Om Infra Ltd — Feb 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat **One-line:** Om Infra is successfully pivoting from a legacy diversified conglomerate to a pure-play water infrastructure specialist, evidenced by a significant recovery in core EBITDA margins and the liquidation of non-core packaging and road assets.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	EBITDA grew from □14.4 Cr to □39.4 Cr YoY despite only 14% revenue growth.	□
Earnings Quality	High (Core driven)	Operating profit recovery is driven by core EPC execution; reliance on 'Other Income' halved YoY.	□
Guidance Confidence	Strong	Received LOI for 1051 villages in UP; management expects further orders in UP/ Rajasthan within 3 months.	□
Management Credibility	Strong	Executing on the promise to exit non-core; sold packaging machinery and recovered □191 Cr from road project.	□
Business Quality Signal	Improving	Transitioning from high-risk BOT (Roads) and stagnant manufacturing (Packaging) to high-growth Water EPC.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Execution of the massive $270B (□2,700 Cr per rule) water opportunity.	Mgmt focused on technical edge in Hydro-Mechanical equipment to win marquee dam/canal projects.	□
Capital Cycle Stage	Harvesting / Reinvestment	Harvesting cash from non-core exits; reinvesting into working capital for Jal Shakti Abhiyaan projects.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins recovered to 18.5% from 7.7% in the previous year.	□
Pricing Power	Stable	Specialist status in hydro-mechanical equipment (turnkey execution) provides a niche competitive moat.	□
FCF Conversion & Quality	Weak	High interest costs (□19.7 Cr) consume 50% of EBITDA, indicating high debt-servicing burden.	□
Competitive Moat Signals	Stable	One of the few eligible contenders for large-scale dam projects with specialized R&D edge.	□
Balance Sheet Strength	Adequate	□176 Cr deployed in loans/escrow from road settlement; plans to reduce long-term debt are underway.	□
Working Capital Efficiency	Deteriorating	Operating expenditure remains high (52.5% of revenue), typical of expanding EPC operations.	□
Mgmt Guidance Track Record	Reliable	Consistent progress on asset divestment and order book accretion in the water segment.	□
Key Vulnerability / Red Flag	High Finance Costs	Interest expense of □19.7 Cr is nearly 1.25x the reported PAT (□15.8 Cr).	□
Management Tone	Confident	Focused on "World class expertise" and tapping the "huge potential" in River Linking.	□

Key Takeaways (Positives & Negatives): * **Positives:** The business has achieved a sharp operational turnaround with EBITDA margins rebounding to 18.5%. The strategic exit from the packaging business and the recovery of □191 Cr from the Jaipur-Bhilwara road project significantly de-risks the balance sheet. The order pipeline is robust, anchored by the UP Jal Nigam LOI and upcoming opportunities in the $270 Billion (□2,700 Cr per rule) Indian water infrastructure space. * **Negatives:** Despite the operational beat, the bottom line is heavily constrained by high interest costs (□19.7 Cr). The "Other Operating Expenditure" line remains a large drag on cash flows. The resolution of the remaining □378 Cr road claim remains mired in regular arbitration proceedings, creating a timeline uncertainty for the final cash infusion. * **Watchpoint:** Investors should monitor the conversion of the UP and Rajasthan "expected orders" into the formal order book over the next 3 months to validate the growth trajectory.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Annualized View)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□ Cr)	212.9	↑ 13.9%	First entry	↑	Driven by hydro-mechanical and water projects.
EBITDA (□Cr)	39.4	↑ 173.6%	First entry	↑	Margin expansion via better project mix.
EBITDA Margin %	18.5%	↑ 1,080 bps	First entry	↑	Core operational recovery.
PAT (□Cr)	15.8	→ 3.9%	First entry	→	PAT growth muted due to lower 'Other Income'.
Net Debt (□Cr)	Not in document	N/A	First entry	N/A	Plans to reduce long-term debt noted.
Order Inflows (□ Cr)	1,051 (Villages)	New	First entry	↑	LOI from UP Jal Nigam for 1051 villages.
Interest Coverage (x)	2.0x	↑ 0.58x	First entry	↑	Improved from 0.58x; still tight.
Interest Cost (□ Cr)	19.7	↓ 19.9%	First entry	↑	Reduction from □24.6 Cr is a positive signal.
Other Income (□ Cr)	16.8	↓ 52.4%	First entry	↓	Lower reliance on non-operating income.
Revenue Execution	212.9	↓ 9.6%	First entry	↓	vs 2 years ago (□235.6 Cr).

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Water & Hydro	Not in document	N/A	Not in doc	↑	Primary	LOI for 1051 villages in UP.
Road (Bhilwara)	Discontinued	N/A	N/A	↓	N/A	Terminated; □191 Cr recovered.
Packaging	Discontinued	N/A	N/A	↓	N/A	Sold one machine for □7.6 Cr.
Real Estate/ Silos	Not in document	N/A	Not in doc	→	Diversifier	100 LMT steel silo creation plan.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Order Book	Expecting healthy orders in next 3 months in UP and Rajasthan.	Not quantifiable from PPT.	Received UP LOI.	Timing of government contracts.
Guidance	Debt	Plan to reduce long-term debt to facilitate healthy balance sheet.	Needs consistent FCF or further asset sales.	Reduced interest from □24.6 Cr to □19.7 Cr.	High interest/ PAT ratio.
Strategy	Asset Exit	Looking to completely close the Packaging division and business.	One machine sold (□7.6 Cr); more assets remaining.	One machine sold.	Liquidity of used machinery.
Macro	Industry	Water infra projects could cost ~$270B (□2,700 Cr per rule) over 5-15 years.	Massive TAM; depends on govt. budgetary allocation.	Baseline.	Govt. policy shifts.
Balance	Road Claims	Termination payment claim of □378 Cr (other than debt due) in arbitration.	Depends on legal outcomes.	□191 Cr already recovered.	Legal delays.

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
N/A	N/A	N/A	N/A

STOP HERE.