Om Infra Ltd — Aug 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak (Operational Miss / Non-Core Salvage) **One-line:** The long-term thesis—a shift from low-margin civil work to high-moat hydro-mechanical engineering—remains intact, but Q1FY26 highlights the extreme execution volatility and reliance on non-operating income to support the bottom line.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Weak Miss	Q1 Revenue (□104 Cr) is only 10% of FY26 guidance (□1,000 Cr), creating a massive "hockey-stick" requirement for 9M.	□
Earnings Quality	Low (Tax/Other Income)	Operating EBITDA was negative (□-1 Cr); PAT was entirely supported by Other Income and a □15 Cr tax credit.	□
Guidance Confidence	Neutral	Management maintains □1,000 Cr revenue target despite the slow start, relying on historical Q4 back-loading.	□
Management Credibility	Neutral	Successfully grew the order book to □2,684 Cr (+14% QoQ) but continues to struggle with smooth quarterly execution.	□
Business Quality Signal	Improving	Pivot toward Pumped Storage (PSP) and Hydro-mechanical (high barriers) is visible in the bidding pipeline (□2,000 Cr).	□
Key Q&A Exchange	N/A	Section not applicable — concall transcript unavailable.	□
The Street's Primary Anxiety	Execution Lumpsum	Can the company hit □1,000 Cr without a repeat of the JJM funding freezes seen in FY25?	□
Capital Cycle Stage	Harvesting	Actively monetizing Real Estate (□308 Cr remaining) and Arbitration (□640 Cr) to fund EPC working capital.	□
Margin Trajectory	Deteriorating (Short-term)	EBITDA margin turned negative (-1%) due to low operating leverage on the small revenue base.	↓
Pricing Power	Stable	Niche status in large-scale radial gates and hoists provides a protected bid-to-strike ratio (20-30%).	□
FCF Conversion & Quality	Distorted	PAT is positive due to tax credits; operational cash generation is likely weak this quarter due to negative EBITDA.	□
Competitive Moat Signals	Stable	Track record of 70+ hydro projects and 5 decades of expertise remains the primary differentiator.	□
Balance Sheet Strength	Strong	Net Debt remains Zero; current order book is 2.5x guided FY26 revenue.	□
Working Capital Efficiency	Deteriorating	Inventory and work-in-progress likely spiked given the very low revenue recognized against a large order book.	□
Mgmt Guidance Track Record	Mixed	Delivered FY25 targets via a Q4 sprint, but Q1 performance sets a very high bar for the remainder of FY26.	□
Key Vulnerability	Revenue Concentration	JJM projects now represent 58% of the order book (□1,546 Cr), increasing sensitivity to government payment cycles.	□
Management Tone	Confident (from PPT)	Presentation emphasizes "Sustainable Growth" and "Engineering Excellence" despite operational Q1 dip.	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The Order Book reached a multi-year high of □2,684 Cr, providing nearly 3 years of revenue visibility at current run-rates. The zero-debt status and the roadmap for □640 Cr in arbitration/real estate inflows provide a significant valuation floor and working capital buffer. The strategic focus on Pumped Storage (PSP), where India has a 50GW pipeline, positions Om Infra in a high-margin niche compared to generic civil contractors. * **Negatives:** Execution remains frustratingly lumpy; recognizing only □104 Cr of revenue (10% of annual target) in Q1 makes the FY26 guidance highly dependent on perfect execution in H2. The 58% concentration in Jal Jeevan Mission (JJM) projects remains a risk if state-level budget reallocations occur. Operating margins were non-existent this quarter, with PAT saved by non-core items. * **Forward-looking Watchpoint:** Investors must monitor the realization of the □308 Cr remaining value in the Pallacia Jaipur project and the conversion of the □2,000 Cr bid pipeline in ERCP/Hydro projects to validate the growth thesis beyond JJM.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source. Concall not available — commentary absent.

Metric	Current Qtr (Q1FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	104	↓ 33%	↓ 82%	↓	Seasonally weak; high dependence on Q4 sprint.
EBITDA (□Cr)	(1)	↓ 106%	↓ 101%	↓	Negative operating leverage on low revenue base.
EBITDA Margin %	-1%	↓ 1135 bps	↓ 900 bps	↓	Missed 8-10% guidance due to under-absorption.
PAT (□Cr)	14	↓ 12.5%	↓ 75%	↓	Supported by Other Income and Tax credits.
ROCE (%)	10% (FY25)	↑ (vs FY24)	N/A	→	FY25 showed strong recovery; Q1 is a dip.
Net Debt / (Cash)	Zero	→	→	□	Pristine balance sheet maintained.
Order Book (□Cr)	2,684	↑ 44%	↑ 14%	↑	Record high visibility; includes □1,546 Cr JJM.
Order Inflows (□Cr)	338	N/A	↓	□	Driven by Hydro and Water additions.
Book-to-bill (x)	3.31x	↑	↑	□	Highest in recent history.
Execution Rate (%)	4.4%	↓	↓	□	Very low quarterly burn relative to OB.

2B. SEGMENT BREAKDOWN

Segment	Order Book (□ Cr)	% of Total OB	Margin (Est)	Trend	vs Co. Avg	Key Development
JJM (Water)	1,546	58%	7-10%	□	Below	Extension to 2028 provides timeline relief.
Hydro & Water	1,116	42%	15-20%	↑	Above	Shapurkandi, Isarda, and Arun 3 (Nepal) active.
Pumped Storage	Marquee	Niche	High	↑	Above	Executing Kundah (1,000 MW); major PSP focus.
Real Estate	308*	N/A	High	→	N/A	*Remaining realizable value at Pallacia Jaipur.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	□1,000 Cr (FY26)	Needs □300 Cr/qtr for 9M. Feasible only if Q4 repeat (□573 Cr) occurs.	Delivered in FY25	High
Guidance	Margins	8% - 10% EBITDA	Requires significant scale-up to absorb fixed costs.	Consistent annually	Moderate
Guidance	Order Inflow	□2,000 Cr (FY26)	Needs □550 Cr/qtr for remaining 9M.	Strong momentum	Low
Strategy	Monetization	□700+ Cr (2-3 years)	Requires □230 Cr/yr from Arbitration + RE.	On Track	Moderate
Strategy	Sector Pivot	Focus on PSP/Hydro	Aiming for 30%+ strike rate in niche hydro-mechanical.	Credible	Low
Balance	Debt Target	Maintain Net Debt Zero	Self-funding through asset monetization.	Exemplary	Low

(N/A — no concall conducted or available for Q# column)

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

Trajectory Signal vs Prior Quarter: *Neutral (Order book growth offset by weak execution burn)*

What Changed	Prior Quarter (FY25 Exit)	This Quarter (Q1FY26)	Direction
Execution Pace	High (Q4 Revenue ₹573 Cr)	Low (Q1 Revenue ₹104 Cr)	↓
Order Book Size	₹2,361 Cr	₹2,684 Cr	↑
JJM Concentration	20% (as reported in Q4)	58% (New disclosure/adjustment)	↓
Operational Profit	8% EBITDA Margin	-1% EBITDA Margin	↓
Other Income Mix	Normalized	434% YoY Spike (Salvaging PAT)	↓
Tax Impact	Normal provision	₹15 Cr Tax Credit (Supported PAT)	↑
Bid Pipeline	General focus	Specific ₹2,000 Cr target in ERCP (Rajasthan)	↑

- **Earnings Quality Note:** Q1FY26 PAT of ₹14 Cr is of **low quality**. With an operating EBITDA loss of ₹1 Cr, the entire profit is derived from a massive jump in Other Income (likely interest on arbitration deposits or real estate realization) and a significant deferred tax credit. This level of profit is not sustainable without a massive recovery in EPC execution.
- **Required Run-Rate Check:** Management has set a revenue target of ₹1,000 Cr for FY26. Having achieved only ₹104 Cr in Q1, the company now needs to average ~₹300 Cr per quarter for the remainder of the year. While Om Infra achieved ₹573 Cr in Q4FY25, such a "hockey-stick" recovery increases the risk of a guidance miss if government funding for JJM/Irrigation projects is delayed again.
- **Thesis Monitor:** The "Long-term Thesis" remains centered on the ₹640 Cr of potential cash inflows from non-core assets. At current market valuations, these inflows represent a significant safety margin. However, the core EPC business must prove it can generate positive EBITDA consistently across all four quarters to earn a re-rating beyond its liquidation value.