



“Om Infra Limited
Q4 FY’23 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to the Om Infra Limited Q4 and FY 2023 Conference Call. As a reminder, all participant lines will be in the listen-only mode, and anyone who wishes to ask a question may enter star and one on the touch-tone telephone. To remove yourself from the queue, you may enter star and two. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikas Kothari. Thank you and over to you, sir.

Vikas Kothari: Thank you everyone and a very good morning to all of you. I, on behalf of OM Infra, welcome you all to this fourth quarter and full year earning conference call. We shall be sharing key operating financial highlights from fourth quarter and full year ending March 31, '23. And before we begin, I would like to state that, some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to companies' financial performance have already been e-mailed to you. So please have a go-through on those documents.

So, thank you once again for everyone for joining and welcome to our company's conference call. It is good to be back after such a long absence. We hope that we will not have such long gaps in between our next conference calls. I am hoping everyone is doing well and staying safe. Since our last conference call organized back in 2017, looking back at past five years, our company has achieved significant growth and success in the business.

We have expanded our operations in new markets and have backed new hydro projects also that, have resonated well with our clients. Let me give you a small recap of our business. We have remained focused on our hydro business, which is our core strength. In the last four years or five years, we have been building a strong order book in our core business, which has grown by more than 4x since March 2018 to March 2023, which currently stands at over Rs 3,000 Crores. The company is placed well in hydro business by providing hydro-mechanical equipment, which is our monopoly business, which also includes the order book now of Jal Jeevan Mission, we bagged first-ever order in FY 2022.

We are well established in the hydro-EPC business, which is our core business, providing services like design, engineering, supply, direction, testing, commissioning, including transport, logistics, etc. From design to commissioning of hydro-mechanical equipment, then we are also into O&M contracts, long-term and short-term on-site maintenance. A lot of these hydro-power projects, which are decades old, have now started coming into repair and refurbishment also. So we are receiving a lot of queries for the repair, refurbishment, overhauling, which we are hoping will add a good amount of revenue.

There is a Government of India program on this, which is called DRIP, Dam Rehabilitation and Improvement Project, where the World Bank has funded a lot of projects, both for the Central Government and State Governments, and that brings a lot of opportunity. We have been fortunate to be successful in adding a couple of orders there. So, as explained to you, there is a lot of action happening in both hydropower, irrigation, and water industry, including Jal Jeevan mission. Over the past few years, Om Infra has consistently been building order work across all these three segments.

Since bagging our new order book, the company's execution run rate has also improved over the course of the past few years, it has helped in generating higher revenue in the engineering division, growing from around Rs 230 crores to over Rs 700 crores, which is a phenomenal growth of over 200% from FY '21 to FY '23, in the engineering business, which is our core business.

Back in March '22, Om Infra was qualified and backed the large project for the Jal Jeevan mission, which was totaling to over RS. 2,000 crores, which is backed by Government of India under the initiative of Har Ghar Jal, launched in 2019, by our honorable Prime Minister, and started in FY '21-FY '22, with a total budget allocation of RS. 50,000 crores to provide functional household tap connections to every household in rural India by 2024. Of course, there is time overruns, etc., so these projects are expected, we are expecting that, these projects under Jal Jeevan mission will take care of our continued growth in order book and revenue over the next, my best sense is, at least for the next five years to 10 years.

Coming on the margin profile of the Jal Jeevan mission projects - the EBITDA margins continue to be impacted by high input costs, which happened because of the Ukraine war, and basically, what happens is, the price increase gets compensated because we already have cost variation, price variation, in our order book, but there is a lag in getting compensated for the price variation. So there is an interim or an initial drop in margin, but the drop in margin gets eventually compensated by pay-off escalation. So, the contribution from the Jal Jeevan mission projects at the initial stages, once the price variation gets factored in, we generate a healthy margin of 8% to 12%, in the Jal Jeevan mission projects also.

Apart from our main business of hydropower and irrigation and water supply business, there has been a certain development in the real estate division also, where we have been monetizing the existing landline that the company has. So you have seen in the last two years, three years, we have started monetizing the land parcels available with the company.

We have residential projects in Rajasthan, which is Pallacia, and in Kota, at Om Green Meadows. We are expecting a total cash inflow of approximately RS. 400 crores plus, in the next two years to three years, in the financials, with the company. Coming on to our MHADA project in Mumbai, we have been holding this land since 2006-2007, with an investment of about RS. 120 crores, and since the project is huge, we reduced our holding and we reduced our financial exposure to this project by joint venture with DB Realty. There are certain delays in the project, and the consortium has appealed this case against MHADA in arbitration, and the matter is currently in the final stages of hearing, and we are expecting to have the outcome of that arbitration very soon. The total realizable revenue in this project will be phenomenal, as we already know, when we took up this project, the total saleable area in the project was roughly around 6,00,000 square feet, which is now increased to over 2.5 million square feet, and our share in that, with about 17% stake, should bring us a realizable revenue of over RS. 700 crores, as per current market rates. So this is going to be a phenomenal jump in the net profits of the company in the future.

Lastly on the business fronts, we have a few arbitration awards in our favor, which will be directly added in our operational cash flow of the company, over the next few years as and when they come.

From Bhilwara Jaipur toll road project, we are expecting around RS. 580 crores windfall that comes to the company's revenue. Then we have a couple of other small arbitration awards, which are in some stage of challenge, in high court and in various other places. For example, the NTPC Tapovan project, we have around RS. 50 crores arbitration were already won there, which has been challenged by NTPC, in the high court. NTPC has already deposited the full amount in the high court under protest, and we are fighting that in the high court of Delhi, hoping for a clear judgment to come where we will get these proceeds in our cash flow. So, with over RS. 500 crores of award in Bhilwara Jaipur and RS. 50 crores here, so roughly, we are expecting that over the next few years, the company should receive somewhere between RS. 500 crores to RS. 600 crores in terms of the net profit from these, the net revenue and profit from these couple of arbitration awards.

One big success that, we recently had was in a very old project called Kameng hydroelectric power project in Arunachal Pradesh, where we had a dispute with the government of India company called NEEPCO. We took this dispute into process defined by the Ministry of Power under CCIE and we were one of the first cases to be settled by CCIE and the outcome of that has been that we are expecting to receive about RS. 30 crores to RS. 40 crores from NEEPCO project, plus another about RS. 30 crores to RS. 35 crores of bank guarantees also, from the client. So, a long-drawn dispute in the project is now settled by the resolution committee and our expenses and cost has been agreed to be settled and the cash flows of that one, are expected to come in the next just maybe one or two months.

So, you know the good thing that has started happening with the government's focus on resolution of all disputes is actually seeing the light of the day now. So, I'm hoping that this will continue and all these long-drawn disputes, which were running into years, the time period of settlement has shortened significantly. So overall summing up on the cash flow estimation, we are expecting about RS. 1,800 crores of cash flow from the above-mentioned events, which will be added to the core operational cash flow for the next two years to seven years in our company's balance sheet. You compare this amount to the current revenues and the current balance sheet of the company; this is a significant upside.

Now let me take you through the hydro-power industry updates, over the last one decade, the Indian energy sector, energy transition has resulted in substantial shift in the placement of the biggest players and sources of fuel and the energy value chain. According to national electricity plan 2022, India would need an additional 17,000 megawatts of hydro capacity added between 2022 and 2031, the ideal balance for any nation, is to have a good fossil fuel and renewable, which is hydro mix.

Ideal mix for any country is 60%-40%, where 60% should come from fossil fuels and 40% should come from hydro because hydro is the only source of energy, which can be added and stopped in the shortest possible time frame. So the ratio got severely skewed against hydropower and that has kind of reason alarming level, which is why, the government of India has suddenly

increased their focus on development of or adding additional hydro-power capacity. So this 17,000 megawatts of hydropower capacity is expected to be added in the next few years alone. And we are already seeing a focus on that, by the announcement of new projects that have come up for bidding recently. Another 5,00,000 megawatts of renewable is also expected to be added on the grid, in the next few years.

India is aiming for a 50% capacity from non-fossil fuel sources by 2030. The need for flexible resources in the electricity grid has become extremely critical and therefore the focus by the government of India. Hydropower as a source has several advantages including flexibility, extended project life, technical maturity, a clean power source and advantages in irrigation, flood control, water security.

On an average, the project take about three years to five years longer than expected but once completed, they are a big source of revenue including power, at the cheapest cost. This has resulted in lack of information regarding ultimate project cost and limiting consciousness of the final tariff. But a lot of that is changing now with the hydro-power project getting completed, if not within the time period specified but with a marginal increase in the time period of completion. The central powers sector undertakings have been responsible for the majority of hydro-power plant constructions in India.

The private sector was involved in adding capacity in India but some of those projects, which were stalled because of various reasons are now coming back in the CPSU basket and therefore will also start seeing the development happening. Most of these large private sector projects have been taken over by NHPC, NTPC, SJVN and all the central government PSU and that will also come up for bidding and we will see the light of the day very soon.

Only about 811 megawatts of entire 2,100 megawatts capacity expansion in the previous six years, came into private sector, which is now coming back to the central government PSUs. Overall the private sector contributes to just 8% of the total installed capacity. This hindered the sector's progress and lower cost of competitiveness. The average price of hydro projects completed in the previous six years has been approximately 5.42-kilowatt hour, which is more than the highest fuel resource accessible, on the Indian grid. Over time, the government has brought in various enablers to assist the industry to recover. These include recognizing hydro as a renewable energy source, establishing the hydropower obligation and an independent entity with a 2.82% objective by FY 2030.

To increase the tariff discovery of hydro, recently CERC brought upon certain amendments, including increasing project tenure period to 40 years, increasing loan tenure period to 18 years and decreasing the annual escalation rates. These enablers can help in decreasing the tariff to RS. 4.6 per unit. India would be requiring a total addition of more than 17,000 megawatts of hydro to meet the HPO obligation target of 2030, which is 38% addition from the present deployed capacity.

In the current scheme, CPSUs are the best place to develop hydro projects by looking at the storage percentage, ability to absorb risk, packed by high costs, high bargaining power with state DISCOMs and the ability to access low-cost capital. Currently India has utilized 31% of total

hydro potential, which India has, which mainly comes from the Hilly region and a few states, which are still unexplored. Recently India has authorized its largest hydropower project in the nation's remote north-eastern frontier bordering with China as the country attempts to increase renewable energy to satisfy increasing electricity demand.

The government has sanctioned RS. 319 billion investments for 2,880 megawatt Dibang hydroelectric power project in Arunachal Pradesh, a state-owned hydropower company called NHPC responsible for development of that project. The project is expected to complete in the next nine years. Hydropower is recognized as renewable energy in India and it is seen as critical in the countries moving away from coal in order to shift by intermittent solar and wind supply.

Coming on to company's performance during the year company has received the LOA from BMC for the work of design build operation maintenance of Bhandup wastewater treatment facility under the Mumbai series disposal project stage 2 which is a fee around RS. 1,100 crores of which our Om Infra share is 30%. This project is expected to be completed in the next 48 months with the LOA and further 15 years of operation and maintenance.

During this year, this financial year the company is proud to have recommended a final dividend of 50% which is 50 paise per equity share on face value of one each for the financial year ended 31, March 2023. The company has additionally acquired 2.28% shareholding of Bhilwara Jaipur toll road through allotment of converting debt into equity now it has become shareholding and now it has shareholding of 51.28% in the subsidiary company.

At the end of FY '23 company has an order book of over RS. 3,000 crores which is more than four times of FY '23 revenues out of which roughly around, I would say 50% order book is of Jal Jeevan Mission and the remaining is hydropower projects. The Jal Jeevan Mission projects that we have backed are in the states of UP and Rajasthan. Both these states are very focused on fast execution of these projects. And likewise for hydropower projects also our clients are central government PSUs and some state governments which are very heavily focused on completion of these projects in a time-bound manner and therefore we will foresee the growth of revenues happening in the same manner as we have done in this financial year.

The company is also bidding for new Jal Jeevan Mission projects across the nation and expects to receive new orders in the near future. Om Infra with its dedicated track record and leadership position in the hydropower and the water infrastructure business is ideally positioned to capitalize on the potential in this field.

Coming on the financial performance for the quarter, the revenue for Q4, FY '23 has grown by 185% year on year to RS. 347 crores which is by far the highest we have ever done in the history of last 50 years of the company as compared to RS. 122 crores in Q4FY22. Operating profits for the quarter stood at RS. 21 crores up by 307% EBITDA margin was recorded at 6% which was largely impacted by the lag in the recognition of price variation from the Jal Jeevan Mission projects. So the 6% EBITDA margin is not true reflection of the actual margin in the project but it just reflects the lag in the recognition of the price variation from these projects. The net profit for the quarter was recorded at RS. 8 crores up by 201% year on year.

Coming to the full performance, the revenue for FY '23 has grown by 155% to RS. 799 crores as compared to FY '22 RS. 313 crores. Operating profit for FY '23 stood at RS 38 crores down by about 14% year on year. EBITDA margin was recorded at 5% which is largely impacted because of the lag in the Jal Jeevan Mission price variation. Net profit for FY '23 was recorded at RS. 13 crores which was up by 53% year on year. Gross debt to equity stood at 0.18, Net debt to equity stood at 0.07.

So with all this information I think I can leave the stage open for any question and answers from all the shareholders.

Moderator: The first question is on the line of Tanmay from Motilal Oswal. Please go ahead.

Tanmay: First of all congratulations. I believe this is your highest ever quarterly and yearly performance. So heartiest congratulations and I think your presentation is also very informative. If I can just start with, I have a couple of questions. I can just start with the first one pertaining to your margin. So based on what you said sir my understanding is that historically your engineering business has been posting operating margins of around 20%-22% odd. But now because of the Jal Jeevan Mission projects your margin would come down to around 14%-15% percent on a sustainable basis. Is that right sir?

Vikas Kothari: So, see Jal Jeevan Mission projects are certainly hydro mechanical used to be or is actually monopolistic kind of a business and therefore we enjoy double digit margins there. Jal Jeevan Mission is certainly not as commemorative in terms of the gross margin and or net margin but it's certainly double-digit margin. The only problem that happens is that the price variation affects the initial execution of the project because the price variation is always lagging behind by at least one quarter or two quarters. Because the formula is always based on indices and the indices take two quarters to come and therefore, the lag in the recognition of the price variation. Therefore, you see a bit of a dip in the margins.

Tanmay: Right sir. But in terms of absolute numbers, because of your increasing top line your overall profits will continue to grow. All we set a slightly lower margin per se?

Vikas Kothari: All of these projects that, we have bagged are, have been bagged with a healthy margin. We did have a bit of an impact because of the price rise, in the cost of raw materials because of the Ukraine war especially the UI pipes and increase in the MS. But we have as fast as the price rise happened, the price drop has also happened with equal speed. So we are seeing that, the margins are back to getting back to the double digits.

Tanmay: Right sir. And so if you could also throw some light on the, you said that is almost sale got the number correct said around RS. 1,800 crores strong your various monetization that, you have put in your presentation. So what is the timeline expected for some, of these cash flows and how confident are you that, that will happen?

Vikas Kothari: We cannot put any fixed timeline to this as of now, because any number given by me will be the best-case estimate. But what I can tell you is that the breakup of this RS. 1,800 crores is roughly about RS. 500 crores to, RS. 600 crores from MHADA, which is a real estate project in Mumbai. Then about RS. 500 crores to RS. 600 crores from road and about RS. 300crores, RS. 400 crores

from Pallacia, which is a real estate project in Jaipur. And the RS. 500 crores-RS. 600 crores is a road asset that, the arbitration that, we have and about RS. 100 crores from other arbitration. So that is how the cumulative figure of RS. 1,800 crores, RS. 1900 crores has come.

Now MHADA may take about three year to five years to come. Road is in litigation. So they've challenged it, in the high court and how the court processes work that. So my best-case estimate would be anywhere between two years to three years of it should come. Pallacia realization, the project is already completed. We have received the OC also. So therefore, the same now, the only thing that will happen is the sales velocity will increase and we will realize these revenues of roughly around Rs. 350 crores to RS. 400 crores, in the next two year to three years. So I have the highest amount of visibility, clear visibility on Pallacia, on the arbitration claims in the next two years to four years I would say.

Tanmay: Thank you very much sir and all the best. I'll probably join the queue again, if I have any more questions. I'll probably let someone else take up now.

Moderator: The next question is from the line of Pinaki Banerjee from AUM Capital Private Limiter. Please go ahead.

Pinaki Banerjee: Good morning sir. Actually my first question is, in your presentation, you have stated that, the current order books are about RS. 3,200 crores now and also that tenders, was Rs. 4,000 crores also, where we have biddings are in the pipeline. So sir, how confident are you, to grab these tenders, and where we are expected to emerge as L1 bidders in this Rs. 4,000 crores?

Vikas Kothari: So bidding is already in, they're all in various stages of bidding and we're hoping to add within this financial year another Rs. 500 crores to Rs. 1000 crores, at least, if not more. On a conservative basis, we should add about Rs. 500 crores to Rs. 1000 crores, at least in this financial year itself.

Pinaki Banerjee: Okay sir. Sir and the next question is coming to a balance sheet actually. Contrasting that inventories have actually, they are falling from Rs. 659 crores to Rs. 544 crores, but while the sundry data has increased by almost three times from Rs. 86 crores to Rs. 242 crores. Sir can you show some light on this, please?

S.K. Jain: Hello. This is S K Jain, CFO, behalf of company, I would like to answer this question. As the turnover grew by threefold in this fiscal year. in this fiscal year. Correspondingly our receivables also believes the same proportion. So far we were, if we're rising there work in progress at cost, This is the change of Indian accounting standard, the working program which has been ready for the billing to the some facilities but not been build and approved by the authorities have been booked as unbilled revenue in the balance sheet. But revenue have recognized as receivables in the balance sheet and we're going to receive the same. This has escalated receivables in the balance sheet up to Rs. 240 crores, as compared to Rs. 80 crores last year.

Pinaki Banerjee: Okay. Sir fine. That's all from my end, sir. Thank you.

Moderator: The next question is from the line of Rajneesh Behl as an individual investor. Please go ahead.

Rajneesh Behl: Yes. Congratulations on good set of numbers. Actually I have two questions like, you said, the hydroelectric project, I want to ask, whether you do bidding on EPC basis all the projects and how are the payment pipelines like milestone based or monthly based and do you have any, like penalty or liquidated damages closest on any of your projects or on all of your projects and how much is retention money being kept on these projects?

Vikas Kothari: So, we the big four hydro-power projects, which are of two kinds. One is central government PSUs and the other one is state government corporation. We have, your question was milestone driven payments. Yes, we have milestone driven payments and yes, we have progressive payments also. So we get typically, we get 5% to 10% advance from these clients against bank guarantee. Then we get milestone driven payments, which is after approval of design drawing after mobilization and besides then, at every stage of progress in the work, we get some payments. These are all stage payments.

The last 5% to 10% is retention amount, which is retained against the defect liability period. The defect liability period is roughly around 12 months and in most cases, we get released that 10% also against a bank guarantee. So therefore, there is a lot of requirement of non-fund-based limits, which is basically bank guarantee and bank guarantees, are pretty much our raw material, which but cash flows and payments are very healthy because hydro-power projects funding is already in place. So the moment, we place our bills, we get paid within 30 days to 40 days, so that's never a problem.

As regards penalties, yes, we do have penalties. Penalties can range from anywhere between 5% to 10% of the total project value, depending on the delay, that happens. Most of the time, the delays are not attributable to us. The delays are attributable to outside circumstances or because the delay is in site availability or land acquisition etc. So if the delays are not attributable to us, they are well compensated by the client to us. If the delays are attributable to us, then we have to incur penalty. We have been fortunate to not have incurred penalties in pretty much, I would say most of our projects.

Rajneesh Behl: That's good to know and is there any price variation clause on hydroelectric projects also because this involves a lot of steels now and is there any chance of improvement of working capital cycle?

Vikas Kothari: All the hydro-power projects that, we have in our order book, including the ones, which we are bidding for also, have price variation clause, built in them. We don't sign any contract without price variation built, in them. So that's, to answer your first question. Your second question was the working capital cycle is -- there is a significant improvement including state government -- particularly, central government PSUs are very healthy and their payment terms are very healthy. They don't delay their payments to states. So states also sometimes there are delays, but most of the time you get paid within 30 days to 60 days. So, usually not a problem. The only problem that happens is that because of milestones, the working capital cycles would get stretched, because milestones -- unless you achieve all the 10 items or 20 items in the milestone the payments are held up.

Rajneesh Behl: Understood. And second is on Jal Jeevan Mission projects. What is the current progress and the timeline for the completion of projects? And you are talking about the price variation clause. So is it like only fairly on the index basis or you have some pegging ratio for like steel material that would bag like it was under during the bidding now it has become 120 you will get full amount of variation or only it is based on the index.

Vikas Kothari: Our price variation formulas are already embedded in the contract and they are based on some formula and index. So -- in most cases they don't fully compensate. I wouldn't say 100% of the price increase is compensated but especially, when the rise is enormously high like what happened in the recent past. But I would say about 90% is covered. We get a price variation on account of rise in steel, on account of rise in cement, on account of rise in labor and fuel also.

Rajneesh Behl: Okay. And second question regarding what is the progress on current Jal Jeevan Mission projects and what is the timeline for completion of these projects?

Vikas Kothari: Jal Jeevan Mission has a lot of focus by, both the central government also and by the state government also. See, what happens in Jal Jeevan Mission projects is that 50% of the funding is coming from the central government and the central government is very strict about the timeline of the project. So therefore the fund disbursement and the utilization by the state government is also strictly monitored. So, this results in expeditious implementation of these Jal Jeevan Mission projects.

We are working and we have two large orders from two large state governments, which is UP and Rajasthan and both governments are very focused on the early completion of these projects. So, the current order book that we already have my expectation is in the next 12 months to 24 months all these orders should get completed without any delay beyond that.

Rajneesh Behl: That's very good to know, that is quite fast and the third question regarding your monetization you said that road arbitration will take place maybe two years to three years of time. So, during these two years, three years, whether we will get further interest costs on our base price, which is already awarded?

Vikas Kothari: So, the award is already covering the interest until the time the payment is made to us. But what happens typically is that, first we have to win in the court then after winning in the High Court we have to state government will obviously appeal in the Supreme Court also. Once the state government appeals in the Supreme Court they lose in the Supreme Court then the state government will invite us for a negotiation.

So in that process, I'm not very confident whether we will get the entire amount and whether we'll get the entire interest also which has been already awarded. The award already covers the interest also until such time that the payment will be made. But when it comes to settlement, we may have to forego some interest amount, we may have to forego the rate of interest etc. So therefore there is a bit of a vague idea behind the final amount.

Rajneesh Behl: Understood and for real estate project for the Jaipur, you say another two years, three years' time will be taken. So, is there any stage why the realization like in this financial year, next financial

year, how much will be the realization in if you consider like two years to three years of time frame.

Vikas Kothari: So, since the project is already completed and since the OC has also been received for our Jaipur project, so therefore in terms of realization there is nothing holding it back. Now, with the revenue realization revenue recognition will strictly, will simply depend on the sale. So, as soon as the sale happens the registry of that sale can be done immediately and therefore the 100% recognition of that sale can be done also.

Rajneesh Behl: Okay. So are you expecting any revenue in this year?

Vikas Kothari: In this financial year based on, the number of units that we sell in this financial year the entire sale will be recognized for those units sold. How many units we sell, it's just an estimate. But since the project is completed, I think the sales should be quite healthy.

Rajneesh Behl: Is there any terms in value terms you can quantify, how much may be that value?

S. K. Jain: Sorry. I would like to interfere, in terms of sales of the Pallacia project we have only recognized so far Rs. 120 crores out of sale of Rs. 292 crores based as a confirmation. The balance of Rs. 170 crores will be recognized in this financial year as soon as we get the conveyance deeds of those buyer. Money has been realized by us, probably only conveyance deed execution is pending and as soon as that gets, we will recognize the revenue in our balance sheet in this current year. We are expecting that Rs. 100 crores and Rs. 120 crores will be revenue recognition in Pallacia in this year, even if you don't sell any project any new unit.

Moderator: Thank you Mr. Behl request you to join the queue for any follow-ups. The next question is from the line of Gunit Singh from CCIPL please go ahead.

Gunit Singh: Hi sir, I just have one question so looking at the current run rate, we get the revenues of around Rs. 350 crores and I just want to know whether this number is sustainable or not so can we expect to do the revenues of about Rs. 1,400 crores in FY 2024. And as per the margin profile as you said there is a price variation clause. So, can we expect the margins to be in double digits in FY 2024.

Vikas Kothari: So, the revenue recognition when it comes to these kinds of projects is not a linear revenue recognition in the sense. Especially in monsoons, where the recognition from infrastructure EPC goes down and it also truly depends on how much of supplies we do. So, I would suggest that you should not look at the revenue recognition on a quarter-to-quarter basis, but certainly on an annual basis we will certainly have a significant growth in our annual revenues from the engineering business from the current existing order book itself, because you see the Rs. 3,200 crores of order book where we are at the peak of the execution anyway. So all of these projects are already at their 20%, 30%, 40% of execution.

Now obviously, the work doesn't stop nor does it slow down it just keeps on growing from here. So therefore Rs. 3,200 crores to be executed over the next two years to three years maximum. Even if I linearly divide that will result in at least a Rs. 1,000 crores in revenue in the engineering business alone is what our expectation for this current financial year. Added to that will be

revenue growth from the real estate and from other sources. As far as margin is concerned the margin is already locked in the project, is the worth bid. So margins will continue to improve in fact we'll keep on adding the escalation revenue, the price variation revenue also which will further improve the margin going forward.

Gunit Singh: All right great, thank you very much. So is there any internal number that you're looking at the kind of growth for FY 2024.

Vikas Kothari: I would say, at least from Rs. 700 crores the engineering revenue should jump to Rs. 1000 crores plus in this current financial year.

Gunit Singh: All right. Great, that is very encouraging. That's all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Rishikesh Oza from Robo capital. Please go ahead.

Rishikesh Oza: Hi sir, thank you for the opportunity. So, my first question is regarding the real estate. So what operating margins are we looking for a Mumbai project and for projects excluding Mumbai?

Vikas Kothari: I won't like to comment much on the Mumbai project because unless and until the revenues breaking mission starts. Margins anyway are already frozen because on this expected revenue of Rs. 600 crores to Rs. 700 crores from the Mumbai project, our cost towards that project will be very minimal. We may have to just contribute the premium that you have to pay to MHADA and the construction cost. So our margin in terms of profit margin in that expected revenue of Rs. 600 crores to Rs. 700 crores is phenomenal. So that is to answer one part of your question. The other part regarding Jaipur project, Jain sir.

S.K. Jain: Yes we would be closing the operating revenue of 20% after the sales are entirely booked. We are hoping that Rs. 600 crores plus will be booked in the revenue in total and we will have a profit of 20% that is pre-tax.

Rishikesh Oza: 20% is the profit PAT margin you are talking about?

Management: Pre-tax.

Rishikesh Oza: Pre-tax okay and also one more question on the MHADA so could you share any timeline like when can we start with the project or anything?

Vikas Kothari: As of now we are waiting for the arbitration award to come once arbitration gets concluded then all the other things are going to start moving. In the sense that then we'll know what are the timelines, what are the process to start implementation on the project

Rishikesh Oza: Okay and when is the next hearing?

Vikas Kothari: I'm hoping that by July or August we should receive the arbitration award in our hand, arbitration decision not award, arbitration decision in our hand.

Rishikesh Oza: Okay that's good thank very much.

- Moderator:** Thank you. The next question is from the line of Harsh Saraswat as an individual investor. Please go ahead.
- Harsh Saraswat:** Good afternoon Vikas ji thanks for the con-call I hope this will be a continuing practice going forward.
- Vikas Kothari:** Absolutely. It will be, yes.
- Harsh Saraswat:** So I have a few questions on Bhilwara Toll, has the order been challenged and any amount deposited under protest by the government.
- Vikas Kothari:** The order has been, Jain sir, there is no money deposited in the court by the state government but the order has been challenged by them in the high court.
- Harsh Saraswat:** So would they need to deposit any amount under protest for challenging the order?
- Vikas Kothari:** Jain sir, can you throw some light on it?
- S.K. Jain:** I would like to add here that the arbitration award was given in two phases one is an interim award for debt and second is the final award for equity. Debt award has been received and the amount has been deposited in the bank and our loan has been almost fully liquidated by the PWD by depositing the money into the bank. So our debt liability has almost been over and the equity award which has been received recently in February for Rs. 579 crores, debt award is in the process of a challenge by the PWD in commercial court, high court and we don't think that they will be able to challenge this award without depositing any initial deposit into the court maybe 10% to 20% but they will surely deposit some amount of money in court before going to challenge for this award.
- Harsh Saraswat:** Yes got it. So that means the first Rs. 199 crores we have received and the debt has been paid off?
- S.K. Jain:** Almost 90% of debt has been kicked off.
- Harsh Saraswat:** Okay and who holds the remaining stake in the company, Bhilwara Toll?
- S.K. Jain:** 51% is hold by us and 49 % is hold by S.T.M.L. Infra limited is a base company
- Harsh Saraswat:** Okay got it. On the real estate project of Jaipur, Pallacia what is the average selling price we are realizing right now and has it increased in last two years, three years?
- S.K. Jain:** Right now we are selling at roughly Rs. 12,000 per square feet and, Rs. 12,500 per square feet and last three years, four years post-pandemic, amount is same almost and in the initial stage when we launched the project in 2011-2012 that time it was Rs. 8,000 per square feet.
- Harsh Saraswat:** Okay and on the Jal Jeevan Mission I wanted to ask, what are the receivable days in the Jal Jeevan Mission?
- S.K. Jain:** 45 days.

- Harsh Saraswat:** 45 days, okay. So going forward if our turnover goes up working capital need and debt will be going up in the company is it right to presume that?
- S.K. Jain:** No working capital cycle will be reduced and debt will not increase because these budgets are not on debt basis, it's all on cash content basis. So debt will not be much but working capital cycle will be improved much as against current cycle.
- Harsh Saraswat:** Okay and last portion on the MHADA project so DB realty would be constructing this project going forward or we will be looking for another partner in the project?
- Vikas Kothari:** We are still contemplating that, we are still working on that, so there's nothing frozen on that yet.
- Harsh Saraswat:** Okay, but our stake won't reduce from the 17% which we hold, that will be there no?
- Vikas Kothari:** Yes, that will be there.
- Harsh Saraswat:** Great, thank you so much for your time and all the best for the future.
- Vikas Kothari:** Thank you.
- Moderator:** Thank you a reminder to our participants please press star and one to ask a question. The next question is from the line of Jagdish Mundhara as an individual investor. Please go ahead.
- Jagdish Mundhara:** Hello. Namaste.
- Vikas Kothari:** Namaste.
- Jagdish Mundhara:** I will be asking the question in Hindi and request you also to answer in Hindi, as some of our participants would be comfortable in Hindi.
- As I have noted many of my queries had already been address by you like first one was on arbitration, national highway, MHADA, NTPC and NIPCO. So Vikas ji has almost address on all these like national highway will take two years to three years, MHADA will also take some time. I couldn't hear you properly on NTPC and regarding NIPCO the award of RS. 30 crores to RS. 40 crores on mutual settlement basis should not take much time according to me. So what is your position on it?
- Vikas Kothari:** We will be getting the award on NIPCO in coming two months to three months, NTPC we will get in one year to two years and highways we will get in two years to three years.
- Jagdish Mundhara:** And the arbitration on MHADA according to me that time...
- Vikas Kothari:** The arbitration decision on MHADA will come in next six months, but receiving arbitration decision alone is not enough, after arbitration decision we will do the project planning. Arbitration decision is required by us, as the previous projects which we did, then FSI was four square feet, five square feet, seven square feet but now the FSI has increased, so what will be the model of revenue share or the premium which we have to pay to MHADA, so these are all

the issues under arbitration. So only after the arbitration decision, the project will takeoff. The revenue recognition on the project can be considered in three years to five years.

Jagdish Mundhara: As a landowner even after the sanction of FSI we can do in advance booking there is no problem in it and being a landowner we are not required to do any expenditure for development?

Vikas Kothari: Yes, numerous options are available but we will have to choose the best one for us.

Jagdish Mundhara: Suppose FSI is sanctioned in our favor, considering 20,00,000 square feet, now you are saying 2 million square feet, but in your earlier presentation it was 2.8 million square feet, in current presentation it is 2 million square feet. So even for this 2 million square feet, at 17.5% which comes to 3,50,000 I would like to know will it be our net realization, will we get it completely or we will have to do some compromise in that 3,50,000?

Vikas Kothari: It all depends on the deal of the structure; it is possible that we may have to bear the construction cost of bare shed and we will also have to bear the premium which is to be paid to MHADA. So, hypothetically if the rate in that area is RS. 30,000 per square feet to RS. 40,000 per square feet the construction cost of RS. 8,000 per square feet to RS. 10,000 per square feet will have to be borne by us and we will also have bear whatever premium comes in arbitration award. So this all will go from the revenue and still we will make revenue on it.

Jagdish Mundhara: So, when you entered in JV with DB was this condition was not put forward that we are providing the land and you do the development, why should we bear development cost because normally this is what happens in JV that landowner...?

Vikas Kothari: In joint venture, same condition is there, but he has to construct for certain FSI only. Now, with the additional FSI received, they are not going to pay the entire construction cost, they have to bear cost for certain FSI and the remaining FSI construction cost, each one has to bear as per their share. This is how, our agreement is, with them.

Jagdish Mundhara: Ok. It's logically, mindful. We were expecting old FSI, as per old agreement, assume 1,50,000 or 1,75,000 or 2,00,000 was there, DB Realty will get it done through their contractors, as it is, without any burden on us. Above that, if there we get 1,50,000 or 2,00,000 or 3,50,000, so for 1,50,000, we have to pay RS. 10,000, right?

Vikas Kothari: Yes. For the additional FSI, we have to pay for premium and construction cost

Jagdish Mundhara: While you were counting eight years-10 years back, RS. 750 crores revenue. After increase of FSI and increase of rate in Bandra, it is not RS. 30,000, RS. 40,000 right now, currently hearing, it is above RS. 50,000, RS. 60,000, then too, in the PPT, it is showing up RS. 750 crores, you should have increase it up. You are displaying the project revenue seven and half years, 10 years same amount, repeating again 10 years old after?

Vikas Kothari: These all are also, estimates now. Till the deal doesn't get concludes, till the revenue recognition doesn't starts, these all, will be remain as estimates, we all can only guess. We prefer to be conservative, if it all goes well, it will be good always and it will happen better

- Moderator:** Thank you the next question is in the line of Rajneesh Behl as an individual investor please go ahead.
- Rajneesh Behl:** I have some two follow up questions, in your previous presentation, you mentioned something about silo projects, so, what are you targeting any projects in future for the silos?
- S.K. Jain:** Yes, this is S Jain, I would like to question, Silo project, we have taken this year 2017 from FCI and the aggregation of land was a big challenge on the location, where the railway station is nearby, so the time taken by us, in land aggregation. 20 acre land has been aggregated in both the location Bihar and Gujarat, some very small parts of land has been pending for government approval or local administrative approval, without those approval, we are not able to launch, execute the project and we applied to FCI for the time extension also, as soon as the small part of land is aggregated, we will start execution of the project and going forward in two years to three years, we hope that, we will complete the project for the 30 years transition period with FCI. Now, so we have not covered this in presentation because without land approval, we are not able to commit on anything
- Rajneesh Behl:** And if you get all this project under execution, so what will be the revenue recognition like a rough at three-year recognition for like 30 years?
- S.K. Jain:** The concern agreement is about RS. 50 lakhs each location as a rental for every month, both the project combined together comes to RS. 12 crores per year as a revenue and again those interest expenses, depreciation expenses and the miscellaneous expenses, can be RS. 9 crores to RS. 10 crores per year. So RS. 2 crores may be profit in this project for 30 years. After 12 years, the profit will be high.
- Rajneesh Behl:** Understood and what is your bid win ratio for the projects, which you are bidding for hydro mechanical works and for the Jal Jeevan works?
- Vikas Kothari:** Sorry. What was your question?
- Rajneesh Behl:** What is your bid win ratio like tender win ratio?
- Vikas Kothari:** Yes bid win ratio I would say, whatever projects we have bid for so far our success ratio has been quite strong. We have, maybe lost out of 10 bids, I would say about 50%.
- Rajneesh Behl:** Okay. that's very good and like knowing last question regarding this MHADA project because this project is being delayed and it will take another five years, six years to sell and do the realization of the amount and when you have the tie-up with the DB Realty, which is also like going through some tough times and they are also selling their projects. So do you have in mind that, you may diversify, like diverse this business, like real estate business and just focus on your core business of like EPC and turnkey projects?
- Vikas Kothari:** Real estate is anyway not our core business. Whatever projects we have, we are right now having around historic land bank that, we have had. So real estate is not our focus business and we will be just monetizing the current existing land bank and that's it, after this, there will be no addition of new land bank.

- Rajneesh Behl:** Okay and in this hydro mechanical business what I understand that, when you do the like turnkey projects after that, there will be some repair and maintenance work also like AMC, kind of business, do you also get that business or you are not in that business?
- S. K. Jain** I would like to answer this question that, in some projects we do O&M for next three years to five years after that, completion of the project and in some project, government award us, only for O&M or repair and maintenance. Right now, we have projects like Shahpur Khandi, where we have O&M for 10 years, this kind of mix is there, depending upon the project and project nature.
- Moderator:** Thank you. We have the next question from the line of Pinaki Banerjee from AUM Capital Private Limited. Please go ahead.
- Pinaki Banerjee:** Sir thanks for providing the opportunity again, sir. Just a hypothetical question sir. Since the real estate is not your mainstay business, do you have any plans to demerge it, for proper value unlocking of the company in future, any plans for that?
- S.K. Jain:** No, we have only two projects going on in real estate in one in Kota and one in Jaipur, both the projects have been completed. No need of any hurry. We will get the revenue added in our consolidated balance sheet going forward in next one year or two years, it will be over and we don't need any demerger process right now. Better than, we get a revenue of RS. 3,00 crores to RS. 4,00 crores to RS. 5,00 crores to be added in our revenue, a couple with the main core business revenue.
- Pinaki Banerjee:** Okay sir. Fine. Thank it.
- Moderator:** Thank you. The next question is from the line of Harsh Saraswat, as an individual investor. Please go ahead.
- Harsh Saraswat:** Hi. I wanted to ask on the auditor's qualification, which are reported on the Gurha thermal power company limited. Can you throw some light on that?
- S.K. Jain:** Yes. This project of Lignite based thermal project was taken by some ten years back in Rajasthan and government couldn't provide us the access to the Lignite. So, we terminated the contract with government and filed an arbitration in the court and the arbitration processes is in, going still, and we have claimed RS. 30 crores fees, as a compensation from the government for non-supplier of access to the plates of Lignite. This is going and we are expecting that, in the next two years to three years, this will be sorted out with Government.
- Harsh Saraswat:** So why has auditor qualified as opinion on this and not on other arbitration for this?
- S.K. Jain:** Because the investment in Pura thermal, because the investment is roughly RS. 8 crores and auditor has qualified that, this amount will be recoverable or not, it's not sure. So last year, they had also qualified Bhilwara, Jaipur toll Private Limited but since the final award has been received, they removed qualification. This qualification is continuing because the award has not been received till now.

- Harsh Saraswat:** Got it. And other qualifications if you can throw some light there are, three qualification, four qualification in the auditor's report?
- S.K. Jain:** Yes. One qualification is on Rwanda project, where we have booked a small invoice in May '22 for some approximately RS. 5 crores but the Rwanda authority changed the parameter of that invoice and told that, this kind of engine is not to be supplied. This kind of engine is to be supplied. So the invoice which, we raised for RS. 6 crores got partially rejected in March '23, so we reversed that invoice.
- Harsh Saraswat:** This is the one, which you raise revised?
- S.K. Jain:** For the Rwanda authority in Africa Yes.
- Harsh Saraswat:** Okay. This qualification has been reported first time now?
- S.K. Jain:** First time. Yes.
- Harsh Saraswat:** Okay. Thank you.
- Moderator:** Thank you, a reminder to our participants. Please press star and one, to ask a question. The next question is from the line of Jitesh Jain as a shareholder. Please go ahead.
- Jitesh Jain:** Good afternoon everyone I have been a shareholder for the last many years of Om Infra and in fact very happy, the way, from the revenue of RS. 100 crores, the company moved to about RS. 700 crores and the last two years I have seen the company management getting quite ambitious. So, can we probably expect order book of around RS. 5,000 crores plus very soon?
- Vikas Kothari:** We are hoping that Jitesh, we are bidding for new projects in NHPC in Arunachal Pradesh and Jal Jeevan mineral project in MP and UP. We are hopeful that, we will get addition of RS. 1,000 crores order book in this year, if the margins are good, we will definitely back the order.
- Jitesh Jain:** Okay. All the best for this question.
- Vikas Kothari:** The competition is very fire; we are not bidding on those project.
- Jitesh Jain:** Okay. And also the new project I saw there is something called as FGD systems, is this a new area of business that, the company is looking to get into?
- S.K. Jain:** Yes. We are exploring in joint venture with some party but we cannot tighten on this kind of project, we will be very opportunistic to decide on this project, whether we bid or not
- Jitesh Jain:** Okay. Anyways all other points are covered by most of them so that's it from my side and all the best for the management.
- Vikas Kothari:** Thank you. Jitesh.

Moderator: Thank you. Ladies and Gentlemen, please press star and one to ask a question Ladies and Gentlemen as there are no further questions from the participants, I now hand the conference over to Mr. Vikas Kothari for closing comments, thank you and over to you sir.

Vikas Kothari: Thank you very much for everyone's participation, we hope that we could answer each and every question of all our valuable shareholders as conveyed by me, in my initial speech earlier, we are very positive and we've had an astounding growth, in our revenues and we hope that we will continue the same going forward, yes, and also, we assure you that, we shall continue to have such conference calls without any break. Please feel free to reach out to us for any further queries and I'll hand it over to Stellar.

Moderator: Thank you very much. Ladies and Gentlemen on behalf of Om Infra Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines

Vikas Kothari: Thank you very much.

Moderator: Thank you.