

Om Infra Ltd — 26 Sep 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	BBB → BBB- (Downgraded by 1 notch); A3+ → A3 (Short-term)
Outlook (Current vs Prev)	Stable (Maintained)
Key Drivers of Change	<ul style="list-style-type: none"> • Revenue Contraction: FY25 TOI fell 38% to ₹659.12 Cr (vs ₹1,065.10 Cr) due to JJM budget cuts and delayed govt funding. • Margin Collapse: PBILDT margins plummeted from 9.21% to 4.11% (and 1.32% in Q1FY26) due to low overhead absorption. • Weakened Coverage: Interest coverage dropped sharply from 4.13x to 1.24x, signaling significantly reduced cushion for debt servicing. • Working Capital Stress: Operating cycle elongated from 82 to 141 days; GCA days rose to 264 as receivables/unbilled revenue stalled.
Rated Instruments	<ul style="list-style-type: none"> • Non-fund Based (LT/ST): ₹623.00 Cr
Key Observations	<ul style="list-style-type: none"> (+) Strong Order Book: ₹2,660 Cr (~4x FY25 revenue) provides medium-term visibility. (+) Low Gearing: Overall gearing remains healthy at 0.16x (Adjusted: 0.37x). (+) Experience: Promoters have 50+ years in hydro-mechanical/irrigation EPC. (-) Group Exposure: Massive ₹449.36 Cr (58% of Net Worth) tied in subsidiaries/JVs. (-) Execution Risks: Delays in hydro projects due to calamities and approvals. (-) High Utilization: Working capital limits utilized at ~91%. (-) Counterparty Risk: Heavy reliance on JJM (58% of orders) and govt funding cycles.
Investor Impact	<ul style="list-style-type: none"> • Growth: Execution is stalled; Q1FY26 revenue is down 39% YoY, suggesting a slow recovery. • Margins: Severe pressure; current margins do not support high-growth valuations. • Leverage: Balance sheet looks "clean" (low gearing), but cash flow is trapped in working capital. • Dilution Risk: Potential need for capital if arbitration awards (₹700 Cr) or real estate sales (₹300 Cr) are further delayed.
Agency / Cross Analysis	<p>Same Agency: CARE had upgraded OIL to BBB in July 2024 but has reversed the action within 14 months.</p> <p>Drivers: The downgrade is purely performance-linked, citing a mismatch between the massive order book and actual cash-flow generation.</p> <p>Conclusion: Deterioration. The agency has shifted from growth-optimism to a cautious stance based on the reality of govt funding delays.</p>
Final Inference	<p>Real Risk Signal. Despite a low-debt balance sheet, the business is "cash-poor" due to govt payment delays and group company exposure. Equity upside is capped until JJM execution ramps up and the ₹449 Cr group exposure is liquidated.</p>