



“Om Infra Limited Q3 & 9 MFY24 Earnings  
Conference Call”

**February 14, 2024**



**MANAGEMENT: MR. VIKAS KOTHARI – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER, OM INFRA LIMITED  
MR. SUNIL KUMAR JAIN – CHIEF FINANCIAL OFFICER,  
OM INFRA LIMITED**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the Om Infra Limited Q3 and 9 Months FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that the conference is being recorded.

I now hand the conference over to Vishal Mehta. Thank you and over to you, sir.

**Vishal Mehta:** Thank you. Good evening, everyone. I, on behalf of Stellar Investor Relations, welcome you all to Om Infra Q3 and 9MFY24 Earning Conference Call.

We shall be sharing “Key Operating and Financial Highlight” for the 3rd Quarter and 9 Months ended December 31, 2023.

We have with us today the Senior Management Team of Om Infra Limited, Mr. Vikas Kothari – Managing Director and CEO, and Mr. Sunil Kumar Jain – Chief Financial Officer.

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 risk and uncertainties. Documents relating to the Company's financial performance including the investor presentation have already been uploaded on the website of the stock exchanges.

I now invite Mr. Vikas Kothari to share his initial remarks on the Company's performance for the 3rd Quarter and 9 Months. Thank you and over to you, sir.

**Vikas Kothari:** Thank you Vishal and good evening, everyone and welcome to our Company Q3 and 9 Months FY24 Earnings Call. Hope you all have been able to go through our “Investor Presentation” for Q3 and 9-month FY24. As we have been apprising you on our previous calls, our execution run rate has been improving consistently.

In the 9 Months ended December 31, 2023. We are happy to report that our revenues of Rs 818 Crores, which is the highest ever in the history of our Company and is up by almost 81% year-on-year and is significant achievement considering our full year FY23 revenues of Rs 799 Crores. Profitability for the operating and

net margins also improved during 9 Months period. In 9 Months FY24 our EBITDA margin counted about 7.8% and net profit margin at about 5.3%.

In Q3 FY24, the execution run rate remained robust across the Engineering segment and pick up in sales witnessed in the Real Estate segment too leading to overall revenue growth. Engineering business profitability maintained the EBIT margins at about 11% in Q3 FY24. Our overall EBITDA margins were impacted due to a timing mismatch in revenue and expense booking in execution of some of our projects.

Our outstanding order book remains healthy at about Rs 2,500 Crores, which translates to about 3x of our FY23 revenues and provides the good revenue visibility for the next 2-3 years. The order book is well diversified with a good mix of hydro and water projects and Jal Jeevan Mission projects and pumped storage project also.

Hydro and water projects are typically irrigation, construction of dam, hydro mechanical equipments and are executed over the next 3 to 4 years and give us a good EBITDA margin of about 18%. Revenues for these projects are recorded on a project completion basis.

On the other hand, Jal Jeevan Mission projects have two major components which includes pipe procurement and laying, and other EPC related works related to civil structures like overhead tanks, pump houses, CWR, RWR, etc. These projects are to be executed over a period of 2 to 3 years with a healthy EBITDA margin of about 12%.

However, the nature of these projects requires us to upfront some of the expenses while book revenues upon completion of the section of the milestones causing some volatility in our quarterly numbers including gross margins. Our current outstanding order book of JLL projects is Rs 1,490 Crores out of which Rs 750 Crores is from UP and Rs 740 Crores is from Rajasthan. Once executed our track record will be enhanced and these projects will open the doors for other similar projects with Central government as well as with State governments.

These two projects once completed will give us an incredible pre qualification for future projects in order to qualify independently for much larger projects over the next 1-2 decades. We recognize substantial potential in India's hydro and water

sector particularly in hydropower and water supply projects and there were interlinking projects also which are coming up now.

Leveraging our expertise, we are well positioned to secure a significant market share especially in hydro mechanical equipments and also generate steady revenue through the next 5 to 10 years through operation and maintenance of the projects that we are undertaking. The growth prospects are further enhanced by the emergence of pump storage projects they were interlinking projects, Jal Jeevan Mission projects providing exciting avenues for expansion in our focus on hydroelectric power generation and water infrastructure verticals.

Lastly, let me now give you some updates on key litigations that our Company was involved in and the progress that we have achieved in those litigations:

- As we had updated you in NTPC Tapovan Vishnugad Hydroelectric project we had won an arbitration award which was challenged by NTPC in the High Court. The amount was fully deposited by NTPC in the High Court and the protest we are happy to report that NTPC has paid us around 65% of the total claim amount which is an amount of Rs 46 Crores under the Vivaad Se Vishwas Scheme in December 2023.
- Development in Bhilwara Jaipur Toll Road project was that arbitration award was already with us. The PWD had deposited 10% of the arbitration award amount before challenging the award. The appeal made by the PWD government of Rajasthan has been dismissed by the commercial court and hence the arbitration award has been reinstated. The PWD government of Rajasthan has now has option of appealing against the decision of the commercial court in the high court of Rajasthan and more specifically in the double bench because of the current rules of the Arbitration Act.
- With respect MHADA Bandra project in Mumbai because of various reasons the consortium had appealed to the Arbitration Forum against MHADA, and the matter was finally heard with an award partially in our favor. With the FSI enhancements and a couple of other reliefs which were granted to us and some reliefs which were not granted to us subject to payment of additional rates, additional applicable rates on BFSI enhanced FSI.
- The operationalization of the award is subject to further legal proceedings by MHADA and also, we have ourselves appealed against the arbitration award seeking some additional release from the legal process.

Before I request our CFO – Mr. SK Jain, to delve into the details of our quarterly performance I would like to reiterate that over the past few years we have continued to build on our strength and have increased the scale of operations of our Company with the large order book at our hand and our demonstrated tracks record and leading position in hydro and water infrastructure.

We believe that we are well placed to capitalize on the opportunities in this space and post strong growth in the coming quarters.

I now request Mr. S.K. Jain to take us through the financial performance. Over to you, Mr. Jain.

**SK Jain:**

Thank you, Mr. Vikasji.

Well, the overall performance has been discussed. Let me take you through some “Key Highlights” of this quarter:

- Execution momentum continued across both engineering and Real Estate segments with revenue growth of 24% year-on-year to Rs. 245 Crores and 140% year-on-year to Rs. 27 Crores respectively to Quarter 3 Financial Year ‘24.
- In Q3 24 unbilled revenue has been considered for those items those billing will be done in 1 month after the end of quarter unlike the previous policy.
- Higher income on account of receipt of arbitration award under “Vivaad Se Vishwas Scheme” has been accounted for. As we have been highlighting, we have focused on utilizing our free cash flow to this debt.
- Our noncurrent liability has reduced from Rs. 96 Crores in March ‘21 to Rs 62 Crores in September ‘23. We will continue to carefully use our free cash flow to strengthen our balance sheet.

Thank you very much over to you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Kaushal Kedia from Wallfort. Please go ahead.

**Kaushal Kedia:**

My question is for the CFO; can you please explain as to why what mismatch is there in the revenue booking and in the expensing out in this quarter?

**SK Jain:** Yes, unlike previous quarters we used to bill unbilled revenue, the work which we completed in suppose in quarter end and the billing has not been done that we used to be bill as unbilled revenue as per banking guideline and as per our internal policies, but for the GST perspective we cannot book the revenue. So, if the billing is not done in 15 days or 30 days.

In the December quarter we have bid only those revenue for the billing of those will be booked certainly in one month. Those gaps have caused some lesser revenue booking.

**Kaushal Kedia:** How much is that amount?

**SK Jain:** Rs 25 Crores approximately.

**Kaushal Kedia:** From my understanding so this Rs 25 Crores is the work is done and it's just the billing has to be done, the billing has to be reached and recognizes revenue?

**SK Jain:** Yes, but the billing will certainly not be done in January. So, we have not booked as unbilled revenue into that quarter.

**Kaushal Kedia:** But the work that's been done for this has come as expense as I'm assuming changes in finished goods?

**SK Jain:** Yes, unbilled revenue we can book at the profit and finished goods we have to be billed all that cost.

**Kaushal Kedia:** No can you repeat that please?

**SK Jain:** Unbilled revenue we can book a profit also which we have to bill to the government and finished good we have to build only at cost.

**Kaushal Kedia:** So, basically, unbilled revenue to the tune of Rs 25 Crores?

**SK Jain:** Unbilled revenue is Rs 25 Crores which we have to bill to the government in January, but we were not certain it will be done in January. So, we have not booked as unbilled revenue.

**Kaushal Kedia:** So, you have not recognized as revenue, but you have incurred expenses pertaining to that revenue?

- SK Jain:** Yes.
- Kaushal Kedia:** And sir one more question in the notes to account it says that we sold some land for Rs 16 Crores, so that is showing where?
- SK Jain:** That land is in our SPV in Gujarat Silo where we have sold the land, and the amount is lying in that Company only.
- Kaushal Kedia:** And this in the same notes to accounts is Rs 25.93 Crores of advances that the Company is given to the subsidiary that is showing an advance in the books of accounting?
- SK Jain:** That is lying as of now to Gujarat and Bihar Silo out of that Rs. 25 Crores, Rs. 16 Crores has already been realized in those companies which will be paid to main Company in some time.
- Kaushal Kedia:** So, the other income which is at Rs 19 Crores it pertains to the Vivad Se Vishwas Scheme of that we receive?
- SK Jain:** Yes. We have received some Rs 40 odd Crores in Vivaad Se Vishwas Scheme and in this Rs 40 Crores some Rs 19 odd crore is interest income.
- Kaushal Kedia:** I mean Vivad Se Vishwas Scheme will not be classified as other income that is what my next question is?
- SK Jain:** Only interest income we have classified as other income main supply income has been classified in the main income, main turnover.
- Moderator:** Thank you. The next question is from the line of Jinesh Shah an Individual Investor. Please go ahead.
- Jinesh Shah:** My question is specifically related to the Pallacia project. Can you please elaborate how many units we have sold in this quarter and what are the balance unit which we are planning to sell further?
- SK Jain:** We have provided the presentation on Pallacia project, and we have almost sold 60% of the units up to December 2023 and out of 152 unit 3,49,000 has already been sold and 2,96,000 will remaining to be sold which will have revenue of almost Rs. 300 Crores and against the sold units we have already realized Rs. 313 crore

and some amount is yet to be realized. Overall, in the next 2 - 3 years some Rs 370 Crores we can realize out of cash flow.

**Jinesh Shah:** So, why this realization is getting delayed because as I understand the project is completed, the OC is received. If the units are sold and the agreement is done with the buyer, why the realization is getting delayed?

**SK Jain:** People are not getting their registered in their name because of the stamp duty and there is no any law which can prohibit them that you are making the payment by stamp duty. So, people are just waiting for that.

**Jinesh Shah:** And what kind of total revenue we are expecting from Pallacia by this yearend by this financial year end?

**SK Jain:** So, roughly Rs 35 Crores – Rs 40 Crores.

**Jinesh Shah:** The second question I have for Vikas ji, Vikash ji we have been talking a lot about pumped hydro projects and in last call also the Company was expecting to grab quite a few projects in this segment. Can you please elaborate how many projects we have bid so far and what are the expected order booking this line?

**Vikas Kothari:** See as of now we already have Rs 150 crore project going on in the pumped storage project which is that Kundah pump storage project in Tamil Nadu. This is our first project in the pumped storage hydro pumped storage project. Likewise, we are expecting I mean the Government of India has a drawn a potential of adding another 25,000 megawatts through pumped storage projects.

So, certainly it takes a little time for these projects to come up for bidding because for the DPR is made, DPR is approved, financial closure is done, for government sector CCA clearances are done all those things once they are tied up then the bidding starts. So, the bidding process itself is a little slow, but certainly since this is being driven by the PMO.

Therefore, there will be no dirt of equity funding especially for the Central and the State government projects and certainly these projects will come up for bidding. My sense is that in the next 6 – 12 months some of these projects will come up for bidding and our share in that will be of course either limited to hydro mechanical equipment which will be roughly around 5% of the total cost of the project or if



we do civil and hydro mechanical then it will be much larger, but that will depend on project-to-project how much we want to take and what part of the project we want to bid for.

**Jinesh Shah:** You have explained about the Bandra MHADA where you are going to challenge the verdict, but this project of Bandra slum rehabilitation is pending since many, many years and what I understand based on the recent development the Maharashtra government has already granted FSI which is increased from 2.5 to 4. So, is this 4 FSI applicable for our project and what is the time duration you are thinking when this matter will be closed with Maharashtra government?

**Vikas Kothari:** See the project is a slum rehabilitation project and therefore it's very complicated. It takes time, but the good thing that has happened is when we took over the project sellable FSI was close to about half a million square feet and today we are talking about almost 3 million square feet. So, the FSI has increased, but my sense is that unless the plot is cleared the monetization of this may take longer than usual.

So, we have signed up the joint development agreement with DB Reality and hopefully in the next 6 – 12 months the plot should be cleared of slum and once that happens then the monetization of this project will also start. My sense is 6 – 12 months.

**Moderator:** The next question is from the line of Tejas Shah from Laser Securities. Please go ahead.

**Tejas Shah:** Regarding that Jaipur how many units have been sold and how many units are pending?

**SK Jain:** Approximately 95 have been sold and 57 to 53 are pending.

**Tejas Shah:** And out of 95 how many are booked or because I think last time when you said is unless and until the place is registered, we are not booking that in the revenue. So, out of 95, how many are registered normally?

**SK Jain:** The value of the units is roughly Rs 313 Crores and out of this we have already booked approximately Rs 140 crore.

**Tejas Shah:** So, if I see segmental revenue, I think you were showing loss in the real estate why is that?

- SK Jain:** Because we have to incur entire expenses which is going on towards interior and towards value addition that is going straight away into the profit loss account. Earlier, it was capitalized when the project was not complete. Now it's going straight into the profit and loss account. Suppose we are incurring Rs. 10 Crores and the registry of only Rs. 8 Crores is done so Rs. 2 Crores will be shown as loss, but this loss is a book loss not a real loss.
- Tejas Shah:** So, if you can share or throw a light to what is the normal average realization profit that you're looking at means on the sale value of 10% – 15%?
- SK Jain:** 15%. Rs 419 Crores is total value of project approximately and this will get us Rs 600 Crores approximately net-net about 15% net profit.
- Tejas Shah:** And on the Bandra project what I understand everything is cleared or still something because I'm still doubting and the DB Realty is now only joint venture wherein, I think DB Realty was supposed to construct the whole project and we are only going to enjoy the profits of the same, am I right or something has still changed?
- Vikas Kothari:** So, DB Realty is the only partner right now. They are the ones whom we had signed the joint development agreement with, and they were supposed to do all the slum clearing works, etc. Once the slum is cleared, we may jointly think of getting some third party on board or we may monetize it on a residential basis when the slum is cleared.
- Tejas Shah:** But any particular reason why do we still need the third party while DB Realty is quite capable, I think in building things?
- Vikas Kothari:** No, just it's still not finalized. The strategy is still not finalized on what we intend to do going forward. I mean as of now we are only focusing on clearing the slum and getting clean ownership on the land.
- Tejas Shah:** So, right now it is being enclosed by some people or some slums?
- Vikas Kothari:** Right now, there's slum over there the slum needs to be rehabilitated.
- Tejas Shah:** In between you had constructed some buildings also to rehabilitate so is there still there or you had planned to demolish it again and do something else?

**Vikas Kothari:** No, we are renovating and upgrading it and also constructing additional buildings also. I mean DB Reality is doing it. We are not doing it, but we are I mean upgrading the already constructed facilities and also, we are at the same time also constructing additional space at the same location.

**Tejas Shah:** And thus, SRA or the MHADA everything is cleared or still some formalities are pending with them?

**Vikas Kothari:** No, we own the rights to develop the property, but there are still some that is why when we went into arbitration. We asked for some reliefs, and we asked for some obligations to be cleared by MHADA, but MHADA was not able to provide us those condition precedents and because of which we went into arbitration and then arbitrator has given us an award, but that award is still not covering all the release that we had sought from the arbitrator in our appeal and therefore we have appealed against the award also.

So, the matter is subjudice as we speak today. We did get some relief. For example, the land that MHADA was supposed to give us as per our original agreement was 30,000 square meters, but what they gave us was only 26,000 square meters. So, the arbitrator has given a judgment that no you have to give them 30,000 square meters. So, things like this are what will need some intervention by MHADA and SRA so that is to answer your question.

**Tejas Shah:** How much time again this is going to take to again do that rejoin there and again re-appeal and whatever?

**Vikas Kothari:** My sense is next 6 – 12 months and simultaneously there are a lot of works which are happening simultaneously also. So, on the ground we are also constructing temporary transit tenements. We are upgrading the existing tenants which are built there. So, all those things are parallelly get going on while parallelly this arbitration and this legal process is also going on simultaneously.

**Tejas Shah:** What will be the ballpark revenue that we can generate approximately?

**Vikas Kothari:** Revenue will all depend on what we intend to do once the plots are cleared. If the plots are cleared of all the slum and it becomes a clean piece of land, then we may decide to either develop it. I mean, the DB may decide to either develop it themselves or DB may decide to sell it outright or DB may decide to bring in a

partner which brings in a brand at that stage, but that discussion doesn't make any sense to do now, that discussion makes sense to do only once the plot is cleared.

**Tejas Shah:** Basically, still we have to wait for a year at least I think looking at all the conditions?

**Vikas Kothari:** Correct.

**Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** Sir, just wanted to ask if we had a spike in other expenses this time, could you just why they have margins dropped a bit like could you just explain because we had significantly different margins in Q2 and Q3?

**SK Jain:** Yes, the work which has been completed and again those the billing has not been done that is showing as an expense in the books of account.

**Darshil Jhaveri:** And the billing will be done for when?

**SK Jain:** Due to elections in Rajasthan the billing was not done. So, billing will be done probably in March or April. Due to elections 2 – 3 months we could not do any billing because there are Aachar Sanhita was there, so no comment from them on those two projects.

**Darshil Jhaveri:** Also wanted to know sir any kind of guidance would you give for FY25 revenue and margin what can we expect, any projects that are coming to provision which will increase our revenue somehow?

**SK Jain:** March 25 we are hopefully targeting everything goes good Rs. 1,200 crore is the revenue and 8% to 10% net profit.

**Darshil Jhaveri:** So, as well as sir I just wanted to ask like in terms of our order book and execution like this from understanding the Company as you know some projects will take 3 – 4 years, so most of the project like if you see our life cycle of the project in Jal Jeevan Mission and hydro. They would be at the starting middle or towards the end of the life in case majority of the project.

- SK Jain:** We have right now projects in all the stages, some are at early stages, some are at middle stage, some are at later stage like Manipur is at early stage and Shahpur Kandi and Isarda in middle stage and Jal Jeevan is also at middle stage.
- Vikas Kothari:** Majority 95% of our order book rather only Rs 40 – Rs 50 Crores out of Rs 2,500 Crores is in early stage. Otherwise, everything else is in the middle stage.
- Darshil Jhaveri:** So, I just wanted to ask this question because maybe in the next 1 year or 2 years you could experience revenue as well as higher profit because a lot of expenses would have been already booked, would that just that assumption sir?
- Vikas Kothari:** Yes.
- SK Jain:** Yes.
- Darshil Jhaveri:** And sir just wanted to ask like with the election does that hamper our business order or cash that is released from the government?
- Vikas Kothari:** Definitely election does have an impact because what happens is a lot of new tendering and new projects gets frozen because of elections both State as well as Central Government elections. So, some of the states were affected because of State elections and some of the states were affected because of Central, I mean rather all states are affected by the Central government elections.
- So, all the tendering which should have happened by now is actually gotten deferred and is getting postponed. So, there's a lag in that and plus in terms of the execution of the existing projects and existing order book that also has an impact to some extent because during the election times funding for all these capital-intensive projects slows down a little.
- Darshil Jhaveri:** Sir would it fair to know maybe Q1 might get slightly muted quarter, but then Q2 onwards after the election things will pick up more like will that be a fair assumption and in the reverse way will the Q4 see higher activity of execution because government would want to complete a lot of projects before elections?
- Vikas Kothari:** So, some other states which have just completed elections will go in the full throttle mode now. So, definitely they'll be picked up in those states, but the new project tendering will certainly slow down because of the Central government elections.

**Darshil Jhaveri:** And just the last final question sir, do you see any kind of risk that can be see that we could face right now just like from a macro or micro any perspective that you see?

**Vikas Kothari:** Any risk on what?

**Darshil Jhaveri:** We are saying general micro risk or macro risk that can impact our Company.

**Vikas Kothari:** No, not in our infrastructure business. I mean infrastructure especially related to water irrigation dams I don't see any macro or micro challenges because the focus is from the Central government and Central government focus kind of enhances the funding of even if it's of state projects.

So, for example, you may have heard of the Eastern Rajasthan Canal project which is very soon maybe in the next 6 months going to be sanctioned by the Central government and also declared by the Central government as a national project. So, once that happens then 90% of the funding comes from the center and the state has to only contribute 10%. So, things like this do enhance the feasibility and the funding and the cash flow of the projects.

So, in terms of risk I see and plus nowadays things have, the mindset has changed the governments also don't allow litigation. The government also doesn't bid out the projects until all the clearances are in place, land acquisition is in place. So, earlier these all challenges used to be there where Central and State government funding issues used to be there.

So, any state where the Center and the State are politically not aligned can pose a bit of a challenge unless if the project is partially funded by the center. So, that is one of the challenges I would say and other than that land acquisition, environmental clearance and all of these challenges are not as much as they used to be earlier now, they're not as much.

Some of the projects which are geologically in unstable states there maybe geological risks could be a risk geological surprises could be a risk. So, things like that.

**Darshil Jhaveri:** And sir real estate sir we are saying some different kind of demand, some have good demand, some have bad demand so just want to ask you that sir?

- Vikas Kothari:** Real estate our exposure is very limited. Now we have only three projects - Jaipur, Kota and Bandra. So, Jaipur is already complete. Kota is also completed. Bandra is what we'll have to keep on waiting till the slum gets cleared. So, I don't see much risk on that side.
- Moderator:** Thank you. The next question is from the line of Nish Shah from Stellar AMC. Please go ahead.
- Nish Shah:** So, my question is regarding the arbitration award received from Tapovan like where the funds will be utilized? Will it be utilized for the working capital, or we can pay off some portion of debt if you can give some guidance on that?
- SK Jain:** That amount is already has been utilized in CC limits, earlier our CC limited was Rs 80 Crores right now it's Rs 40 Crores that amount is already utilized in working capital.
- Nish Shah:** So, the funds will be utilized for the working capital, right?
- SK Jain:** It's already utilized.
- Moderator:** Thank you. We have the next question from the line of Ankur Agrawal from RC Wealth Solutions. Please go ahead.
- Ankur Agrawal:** Sir as you are saying Rs 25 Crores billing is there that expenses you have booked in this quarter so that Rs 25 Crores bottom line should have increased if you would have booked in this quarter?
- SK Jain:** Yes.
- Ankur Agrawal:** And the other income which has increased from Rs 9 Crores to Rs 19 Crores in that Rs 10 Crores is interest income of arbitration?
- SK Jain:** Yes,
- Ankur Agrawal:** So, arbitration other amount you have booked in revenue?
- SK Jain:** That was of supply it has booked in sale.
- Ankur Agrawal:** So, it means that bottom line has increased because that expenses you have already booked?

- SK Jain:** Yes definitely.
- Ankur Agrawal:** What is the amount that has been booked in sale of arbitration?
- SK Jain:** Including both Rs 45 Crores.
- Ankur Agrawal:** It means that Rs 45 Crores your bottom line has been increased in this quarter.
- SK Jain:** Almost we can't say the complete amount, but almost.
- Ankur Agrawal:** So, that means you are in loss for this quarter if that Rs 45 Crores should not have come?
- SK Jain:** It is not a loss. In September what unbilled revenue which we have booked because of Rajasthan project that we haven't booked that in this because we have not done the billing in Rajasthan and so we have kept the closing stock as it is because at the time of election the billing was not done. Some billing which we have already done in September quarter that billing we have not done in this so that impact is there, loss is not there, it is only impact.
- Ankur Agrawal:** Rs 45 Crores you have got the revenue benefit for which there is no expenses and Rs 25 Crores billing has been carried forward and net in Rs 20 Crores bottom line benefit you received and bottom line Rs 12 Crores profit is there. So, that means Rs 8 Crores loss is there that means?
- SK Jain:** No in that some items are also there like Jal Jeevan Mission their billing has not been done in Rajasthan that stock is kept as it is, but if I would have done the billing then the billing will be more, some value addition is left. So, we have kept the pipe, but two joints are left so that billing has not been done. So, stock build up in site for Rajasthan. So, if we will bill that no expense will be left so that profit will come in next 3 months, 6 months.
- Ankur Agrawal:** So, this remains erratic if it has been purchased that you consider in expense?
- SK Jain:** That comes in raw material consumption.
- Ankur Agrawal:** So, what profit percentage are you taking in future it should come regularly in yearly basis?



- SK Jain:** 10% – 12% sure it will come.
- Vikas Kothari:** We have order book mix which is there of Jal Jeevan Mission project order is there and water supply and irrigation and hydropower project is there. So, water supply irrigation and hydropower we have a monopoly means hydro mechanical equipment especially we have a monopoly so there our margins 15%, 16%, 17%, 18% and in Jal Jeevan Mission 10% – 12% margin is there. So, every quarter-to-quarter in which quarter from whom revenue mix has come it depends on that. So, quarter-to-quarter margins and profitability is we have to see and in consolidated basis and annual basis to see year-to-year it is more relevant.
- Ankur Agrawal:** So, in this year March quarter total yearly revenue for March '24?
- Vikas Kothari:** The 4 digit we are planning on crossing this time. So, it will be a significant growth from last year number one. Number two, since all the past issues are also resolved so profitability also is in 3 digits is expected.
- Moderator:** Thank you. The next question is from the line of Kaushal Kedia from Wallfort. Please go ahead.
- Kaushal Kedia:** So, on the Pallacia project, I just wanted to understand you said that around Rs 190 Crores is booked revenues, and Rs 300 Crores is what can be realized. So, out of the Rs 190 how much is received if my numbers are right?
- SK Jain:** No, let me explain you that out of Rs 313 Crores is the total consideration of sold unit, out of those Rs 280 Crores has been realized.
- Kaushal Kedia:** Okay Rs 280 Crores has been realized?
- SK Jain:** Yes, but the revenue booking has been done only for Rs 140 Crores in P&L account.
- Kaushal Kedia:** And how much money did you receive?
- SK Jain:** Rs 280 Crores.
- Kaushal Kedia:** Rs 280 Crores is received. So, you are saying 100 crore is showing as advanced?
- SK Jain:** Yes Rs 140 Crores advance.

- Kaushal Kedia:** No Rs 140 Crores is showing as advance?
- SK Jain:** Yes.
- Kaushal Kedia:** How Rs 140 Crores plus Rs 180 Crores you are saying?
- SK Jain:** No Rs 140 Crores we have already booked Rs 280 Crores has been realized Rs 280 Crores minus Rs 140 Crores.
- Moderator:** Thank you. The next question is from the line of Jigarbhai Patel from J Invention. Please go ahead.
- Jigarbhai Patel:** Sir what are the reason of reduction of OPM margin in this quarter?
- SK Jain:** Because we have booked expenses on those items for which billing has not been done because of that OPM margin has reduced the billing will be done in March quarter or say June quarter.
- Jigarbhai Patel:** So, that will be in increase in the future quarter?
- SK Jain:** Correct.
- Jigarbhai Patel:** Okay that will be adjusted in the future quarter.
- SK Jain:** Yes.
- Moderator:** Thank you. We have the next question from the line of Jitesh Jain, an Individual Investor. Please go ahead.
- Jitesh Jain:** I would like to know about this the latest on the Bhilwara toll arbitration I believe the commercial court recently gave a judgment in our favor. So, what's your way ahead for this?
- SK Jain:** The PWD might go to High Court or Supreme Court challenging the Commercial court order they're provocative and they can do that.
- Jitesh Jain:** So, this can basically take another 6 – 12 months to conclude?
- SK Jain:** Yes, we can say that how judicial things go ahead all depends on High court and Supreme court.

**Jitesh Jain:** My next question is again on the new order inflows I mean for the last 1 – 1.5 years I don't think we have backed any significant order, so are we like coming nowadays some big order in the pipeline like that L1 or something like that?

**Vikas Kothari:** No, we are not L1. We have bid for a few projects, but we are not L1 as yet. We are in the process of bidding, no significant order has been added as yet, but as I said that election year in the states and election period in the center also just close down the process.

**Jitesh Jain:** Within the next 6 months or so we could see some positive news from there.

**Vikas Kothari:** Correct absolutely.

**Moderator:** Thank you. The next question is from the line of Kaushal Kedia from Wallfort. Please go ahead.

**Kaushal Kedia:** Sir, in our conversation in December on the 20th December which we had done through the IR team you had mentioned that the Bandra project will take about 2 – 3 years and you had no visibility then. So, when the issue will be resolved? So, what has changed since then that is making you believe that the slum rehabilitation will take another 6 – 7 months hopefully?

**Vikas Kothari:** No slum rehabilitation will not take 6 – 7 months I said 6 – 12 months. What has changed is that earlier we were thinking of doing a bringing in a third party as a partner in that project.

Now that strategy has changed now DB Realty situation has improved significantly their fundraising plans, etc., have all gone through. So, the idea is that now in principle decision has been taken that we will clean the slum I mean we as in DB and us with our no financial involvement of course DB being the lead partner in that DB will invest money and will be responsible for clearing the slum and once the slum is cleared is when we will take the project ahead whether develop it with the DB will decide to develop it themselves or will bring in a third partner. So, that is that is the change that has happened since last time.

**Kaushal Kedia:** And we are a 15% partner in this project?

- Vikas Kothari:** Eventual beneficial interest in the saleable FSI is about 15% eventual once the complete project is completed, when the project FSI is frozen our beneficial interest in that project.
- Kaushal Kedia:** And what has been an investment in this project?
- SK Jain:** Rs 20 Crores.
- Kaushal Kedia:** And which year did we invest this one?
- Vikas Kothari:** Our net investment after the premium that DB had paid us to entering to the partnership our net investment, net effective investment is today stands about Rs 20 – Rs 25 Crores and this was done about 10 years ago.
- SK Jain:** 2006.
- Kaushal Kedia:** 2006 that is 18 years?
- Vikas Kothari:** No, 6 it was done over a period of 2006 to 2010. So, the last investment was done around I would say 2010-11, but that is Rs 20 Crores.
- Moderator:** Thank you. The next question is from the line of Jinesh Shah, an Individual Investor. Please go ahead.
- Jinesh Shah:** So, again, my question is related to Pallacia as I understood based on the discussion the Rs 140 Crores we have advances and that is yet to be booked in next coming quarters and since we have now project is completed, OC is done while we are not pushing our customer to go into the agreement so this revenue can be realized in next quarter?
- SK Jain:** We are pushing our customers, but some customers are residing out of Delhi out of Jaipur, some residing abroad. So, this is just taking time.
- Jinesh Shah:** This is a significant amount if this Rs 140 crore which comes as a revenue, and we already done 100% expenditure on this project. So, this is mostly conceived and will add to our bottom line, right?
- SK Jain:** Yes,

**Jinesh Shah:** So, we should push out to the customer, and we should get into the sale deed agreement. So, this revenue can be immediately realized that will improve our cash flow as well as increase our capability to bid for more projects, is my understanding is right?

**SK Jain:** Yes, that process is already on. We are pushing our customers regularly.

**Jinesh Shah:** But this Pallacia project is also 8 years to 10 years old project now and I hardly see any developer which will take time of 8 years to 10 years to complete this kind of Rs 500 – Rs 600 crore project. In fact, we have done all our expenditure investment on this project way back and 80%, 90% work was finished by 2019 or 20 before COVID and then we struggled to get OC for 1 year or 2 years. Now, the OC is received so it is very important for Om Infra to do the realization as a part of our books for this Rs 140 crore and we should push hard to sell the balance unit of this Pallacia because that will take this Company to the new orbit itself because our cash flow will increase and our bidding capability on mega project will also increase significantly?

**SK Jain:** No, it's true. We are pushing our customers and pushing the sales team to do that, but things are going in its own way. We cannot reduce the price looking into the project and its value addition we have done; price reduction is not a not a good idea. We are selling that slowly and we will achieve the target as in because there's no leverage in the project and we are hopeful that by 1 – 1.5 years it will entirely be sold.

**Jinesh Shah:** And what is the per square feet cost of this project as of now?

**SK Jain:** Approximately Rs 9000 per square foot.

**Jinesh Shah:** I think this is also a competitive price looking at the area where we have done this project and the way the connectivity has increased between Delhi and Jaipur. I really surprised why we could not complete the balance 50 – 55-unit sales. I think we should push hard on our sales and marketing strategy on this project to expedite our revenue recognition in this project so that's my sincere suggestion on behalf of entire shareholder community.

**SK Jain:** No, you are very right, and we are doing our best to do that and we will succeed in that.

**Moderator:** Thank you. We have the next question from the line of Jinesh from Niveshaay. Please go ahead.

**Jinesh:** What I'd like to ask is we said that we have a niche and we almost 95% of the projects in hydro mechanical. So, I wanted to ask what stocks or peers or other companies to participate in the same thing, just trying to get on the competitive scenario on it?

**Vikas Kothari:** Sorry I could not understand your question you are asking.

**Jinesh:** Sir, as we hold almost monopoly in hydro mechanical business, so I wanted to ask what stop other companies or competitors to enter into these two fields?

**Vikas Kothari:** I'll tell you this is a very niche area of EPC because for several reasons. One, because a lot of life depend on this, on these equipments. One gate breaking down can lead to flooding of hundreds of square kilometers of surrounding areas and loss of lives, etc., as you have seen recently with all the floods that have happened in the Uttarakhand and in the Northeastern state.

So, gates are a very, very critical part of the overall project and therefore the entry barrier that kind of creates the entry barriers for new entrants to enter into this field. Now, for example, if an NHPC is coming out with a 500-megawatt project in Himachal or in Uttarakhand or in any of the part of the country.

And that has 20 gates of 20 meter by 20 meter then the pre qualification criteria will ask for the Company should that the Company should have done similar gate of similar capacity at least 10 gates in the last 10 years where they should have done the design, engineering, manufacturing, supply, election testing, commissioning of similar projects.

So, that creates entry barriers. Now the client cannot lower down the entry barriers because they are critical equipments. Therefore, unless you have done similar projects and that too in the last 10 – 15 years of similar kind nature it's not easy to qualify for such projects.

Likewise for dams also construction of a dam is not a run up well like highways and roads are very, very basic form of EPC construction, building construction was also very basic form of EPC, but these are all specialized form of EPC like nuclear

power projects, hydropower projects, dams. So, this is what creates the entry barrier.

**Jinesh:** So, just in case for civil construction there are many companies for hydro mechanical we are the only Company. So, in the coming years for 5 – 10 years as we see major in mega projects coming in, so we'll be the only major player to contribute to that hydro mechanical part is my understanding correct?

**Vikas Kothari:** Yes, hydro mechanical large projects there's there are very few players in this field for large projects.

**Jinesh:** Sir for the arbitration award which you have received, have you booked the revenue as other income which for that the other income is a lot more than the previous quarter, am I correct on that?

**Vikas Kothari:** So, some part of the arbitration award of Rs 46 Crores has been booked as other income. Some part has been booked as EPC income.

**Jinesh:** Sir, any views on orders which we have started receiving on PSP's or river linkage because given the opportunity size is so high, but the question is when these things will come into bidding pipeline or anything, so can you give a part on it on river linking and PSPs?

**Vikas Kothari:** Lot of projects have been announced by both the Central government and the State governments. Now when these projects will come up for bidding maybe a matter of time maybe in the next 6 – 12 months, but certainly there's a lot of action you keep reading news about the Prime Minister announcing river interlinking projects in the states of Rajasthan and Madhya Pradesh and Maharashtra, UP etc.

So, all those projects now the only problem is that these after the announcements to reach the stage of tendering it takes a long time could take few months or anywhere between 6 – 12 months or maybe even 1 – 2 years, but the speed at which it used to happen maybe 10 years ago and at which it happens now has changed dramatically.

Now once the announcements are made and by the time the bidding comes in is only a matter of maybe 6 – 12 months. So, a lot of projects for pump storage are

also expected to come up for buildings in the next 6 – 12 months and a lot of projects of river linkage is also expected to come up in the 6 – 12 months.

**Jinesh:** So, we could see order inflows from FY25 and as we have a specialization in hydro mechanical. So, any sort of specialization in PSP's or river linkage which Om Infra has over other peers?

**Vikas Kothari:** No, PSP also has the 3 major components civil, hydro mechanical and electromechanical and we are already specialized in 2 out of those 3; civil and hydro mechanical. So, certainly depending on which project we decide to bid for which package, we will definitely have a strong hold in bidding as well as in winning the projects.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as a last question. I would now like to hand the conference over to Mr. Vikas Kothari for closing comments. Over to you, sir.

**Vikas Kothari:** So, thank you very much for a good participation on our call and thank you for asking very intelligent and positive and proactive questions. I thank each and every one of you for having interest in our Company and I assure you that we, in my own career I've been part of this Company for the last more than 25 years and in my own career of last 25 years I've not seen such exciting times as I'm seeing now.

Thanks to our honorable Prime Minister's vision and mission of building power infrastructure in our country, both from renewable as well as from other sources of power generation. So, we are proud to be a power consumption country with the heavy focus on renewable energy and hydropower pump storage projects are all part of renewable energy.

So, I'm quite positive on those fronts and at the same time the humbling vision of the Prime Minister to provide Har Ghar Jal under the Jal Jeevan Mission Scheme. I'm proud to inform all our valued shareholders that we are working on some of the remote locations like at the India Pakistan border providing water tap connections to villages which have never seen, which have seen roads coming to their households, have seen power electricity coming to their households, but has still not seen water tap connections coming to their households.



And I was just recently visiting our one of our sites in Bikaner in remote India, Pakistan border areas beyond Nokha Khajuwala. These are the towns that we were working on and it was an extremely humbling experience for me to be welcomed by the villagers there in order to thank me for bringing water to their household after 75 years of our independence.

So, not only are we proud of what we are doing, but we're also adding to the vision of the honorable Prime Minister. So, super exciting times and super work being done by us by your Company and thankful for you all to be part of our journey from here on. Thank you very much for participating.

**Moderator:**

Thank you. Ladies and gentlemen, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.