Om Infra Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	Infomerics Ratings
Rating Change	**New Rating Assigned:** IVR BBB- (Long Term) / IVR A3 (Short Term)
Outlook	**Stable** (Current)
Key Drivers of Change	1. **Decline in Scale (-29.7%):** TOI dropped to ₹468.42 Cr (FY26) from ₹666.28 Cr (FY25) due to slow Jal Jeevan Mission (JJM) fund releases. 2. **Healthy Orderbook (₹2,106.61 Cr):** Massive revenue visibility at 4.49x FY26 income; supports future growth if execution picks up. 3. **Low Gearing (0.16x):** Extremely comfortable capital structure with ATNW of ₹584.83 Cr provides a high safety buffer. 4. **Stretched Working Capital:** Operating cycle worsened to 227 days (from 143) as debtor days spiked to 230 days.
Rated Instruments	1. **Non-Fund Based (BG/LC):** ₹623.00 Cr
Key Observations	• **Margin Expansion:** EBITDA margins improved by 156 bps to 6.60% despite lower scale, driven by reduced raw material costs. • **Execution Bottlenecks:** Significant reliance on Govt. funding (JJM projects) led to a ~₹200 Cr revenue shortfall. • **Solvency:** Interest coverage is lean but stable at 1.63x (FY26). • **Liquidity:** Adequate; GCA of ₹39-74 Cr covers upcoming repayments (₹3-14 Cr), but bank limit utilization is high at 87%. • **Counterparty Risk:** High debtor levels (230 days) indicate slow realizations from government infra projects. • **Diversification:** Presence in hydro-mechanical, irrigation, and real estate mitigates single-sector risk.
Investor Impact	• **Growth:** High potential locked in orderbook; execution speed is the primary catalyst. • **Leverage:** Very low; no immediate risk of equity dilution for debt repayment. • **Margins:** Positive trajectory (6.6%), but PAT declined 39% YoY due to lower absolute volumes. • **Cash Flow:** Working capital drag is the biggest threat to equity valuation/dividends.
Agency / Cross Analysis	**New Agency Assignment:** This is a fresh rating assignment. • **Rationale:** Infomerics anchors the rating on the strong Net Worth (₹584.83 Cr) and low Debt (₹90.80 Cr) rather than P&L performance, which showed deterioration in FY26. • **Conclusion: Mixed Signal.** While the balance sheet is "A" category strength, the volatile revenue and high working capital keep the rating at "BBB-".
Final Inference	**Balance Sheet Play:** OIL is a low-leverage infra company with a massive backlog. The rating reflects a "Wait-and-Watch" on execution; the real equity trigger is the conversion of the ₹2,106 Cr orderbook into cash, which currently lags.