Om Infra Ltd — Feb 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline / Beat (on PAT) **One-line:** Om Infra is successfully executing its "asset-light" pivot by liquidating non-core road and packaging assets to fund a massive expansion into the □2,700 Cr ($270B) water and hydro-mechanical sector.

Dimension	This Quarter (FY22 Full Year)	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Beat (Revenue/PAT)	Revenue grew 33% YoY; PAT surged 142% due to discontinued operations gains.	□
Earnings Quality	Moderate	43% of Net Profit (□11.33 Cr of □26.46 Cr) came from discontinued operations (asset sales/settlements).	□
Guidance Confidence	Strong	Received LOI for 1051 villages in UP; entry into high-margin Silo rentals (□12 Cr/year).	□
Management Credibility	Strong	Delivered on the promise to recover road funds (□191 Cr) and exit packaging.	□
Business Quality Signal	Improving	Shifting from volatile BOT/Manufacturing to annuity-like Silo rentals and specialized Water EPC.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	High Debt Servicing	Interest costs (□35.57 Cr) consume 64% of EBITDA; management targeting "negligible term debt."	□
Capital Cycle Stage	Harvesting / Reinvestment	Harvesting legacy assets (Roads/Packaging); reinvesting in Jal Shakti/Hydro-Mechanical projects.	□
Margin / Return Ratio Trajectory	Slightly Deteriorating	EBITDA margins compressed from 18.7% to 17.8% YoY despite higher scale.	□
Pricing Power	Stable	Specialist status in hydro-mechanical turnkey execution limits generic EPC competition.	□
FCF Conversion & Quality	Weak	Heavy interest burden and "Other Operating Expenditure" (□231.95 Cr) limit free cash generation.	□
Competitive Moat Signals	Stable	One of the few eligible bidders for large-scale dam projects; specialized technical R&D edge.	□
Balance Sheet Strength	Adequate	□191 Cr liquidity infusion from road settlement; □388 Cr in additional claims pending.	□
Working Capital Efficiency	Stable	High operating expenditure typical for large-scale village-level pipe-laying execution.	□
Mgmt Guidance Track Record	Reliable	Consistent progress on divestments and UP/Rajasthan order book accretion.	□
Key Vulnerability / Red Flag	Finance Costs	Interest cost (□35.57 Cr) is 1.34x the total PAT (□26.46 Cr), indicating extreme leverage sensitivity.	□
Management Tone	Confident	Focused on "tapping huge potential" in River Linking and "world-class expertise."	□

Key Takeaways (Positives & Negatives): * **Positives:** The company has successfully pivoted its business model, securing a massive entry into the UP Jal Nigam project (1051 villages) and the burgeoning Steel Silo market (30-year concession). Balance sheet de-risking is visible via the recovery of □191 Cr from the Jaipur-Bhilwara road project and the ongoing liquidation of the packaging unit. The □750 Cr realisable value from the "Om Heights" project offers a significant future cash flow catalyst. * **Negatives:** Interest costs remain the single largest threat to equity value, effectively wiping out two-thirds of operating profit. While revenue is growing, EBITDA margins saw a 92 bps compression YoY, suggesting rising input or execution costs in the civil segment. * **Forward Watchpoint:** Monitor the "financial closure" of the Gujarat and Bihar Silo projects; achieving COD within the 18-24 month window is critical for establishing the promised □12 Cr/year rental annuity.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (FY22)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□Cr)	313.03	↑ 32.9%	First entry	↑	Driven by hydro-mechanical and water supply projects.
EBITDA (□Cr)	55.66	↑ 26.2%	First entry	↑	Growth in scale offset by higher operating costs.
EBITDA Margin %	17.78%	↓ 92 bps	First entry	↓	Compression from 18.7% in FY21.
PAT (□Cr)	26.46	↑ 142.8%	First entry	↑	Aided by □11.33 Cr profit from discontinued ops.
Net Debt / (Cash)	Not in doc	N/A	First entry	N/A	Goal is to reduce "term debt" to negligible levels.
Order Inflows (□Cr)	1,051 (Villages)	New	First entry	↑	Massive LOI from UP Jal Nigam for rural water supply.
Interest Cost (□Cr)	35.57	↑ 41.7%	First entry	↓	Sharp spike from □25.1 Cr in FY21.
Interest Coverage (x)	1.56x	↓ 0.20x	First entry	↓	Deteriorated from 1.76x; remains critical risk.
Book-to-bill (x)	Not in doc	N/A	First entry	N/A	Pipeline suggests >3x based on village LOIs.
Real Estate Sales (□ Cr)	349.0	New	First entry	↑	Combined consideration from MHADA & Pallacia sales.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Water & Hydro	313.03*	↑ 32.9%	17.8%	↑	Primary	LOI for 1051 villages in UP; Nokha/ Khazuwala orders.
Real Estate	N/A	N/A	N/A	→	Diversifier	Om Heights (₹750 Cr realisable value) yet to start sales.
Steel Silos	0 (Pre-COD)	N/A	N/A	↑	Future	100,000 MT capacity under construction in Bihar/Gujarat.
Road (Bhilwara)	Discontinued	N/A	N/A	↓	Exit	Recovered ₹191 Cr; pursuing final ₹388 Cr claim.
Packaging	Discontinued	N/A	N/A	↓	Exit	Closing division; selling off remaining machinery.

**Consolidated revenue is primarily core engineering; segment-wise revenue splits not provided in PPT.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Silo Revenue	₹12 Cr per year rentals for 30 years from FCI.	Requires COD in 18-24 months; ground breaking done.	New initiative.	Construction delays.
Guidance	Debt	Plan to reduce almost negligible term debt.	Requires ₹100 Cr+ FCF or asset sales; current interest ₹35.57 Cr.	Interest cost actually rose YoY.	High interest/ EBITDA.
Guidance	Order Book	Expecting healthy orders in UP and Rajasthan in 3 months.	Pipeline is strong; depends on govt tender cycles.	Received 1051 village LOI.	Execution capability.
Strategy	Asset Monetization	Recovered ₹191 Cr; seeking final ₹579 Cr total claim (₹388 Cr remaining).	Depends on Commercial Court/Arbitration outcomes.	Possession taken by PWD Rajasthan.	Legal timeline.
Strategy	Real Estate	₹750 Cr realisable value from Om Heights (unsold).	Project area 2.5L sq ft; requires ₹30,000/sq ft realization.	MHADA/Pallacia sales on track.	Market absorption.

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Revenue Scale	₹212.9 Cr (H1/9M view)	₹313.03 Cr (Full Year)	↑
EBITDA Margin	18.5%	17.78%	↓
Interest Coverage	2.0x	1.56x	↓
Road Project Status	Terminated / Claim pending	₹191 Cr recovered; Possession taken by Govt.	↑
Order Book	Village LOIs expected	LOI for 1051 villages formally received.	↑
Silo Progress	Planned	Ground-breaking and civil work in progress.	↑
Profit Composition	Core-heavy	Significant contribution from "Discontinued Operations" (₹11.33 Cr).	□
Real Estate Pipeline	MHADA/Pallacia focus	Om Heights (₹750 Cr value) added to primary focus.	↑

STOP HERE.