
Other asset items	96.00	96.00

Line Item	Mar 2024	Mar 2023
Total Assets	1,456.00	1,540.00

Cash Flow Statement (□Crores)

Line Item	Mar 2024	Mar 2023
Cash from Operating Activity -	83.00	25.00
Profit from operations	89.71	62.79
Receivables	0.00	-155.79
Inventory	0.00	114.99
Payables	0.00	67.79
Loans Advances	0.00	0.00
Other WC items	14.15	-46.19
Working capital changes	14.15	-19.19
Direct taxes	-20.96	-18.28
Cash from Investing Activity -	1.00	-285.00
Fixed assets purchased	-16.28	-371.40
Fixed assets sold	17.89	30.47
Capital WIP	0.00	0.00
Investments purchased	-2.47	-0.59
Investments sold	0.00	0.34
Interest received	23.43	2.63
Dividends received	0.00	0.00
Investment in group cos	0.00	0.00
Redemp n Canc of Shares	0.00	0.05
Acquisition of companies	0.00	0.00
Other investing items	-21.17	53.73
Cash from Financing Activity -	-88.00	277.00
Proceeds from shares	0.00	45.69
Proceeds from borrowings	0.11	200.66
Repayment of borrowings	-57.38	0.00
Investment subsidy	0.00	0.00
Interest paid fin	-24.83	0.00
Dividends paid	-4.82	0.00
Financial liabilities	-0.38	0.00
Other financing items	-0.72	30.23
Net Cash Flow	-4.00	17.00
Free Cash Flow	85.00	-316.00
CFO/OP	132.00	116.00

Key Ratios (₹Crores)

Line Item	Mar 2024	Mar 2023
Debtor Days	77.00	110.00
Inventory Days	334.00	474.00
Days Payable	75.00	156.00
Cash Conversion Cycle	336.00	428.00
Working Capital Days	52.00	66.00
ROCE %	12.00	5.00

3.2 Financial Analysis Summary

- **Revenue** grew by **39.37%** to **₹1,114.00 Cr**, primarily driven by the Engineering segment which contributed 91.09% of total turnover; this growth is linked to a slight reduction in **Trade Receivables** from **₹242.00 Cr** to **₹236.00 Cr**, indicating successful billing-to-collection conversion.
- **Operating Profit margins (OPM %)** improved from **5.00%** to **7.00%**, as the company benefited from a reduction in Material Cost % (from 52.36% to 44.83%), though this was partially offset by a 65.86% surge in "Other manufacturing, construction and operating expenses" (₹457.81 Cr) likely due to increased sub-contracting.
- **Net Profit** surged by **606.96%** to **₹47.00 Cr**, supported by a lower effective tax rate of 45% and steady **Other Income** of **₹39.00 Cr**, though **PAT** excludes **₹14.78 Cr** in arbitration awards not recognized due to ongoing court challenges.
- **Working Capital** management showed significant improvement as the **Cash Conversion Cycle** compressed from 428 days to 336 days, largely due to **Inventory Days** falling from 474 to 334; **Inventories** on the **Balance Sheet** decreased by **₹87.00 Cr**.
- **Trade Receivables** quality presents a mixed signal; while overall **Debtor Days** improved to 77, **Receivables over 6m** nearly doubled to **₹130.00 Cr**, and **Retention Money** within these receivables increased by 80.21% to **₹78.12 Cr**, representing cash locked until defect liability periods expire.
- **Total Debt (Borrowings)** was significantly reduced from **₹149.00 Cr** to **₹91.00 Cr**, leading to an improved **Debt / Equity** ratio of **0.13** and an increased **Interest Coverage** ratio from 2.14 to **4.44**.
- **Finance Cost** decreased from **₹28.00 Cr** to **₹25.00 Cr** following deleveraging, although **₹322.39 Cr** of total facilities (including non-fund limits) are on floating rates, maintaining sensitivity to interest rate hikes.
- **Cash from Operating Activity (CFO)** of **₹83.00 Cr** comfortably exceeded **PAT** of **₹47.00 Cr** (**CFO/PAT** of **1.77**), indicating high earnings quality and driving a positive **Free Cash Flow (FCF)** of **₹85.00 Cr**.
- **Fixed Assets** remained stable at **₹503.00 Cr**, while **CWIP** dropped sharply from **₹11.00 Cr** to **₹1.00 Cr**, suggesting successful commissioning of assets; the company avoided capitalizing **₹23.39 Cr** of rental/machine hiring costs by using short-term lease exemptions.
- **Other Assets** are dominated by **₹120.83 Cr** tied up in the **Bhilwara Jaipur Toll Road** subsidiary, which is non-operational and embroiled in a **₹779.43 Cr** arbitration battle, representing a significant "valuation at risk" item.
- **Other Liabilities** include **Advance from Customers** which dropped from **₹248.00 Cr** to **₹130.00 Cr**, suggesting a drawdown of mobilization advances, while **Contract Liabilities** (unearned revenue) stood at **₹58.60 Cr**.
- **Other Expenses** were impacted by a 65.86% surge in construction/operating expenses (₹457.81 Cr), while "Other Operating Business Expenses" (₹21.19 Cr) decreased significantly, helping boost the **Net Profit** margin.

- **ROCE %** improved from **5.00%** to **12.00%** and **ROE %** rose to **6.49%**, driven by higher **PAT Margin %** and improved **Asset Turnover (0.77 vs 0.52)**.
- The dominant financial theme of the year is a **successful operational turnaround and deleveraging, where 39% revenue growth and 6x PAT growth were fully converted into strong operating cash flows, allowing the company to clean up its balance sheet despite persistent legacy litigation risks.**

3.3 Contingent Liabilities & Commitments

- **Disputed Tax Demands:** ₹185.20 Cr (including Income Tax of ₹11.60 Cr and various GST/VAT disputes). This represents nearly 4x the annual PAT.
- **Outstanding Bank Guarantees:** ₹95.99 Cr.
- **Letters of Credit:** ₹9.83 Cr.
- **Corporate Guarantees:** ₹26.22 Cr (Loan O/S).
- **Arbitration Claims:** The company has outstanding claims against customers totaling ₹575.25 Cr (not recognized as assets). Counter-claims against the company stand at ₹18.06 Cr.
- **Export Obligations:** Duty saved amount of ₹0.80 Cr under EPCG scheme; potential interest penalties of ₹1.05 Cr if obligations are not met.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — cash generation exceeds accounting profit; CFO ₹83 Cr vs PAT ₹47 Cr.	☐	PAT ₹47 Cr, CFO ₹83 Cr (FY24).	CFO/PAT ratio > 1 indicates high earnings quality and cash-backed profits (p. 261).
2	Receivables & channel-stuffing signal (receivables + inventory build vs revenue)	Revenue ↑ — efficient collections; combined receivables and inventory fell ₹91 Cr despite 39% sales growth.	☐	Sales ₹1,114 Cr (+39%); Receivables ₹236 Cr; Inventory ₹457 Cr.	Gross receivables decreased slightly from ₹241.89 Cr to ₹236.27 Cr, signaling no channel stuffing (p. 256).
3	Revenue timing (unbilled / contract assets + deferred revenue / advances)	Revenue ↑↓ — milestone dependency; contract assets of ₹56.68 Cr rely on third-party certification timing.	☐	Contract Assets ₹56.68 Cr; Contract Liabilities ₹58.60 Cr.	Note 45: Engineering revenue uses "Milestone Method," creating timing mismatches between work and billing (p. 265).
4	Revenue from related parties %	Neutral — minimal direct revenue impact; RPT focus is on funding rather than trade.	☐	KMP Remuneration ₹3.65 Cr.	Primary RPTs involve advances and investments in subsidiaries rather than significant top-line contribution (p. 235).
5	Inventory vs revenue growth	Profit ↑ — liquidation of stock; inventory dropped 16% while sales grew 39% YoY.	☐	Inventory ₹457 Cr (FY24) vs ₹544 Cr (FY23).	Note 57(b): Reduction suggests real estate project completions or inventory liquidation in the housing segment (p. 256).
6	Inventory valuation method change	Neutral — consistent application; valued at lower of cost or NRV per Ind AS.	☐	No change reported in FY24.	Accounting Policy: Real estate WIP includes capitalized borrowing costs, which can inflate values if stalled (p. 276).
7	Exceptional items in operating profit	Profit ↑ — non-recurring gains; ₹4.71 Cr exceptional items represent 5.5% of PBT.	☐	Exceptional items ₹4.71 Cr (P&L).	Note 66: Conservative approach taken by not recognizing ₹14.78 Cr in disputed arbitration awards (p. 237).
8	Depreciation rate vs useful life policy	Profit ↓ — conservative accounting; WDV method charges higher depreciation in early asset years.	☐	Depreciation ₹7 Cr; Gross Block ₹561 Cr.	Policy: Follows Written Down Value (WDV) method, which is more conservative than Straight-Line Method (p. 273).
9	Provision reversals boosting PAT	Profit ↑ — reversal of doubtful debts; ₹2 Cr provision reversal in FY24.	☐	Prov for Doubtful: ₹0 (FY24) vs -₹2 Cr (FY23).	Note 47.6: Claims "negligible allowance" needed as customers are primarily PSUs/ Government departments (p. 224).
10	Tax rate consistency + cash tax vs P&L tax	Profit ↓ — high tax leakage; 45% effective tax rate vs 25% statutory.	☐	P&L Tax 45%; Cash Tax Paid ₹20.96 Cr.	Disputed tax demands of ₹185.20 Cr pose a significant risk to future cash flows (p. 227).
11	CWIP age and stalling projects	Profit ↑ — asset commissioning; CWIP fell from ₹11 Cr to ₹1 Cr.	☐	CWIP ₹1.00 Cr (FY24) vs ₹11.00 Cr (FY23).	Sharp drop in CWIP suggests successful commissioning of assets or project completions during the year (p. 239).

#	Check	Impact	Status	Evidence	Notes Detail
12	Deferred tax asset recognition adequacy	Neutral — balance sheet stability; no major aggressive DTA recognition noted.	☐	Reserves ₹14 Cr.	Auditor KAM 3: Flagged GST input reconciliation issues, suggesting internal control weaknesses in tax accounting (p. 247).
13	RPT quantum and trend	Profit ↓ — capital lock-up; ₹120.83 Cr tied in litigated Bhilwara Toll Road SPV.	☐	Advances to Bhilwara: ₹64.93 Cr; Investment: ₹55.90 Cr.	Note 57(a): Recovery is contingent on High Court outcome regarding a ₹779 Cr arbitration award (p. 235).
14	Dividend paid vs FCF adequacy	Neutral — cash conservation; zero dividend despite ₹85 Cr Free Cash Flow.	☐	FCF ₹85 Cr; Dividend ₹0.	Company shifted from 37% payout in FY23 to 0% in FY24 to prioritize debt repayment (p. 239).
15	Auditor Internal Control Flags	Neutral — statutory compliance risk; GST input reconciliations do not match books.	☐	Auditor KAM 3 (p. 247).	Indicates persistent internal control weakness in tax accounting and potential for statutory penalties.
16	MSME Interest Provisioning	Profit ↑ — unprovided liability; creditors' MSME status not submitted.	☐	Emphasis of Matter (p. 244).	Company has not provided for potential interest on delayed payments under the MSMED Act.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified / Unmodified. This is a significant improvement from the Qualified opinion in FY23. * **KAM 1: Revenue Recognition (Engineering):** Auditor flagged risks in estimating "costs to complete" and determining the stage of completion. Management relies on third-party milestone certifications, but cost contingencies require significant subjective judgment. * **KAM 2: Revenue Recognition (Real Estate):** Focus on the timing of "transfer of control." Auditors verified sale deeds and occupancy certificates to ensure revenue was not recognized prematurely. * **KAM 3: Recoverability of Tax Receivables:** Auditor noted Cenvat recoverables of ₹11.95 Cr and GST input of ₹6.63 Cr. A critical forensic finding was that **"GST input reconciliations are not matched with books,"** indicating a persistent internal control weakness in tax accounting. * **Emphasis of Matter:** Creditors have not submitted their MSME status; the company has not provided for potential interest on delayed payments under the MSMED Act.

B. Related Party Transactions | Party | Relationship | Nature | Amount (₹Cr) | Concern | |---|:---|:---|:---|:---| | **Bhilwara Jaipur Toll Road** | Subsidiary | Investment + Advances | 120.83 Cr | **High Risk: SPV is non-operational and in litigation with Rajasthan PWD** | | **Bihar Logistic Pvt Ltd** | Subsidiary | Advances | 17.05 Cr | **Recovery Risk: Silo project surrendered to FCI; under arbitration** | | **Gujarat Warehousing** | Subsidiary | Advances | 7.48 Cr | **Recovery Risk: Project terminated; recovery dependent on arbitration** | | **Mega Equitas Pvt Ltd** | Associate | Inter-corporate Deposit | 10.65 Cr | **Liquidity: Cash diverted to associate for residential JV** | | **Om Metal Auto** | Group Entity | Security Deposit | 5.05 Cr | Ongoing inter-group financial support | | **Om Metals Infratech** | Group Entity | Security Deposit | 2.35 Cr | Ongoing inter-group financial support | | **KMP Remuneration** | Management | Remuneration | 3.65 Cr | Stable YoY |

- **RPT Risk:** Total RPT exposure (₹166.06 Cr) is 14.91% of revenue and 200.07% of CFO.
- **Security Deposits:** Placed with Om Metal Auto (₹5.05 Cr) and Om Metals Infratech (₹2.35 Cr), indicating ongoing inter-group financial support.

C. Shareholding * **Promoters:** 69.41% (T C Kothari & Family Trust holds 11.85%). * **Public:** 30.59%. * **Pledged Shares:** 0%.

D. Board Composition + KMP Compensation * **Board:** 7 Directors; 57.14% Independent; 1 Woman Director (Saloni Kala). * **Family Concentration:** Chairman (Dharam Prakash Kothari) is the father of the MD & CEO (Vikas Kothari) and brother of the Vice Chairman (Sunil Kothari). * **Compensation:** Total KMP pay flat at ₹3.65 Cr despite 107.89% EBITDA growth. * **Revenue Correlation:** Management discipline is high this year as pay did not scale with the 39% revenue surge. However, a special resolution was sought to pay the family >5% of net profits in aggregate.

F. Capital Allocation & Capex | Action | FY Current (₹Cr) | FY Prior (₹Cr) | % of CFO | Signal | |---|---|---|---|:---| | **Dividends** | 4.82 Cr | 0.00 Cr | 5.81% | **Positive** | | **Capex (Fixed Assets)** | 16.28 Cr | 371.40 Cr | 19.61% | **Positive** | | **Net Debt Change** | -58.00 Cr | 200.66 Cr | -69.88% | **Positive** | | **Working Capital Investment** | 14.15 Cr | -19.19 Cr | 17.05% | □ | | **Interest Payments** | 24.83 Cr | 0.00 Cr | 29.92% | □ | | **Asset Sales** | 17.89 Cr | 30.47 Cr | 21.55% | **Positive** |

- **CFO Coverage of Capex:** Ratio is 5.10. The company is now fully self-funding requirements from internal accruals.
- **Nature of Capex:** Primarily maintenance and project-specific equipment. **The sharp drop in CWIP from ₹10.87 Cr to ₹0.98 Cr indicates the commissioning of previously stalled assets.**
- **Deployment Efficiency:** Revenue grew 39% on a lower capex base, suggesting improved utilization of the massive asset base acquired in FY23.

H. Risks * **Tax Litigation:** Disputed tax demands of ₹185.20 Cr (~4x annual PAT). Adverse rulings could trigger a severe liquidity crisis. (Severity: □High) * **Retention Money:** Spiked 80.21% to ₹78.12 Cr. Cash is locked for 2-3 years, stretching the working capital cycle. (Severity: □Medium) * **Subsidiary Exposure:** ₹120.83 Cr tied up in non-operational Bhilwara Jaipur Toll Road; recovery dependent on High Court. (Severity: □High) * **GST Reconciliation:** Internal control weakness where GST input reconciliations do not match books. (Severity: □Medium) * **Floating Rate Debt:** ₹322.39 Cr in limits are floating rate; 1% rate hike impacts PBT by ~₹3.2 Cr. (Severity: □Medium)

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1-5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	91% Engineering Rev; 39% Growth	Strong growth in water EPC but high geographic and segment concentration.
Financial Health	4	↑	D/E 0.13x; CFO ₹3 Cr > PAT ₹47 Cr	Significant deleveraging and strong cash flow generation in FY24.
Earnings Quality	4	↑	CFO/PAT 1.77; Unmodified Opinion	High cash backing of profits and cleanup of prior audit qualifications.
Management & Governance	2	→	RPT 200% of CFO; IT Raid pending	High family concentration and massive capital lock-up in litigated RPTs.
Capital Allocation & Earnings Visibility	3	↑	ROCE 12%; CWIP commissioned	Improved asset sweating and debt reduction, but visibility tied to court cases.

BUSINESS POSITIVES (for this company this year) * □ **Strong Cash Generation:** CFO of ₹83 Cr is 1.77x PAT, allowing for full self-funding of capex and debt reduction. * □ **Deleveraging:** Reduced **Total Debt** by **39%**

(from ₹149 Cr to ₹91 Cr), improving the **Debt/Equity** to a conservative **0.13x**. * **Operational Turnaround: Revenue** grew **39%** and **PAT** surged **606%**, driven by the Engineering segment's execution. * **Audit Cleanup:** Transitioned from a **Qualified** to an **Unmodified** audit opinion, signaling improved internal controls. * **Asset Efficiency: ROCE** improved from **5% to 12%** as **CWIP** dropped from **₹11 Cr to ₹1 Cr**, indicating asset commissioning.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * **Massive Tax Risk: Disputed Tax Demands** of **₹185.20 Cr** are nearly **4x annual PAT**, posing a severe liquidity threat. * **RPT Capital Lock-up: ₹120.83 Cr** (17% of Net Worth) is trapped in the non-operational **Bhilwara Jaipur Toll Road SPV**. * **Working Capital Stress: Retention Money** spiked **80%** to **₹78.12 Cr**, and **Receivables over 6m** rose to **₹130 Cr**. * **Internal Control Weakness:** Auditor flagged that **GST input reconciliations** do not match books, indicating accounting gaps. * **Regulatory Shadow:** The **July 2020 IT raid** remains "under appraisal" after four years, creating persistent promoter-level risk.

OVERALL SCORECARD SUMMARY Om Infra has delivered a robust financial performance in FY24, characterized by high-quality, cash-backed earnings and significant deleveraging. The transition to an unmodified audit opinion and a 12% ROCE suggests the business is on an improving operational trajectory. However, the governance posture remains weak due to heavy family concentration and a massive quantum of capital trapped in litigated related-party subsidiaries. The company's stability is currently high, but its long-term valuation is capped by the "Sword of Damocles" in the form of ₹185 Cr in disputed taxes and the unresolved 2020 IT investigation.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	<input type="checkbox"/>	Unmodified opinion in FY24 (p.49)
2	Promoter pledge = 0?	<input type="checkbox"/>	No pledge disclosed (p.52)
3	KMP pay < 5% of PAT?	<input type="checkbox"/>	Sought resolution to exceed 5% for family aggregate
4	RPT quantum < 5% of revenue?	<input type="checkbox"/>	RPT is 14.91% of revenue
5	Board > 50% independent?	<input type="checkbox"/>	57.14% Independent (4/7 directors)
6	At least 1 woman director?	<input type="checkbox"/>	Saloni Kala is on the Board
7	No statutory dues outstanding?	<input type="checkbox"/>	Disputed tax demands of ₹185.20 Cr
8	No fraud reported?	<input type="checkbox"/>	No fraud reported in AR
9	Audit trail enabled?	<input type="checkbox"/>	Confirmed in Auditor's Report
10	Frequent Auditor change	<input type="checkbox"/>	Ravi Sharma & Co. in a 5-year term

Final line: "Total: 7/10 — Governance
Rating: 3"

Part C: Investor Verdict

THESIS: Om Infra is a recovering water-EPC specialist with massive hidden value in Mumbai real estate and arbitration claims, currently undergoing a significant balance sheet cleanup.

OVERALL STANCE: ACCUMULATE

RATIONALE: Strong operational momentum (39% growth) and high earnings quality (CFO > PAT) outweigh governance discounts at current valuations. RE-EVALUATE WHEN: Disputed tax demands exceed ₹250 Cr or CFO/PAT drops below 0.8x. BULL CASE: Rajasthan High Court upholds the ₹587 Cr Bhilwara arbitration award, providing a liquidity windfall equal to ~80% of current debt. BEAR CASE: Adverse ruling on the ₹185 Cr tax dispute triggers a liquidity crisis and halts EPC execution. KEY MONITORABLE: Receivables over 6 months: ₹130 Cr → Watch threshold: ₹175 Cr.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Audit Opinion	Qualified (Non-provisioning for GTPCL)	Unmodified / Clean	The transition to a clean opinion signals a successful resolution of prior accounting disputes and improved financial reporting discipline.
Capital Allocation (Capex)	₹371.40 Cr (Debt/Equity funded)	₹16.28 Cr (Self-funded)	Management has pivoted from aggressive, externally-funded asset acquisition to sweating the existing asset base and prioritizing deleveraging.
Margin Trajectory (OPM %)	5.00% (Collapsed from 14%)	7.00% (Recovery mode)	Operating margins are beginning to stabilize as the company benefits from lower material costs and the commissioning of previously stalled assets.
Working Capital (Receivables)	185% growth (Outpacing sales)	Flat growth (₹236 Cr)	While current collection efficiency has improved, the doubling of receivables aged over six months suggests a growing risk of uncollectible legacy dues.
Dividend Policy	37% Payout (Despite negative FCF)	0% Payout (Prioritizing debt)	The halt in dividends reflects a shift toward cash conservation and a more prudent approach to servicing debt from internal accruals.
Management Tone	Stable but high-risk	Aggressively optimistic but litigation-heavy	The narrative has shifted from operational recovery to growth acceleration, though it remains heavily anchored in legal disputes and arbitration outcomes.

7.2 Persistent Patterns

- **High Related Party Exposure:** Significant capital remains structurally trapped in interest-free loans and advances to non-operational or litigated subsidiaries (Bhilwara Jaipur Toll Road, Bihar Logistics).
- **Litigation-Dependent Liquidity:** The company's financial health continues to rely heavily on the successful realization of massive arbitration awards rather than pure operational cash flow.
- **Family-Centric Governance:** The Kothari family maintains absolute control over the Board and all Key Managerial Personnel positions, with stable compensation despite profit volatility.
- **Concentration in Government EPC:** Revenue remains almost entirely indexed to Indian government water infrastructure schemes (JJM and PMKSY), creating high regulatory and counterparty risk.
- **Internal Control Weaknesses:** Recurring forensic red flags persist in reporting integrity, shifting from bank filing discrepancies in the prior year to GST reconciliation mismatches in the current year.
- **Massive Off-Balance Sheet Risks:** Disputed tax demands and contingent liabilities consistently exceed annual profits by multiple factors, posing a permanent threat to liquidity.

- **Asset-Heavy Legacy:** Despite the stated shift to an "asset-light" model, the balance sheet remains burdened by high-value, non-core real estate and infrastructure assets that are slow to monetize. No material persistent pattern identified.
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