# Om Infra Ltd — Feb 2025 Quarterly Analysis

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Inline (Execution Slowdown but Strategic De-risking) **One-line:** The core thesis—transitioning from generic water projects to high-moat hydro-mechanical engineering—remains intact, though FY25 is effectively a "lost year" for volume growth due to macro funding delays in the Jal Jeevan Mission (JJM).

| Dimension | This Quarter | Signal / Evidence | Sentiment |
|---|---|---|---|
| Beat/Miss vs Guidance / Prior Quarter | Miss (Revenue) / Inline (Margin) | Q3 revenue hit by □150 Cr shortfall in JJM; FY25 guidance cut to □750-850 Cr (vs □850-1,000 Cr prior). | □ |
| Earnings Quality | Low (Working Capital Pressure) | PAT supported by real estate (□33 Cr inflow), but core EPC hit by □70 Cr receivables in JJM. | □ |
| Guidance Confidence | Neutral | Revised FY25 revenue down by 15%; however, FY26 "safe" guidance of □1,200 Cr suggests a massive recovery. | □ |
| Management Credibility | Strong | Proactively slowed execution to preserve BG limits when government payments lagged; disciplined capital allocation. | □ |
| Business Quality Signal | Improving | Pivot toward Hydro-mechanical (15-20% EBITDA) and Pumped Storage (PSP) creates higher barriers to entry. | □ |
| Key Q&A Exchange | Q5 + PMO/JJM | Management's detailed explanation of the PMO's initial dissent and subsequent 2028 JJM extension validates sector tailwinds. | □ |
| The Street's Primary Anxiety | JJM Funding Stagnation | Analysts feared a project shelf; management confirmed extension to 2028 and fund trickling (□30 Cr rec'd post-Q3). | □ |
| Capital Cycle Stage | Harvesting / Consolidation | Monetizing real estate (□400 Cr target) and arbitration (□600 Cr) to fund future □2,000 Cr hydro bids. | □ |
| Margin / Return Ratio Trajectory | Stable (Mix-driven) | 9M EBITDA margin 6.7%; targeting 10-12% exit as high-margin Hydro (KWAR) starts billing in FY26. | □ |
| Pricing Power | Expanding | Niche status in large gates (e.g., Koldam/Gosikhurd) allows for 15-20% margin bidding in hydro. | □ |
| FCF Conversion & Quality | Distorted | 9M PAT □21 Cr vs JJM receivables of □70 Cr; however, debt/equity remains low at -0.01x. | □ |
| Competitive Moat Signals | Widening | Only global player for specific turnkey hydro-mechanical; 176 GW PSP potential offers long-term runway. | □ |
| Balance Sheet Strength | Strong | Non-core asset monetization providing a safety net; Net Debt/Equity remains at negligible levels. | □ |
| Working Capital Efficiency | Deteriorating | Receivables cycle stretched in Q3 due to center-to-state funding delays in Rajasthan/UP. | □ |
| Mgmt Guidance Track Record | Mixed | Accurate on hydro-mechanical margins but historically optimistic on JJM funding timelines. | □ |
| Key Vulnerability / Red Flag | Revenue Run-rate | Needs □209-309 Cr in Q4 to hit revised target; execution must accelerate 60% QoQ to meet lower-end guidance. | □ |
| Management Tone | Confident & Relieved | Shift from anxiety over JJM shelf to optimism following the 2028 extension and □67,000 Cr allocation. | □ |

**Sentiment: □Positive**

**Key Takeaways (Positives & Negatives):** * **Positives:** The major overhang regarding the termination of the Jal Jeevan Mission has been cleared with the 2028 extension and additional □67,000 Cr budget. The company successfully broke its order drought with the □410 Cr KWAR Hydro win, which offers superior margins (15-20%). The pivot away from low-margin civil work is evidenced by a 50/50 order book split between Hydro and Water. * **Negatives:** FY25 is a transition year with a clear revenue miss (9M revenue at □541 Cr against an original □1,000 Cr+ target). Execution slowdown in Q3 was severe, with a □150 Cr shortfall in anticipated JJM billings due to government payment delays. * **The Street's Concern:** Analysts were deeply concerned that JJM would be shelved. Management's insight into the PMO's decision-making process and the subsequent budgetary allocation has significantly de-risked the valuation. * **Watchpoint:** The actual acceleration of JJM billings in Q4 (targeted at □150 Cr) and the conversion of the □2,000 Cr ERCP (Eastern Rajasthan Canal Project) bid pipeline.

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## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

| Metric | Current Qtr (Q3FY25) | YoY Change | QoQ Change | Trend | Mgmt Commentary |
|---|---|---|---|---|---|
| Total Income (□ Cr) | 133.00 | ↓ 54.6% | ↓ 44.4% | ↓ | YoY decline due to JJM funding delays; missed □150 Cr in anticipated billings. |
| EBITDA (□Cr) | 1.00 | ↓ 98.4% | ↓ 94.3% | ↓ | Margin collapsed to 0.75% in Q3 due to low volume absorption; 9M at □36 Cr (6.7%). |
| PAT (□Cr) | -4.00 | ↓ 114.3% | ↓ 100% | ↓ | Loss in Q3Standalone; 9M Consolidated PAT stands at □21 Cr (supported by Real Estate). |
| Order Book (□ Cr) | 2,100.00 | ↓ 10.1% | ↓ 1.8% | → | Net of execution; excludes upcoming □1,000 Cr JJM and □2,000 Cr ERCP bids. |
| Order Inflows (□Cr) | 48.00 | ↓ 88.3% | ↓ 88.3% | ↓ | Incremental win from NTPC (Tapovan); □410 Cr KWAR win was booked in Q2. |
| Execution Rate (%) | 6.2% | ↓ | ↓ | □ | Significant slowdown from Q2 (11.2%) as company paused work on non-paying JJM sites. |
| Net Debt / Equity (x) | -0.01 | → | → | □ | Effectively net debt free; utilizing non-core inflows to maintain liquidity. |
| Book-to-bill (x) | 2.50 | ↑ | ↑ | □ | Strong visibility, but "bill" portion is currently hindered by macro factors. |

### 2B. SEGMENT BREAKDOWN

| Segment | Revenue (9M □Cr) | YoY Growth | Margin | Trend | vs Company Avg | Key Development |
|---|---|---|---|---|---|---|
| Hydro & Water | 272.26 | ↓ 15% | 12% | → | Higher | Niche Engineering (Gates/Liners); 50.4% of OB. KWAR win adds high-margin buffer. |
| JJM (Water Supply) | 268.74 | ↓ 45% | 7-8% | ↓ | Lower | 49.6% of OB. Impacted by Rajasthan/UP/ Punjab fund flow delays. |
| Real Estate (Jaipur/Kota) | 33.00 (Q3) | ↑ 300% | 15% | ↑ | Higher | Sold 110 units total at Pallacia; □33 Cr inflow in Q3 provides critical WC support. |
| Pumped Storage (PSP) | 58.00 (Life) | N/A | High | → | Higher | Kundah PSP (1,000 MW) near 90% completion; remaining value □58 Cr. |

## 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate / Mathematical Feasibility | Historical Delivery | Risk Flag |
|---|---|---|---|---|---|
| Guidance | Revenue | ₹750 - 850 Cr for FY25. | Needs ₹209-309 Cr in Q4. High risk given 9M avg is ₹180 Cr/qtr. | Revised Down | High |
| Guidance | Revenue (FY26) | ₹1,200 Cr "very safe side." | Needs steady execution of KWAR + JJM restart. Feasible if funding holds. | First Entry | Moderate |
| Guidance | Margins | 10% - 12% EBITDA (FY26). | Needs recovery from current 6.7% (9M). Possible as Hydro mix increases. | Mixed | Moderate |
| Guidance | Order Inflow | ₹500 - 1,000 Cr in FY25. | ₹458 Cr achieved; needs ₹50-500 Cr in Q4. High probability (JJM/ERCP). | Delivering | Low |
| Strategy | Asset Monetization | ₹300 - 400 Cr in 2 years. | Requires selling remaining ~₹350 Cr inventory in Jaipur/Kota. On track. | Reliable | Low |
| Strategy | Bandra Real Estate | Launch in FY26; possible exit. | Dependent on Valor Estate clearing slum; shifting to start in 2-3 months. | Delayed | Moderate |
| Balance | Arbitration Claims | ₹600 Cr in 2 years. | Dependent on High Court (Jaipur Toll) and Supreme Court (Gurha). | Uncertain | High |

## 4. ANALYST Q&A

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded / Not Addressed | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 4.0 | Viral Shah | Order Book Accuracy | Financials | Why does the presentation show only 48 Cr inflow when 410 Cr was mentioned? | Management clarified the 410 Cr KWAR order was added in Q2 (announced later) and the 2,100 Cr figure is net of execution. This confirms the order book is current but billings are stagnant. | None | 4.0 | Clear ar quantifie |
| 2 | 4.5 | Viral Shah | FY25 Guidance | Mgmt Outlook | Are you on track for the 750-850 Cr guidance given the Q3 miss? | Management expressed confidence in a 250 Cr Q4 based on restarted fund flows from the center. This implies a massive 88% QoQ jump, placing high execution pressure on March. | None | 3.0 | High executio risk |
| 3 | 5.0 | Balasubramanian | Hydro Margins | Financials | How are you confident in 15-20% margins for the J&K project? | Management explained that the first year is design-heavy (low revenue), while years 2-4 contribute high-margin equipment billing. This justifies the margin re-rating thesis starting FY27. | None | 5.0 | Specific and verifiabl |
| 4 | 3.5 | Garima Singhal | Positioning | Mgmt Outlook | Where does Om Infra stand in the industry in terms of revenue? | Management claimed a unique position as the only company capable of turnkey hydromechanical, civil, and EM up to 300 MW. This | Specific market share % | 3.0 | Vague b consiste |

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | reinforces the "niche engineering" moat vs. general contractors. | | | |
| 5 | 5.0 | Saket Kapoor | JJM Shelf Fear | Strategy | What made the industry believe the government might shelve JJM? | Management revealed PMO dissatisfaction with progress led to a funding freeze until the 2028 extension was negotiated. This internal insight confirms the "macro bottom" is likely past. | None | 4.0 | Directio with evidenc |
| 6 | 4.0 | Saket Kapoor | Receivables | Financials | How much fund have you received since December? | Management confirmed receiving □30 Cr in Jan/Feb out of □70 Cr outstanding JJM receivables. This signals the working capital freeze is thawing. | None | 5.0 | Specific and quantifie |
| 7 | 4.5 | Jinesh Shah | Bandra JV | Real Estate | Why accept only a 3.5-4% share in the Bandra project via the L&T tie-up? | Management clarified that no final agreement is signed with L&T and the 17.5% stake remains the baseline. This suggests the street may be prematurely discounting the Bandra project value. | Specific timeline for developer sign-on | 2.0 | Hedged Non-binding |
| 8 | 3.5 | Dheeraj Ram | FY26 Outlook | Mgmt Outlook | What is the topline/ margin expectation for FY26? | Management guided for a "very safe" □1,200 Cr revenue at 10-12% EBITDA. This implies a return to FY24 peak levels with | None | 3.0 | Vague b consiste |

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded / Not Addressed | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | better margin quality. | | | |

**PATTERN FLAGS & SENTIMENT** * **Theme: JJM Survival.** The dominant theme was the existential threat to the Jal Jeevan Mission. Management successfully converted this anxiety into a growth story by highlighting the 2028 extension and the ₹67,000 Cr budget allocation, which "ends the wave of dissent" from the PMO. * **Theme: High-Margin Hydro Pivot.** Multiple questions focused on why hydro projects (KWAR) carry 15-20% margins vs. JJM's 8%. Management's explanation of "design-led engineering" versus "civil construction" helped analysts understand the structural margin shift. * **Theme: Real Estate as a Cash Cow.** The role of real estate shifted from a "distraction" to a "liquidity provider," with the ₹33 Cr Q3 inflow being cited as a savior during the JJM payment freeze.

**Analyst Sentiment Verdict:** Analysts were initially hostile regarding the Q3 revenue collapse but turned "cautiously optimistic" after management quantified the JJM fund inflows and the high-margin J&K project. The primary friction remains the Bandra project's lack of a binding developer agreement, which management deflected.

**GUIDANCE GAPS REVEALED IN Q&A** | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | FY25 Revenue | ₹850 - 1,000 Cr | ₹750 - 850 Cr | ~15% cut due to Q3 funding freeze. | Moderate - Growth pushed to FY26. | | Bandra JV | Branded partner soon. | No binding agreement; term sheets "non-binding." | Timeline remains fluid (6-12 months). | Moderate - Valuation overhang persists. | | JJM Completion | FY25 | FY26 (UP/Rajasthan) | Timelines pushed by 12 months. | Low - Budget extended to 2028 anyway. |

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## 5. WHAT CHANGED vs PRIOR QUARTER

| What Changed | Prior Quarter (Q2FY25) | This Quarter (Q3FY25) | Direction |
|---|---|---|---|
| Revenue Guidance | ₹850 - 1,000 Cr | ₹750 - 850 Cr | ↓ |
| JJM Policy | High uncertainty / Possible shelf | Extended to 2028; ₹67,000 Cr budget | ↑ |
| Execution Momentum | 11.2% rate | 6.2% rate (Funding freeze) | ↓ |
| Margin Profile | 8.5% (H1 avg) | 6.7% (9M avg) | ↓ |
| Order Inflow Status | Drought broken (KWAR) | Consolidation (Tapovan add-on) | → |
| Real Estate Contribution | Awaiting realization | ₹33 Cr cash inflow in Q3 | ↑ |
| Management Tone | Defensive (Macro headwinds) | Relieved (Policy clarity) | ↑ |
| Thesis Visibility | Short-term foggy | FY26 recovery visibility (₹1,200 Cr) | ↑ |

**CFO-to-PAT Analysis:** 9M PAT is ₹21 Cr. JJM Receivables are ₹70 Cr. Without the ₹33 Cr real estate inflow, the company would have faced a significant liquidity crunch. The divergence (Receivables > 3x PAT) is the primary reason for the execution slowdown, as management refused to deploy more working capital without government payments.