Om Infra Ltd — Jun 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Revenue Beat / Margin Miss (Accounting Timing) **One-line:** Om Infra has transitioned into a ₹1,000 Cr+ revenue execution machine, but Q4 profitability was artificially suppressed by a ₹72 Cr unbilled revenue lag and deliberate accounting conservatism in real estate, leaving a significant "earnings buffer" for FY25.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Revenue Beat / PAT Miss	FY24 Revenue (₹1,114 Cr) exceeded the ₹1,000 Cr target; Q4 PAT (~₹3 Cr) was weak due to ₹72 Cr billing lag.	□
Earnings Quality	Moderate (Working Capital intensive)	PAT masked by ₹72 Cr unbilled work and ₹102 Cr in unrecognized Real Estate cash collections.	□
Guidance Confidence	Neutral	Mgmt targets 15-20% growth for FY25; feasible given 2x book-to-bill but dependent on post-election tender awards.	□
Management Credibility	Strong	Delivered on debt reduction (down ₹50 Cr) and achieved highest-ever historical revenue.	□
Business Quality Signal	Improving	Shift to EPC execution (JJM) is scaling; the core Hydro-Mechanical (HM) moat remains impenetrable for peers.	□
Key Q&A Exchange	Q#4 (Unbilled Revenue)	CFO confirmed ₹72 Cr of work was done but not billed to avoid premature GST cash outflow; this is 100% "stored" profit for Q1/Q2 FY25.	□
The Street's Primary Anxiety	Margin Consistency	Fear that the 8% EBITDA margin is the new ceiling; Mgmt maintains 10-12% is the normalized target once execution kicks in.	□
Capital Cycle Stage	Harvesting & De-leveraging	Using internal accruals and arbitration receipts (prior Q) to halve debt and fund JJM working capital.	□
Margin / Return Trajectory	Stable	FY24 EBITDA margin (8%) is stable vs 9M (7.8%) despite Q4 headwind; RoE is expanding on a leaner balance sheet.	□
Pricing Power	High (HM Segment)	10-15 year technical pre-qualification limits competitors to 2-3 players in large-scale dam gates.	□
FCF Conversion & Quality	Distorted	Strong cash generation (Debt reduced by ₹50 Cr) despite low reported PAT; shows high cash-to-earnings quality.	□
Competitive Moat Signals	Widening	Increasing focus on Pumped Storage Projects (PSP) where Om's specialized gate experience is a mandatory pre-qualification.	□
Balance Sheet Strength	Adequate	Debt-to-Equity is negligible; non-current liabilities reduced by ~₹27 Cr over 3 years.	□
Working Capital Efficiency	Deteriorating	Inventory/Unbilled revenue spikes due to election delays in state-level billing cycles.	□
Mgmt Guidance Track Record	Reliable	Hits revenue targets; historically conservative on the speed of real estate revenue recognition.	□
Key Vulnerability	Election Lull	Order inflows slowed in Q4/Q1 due to the Model Code of Conduct; needs a strong Q2-Q3 to replenish the book.	□
Management Tone	Confident	Vikas Kothari emphasized "highest ever revenue/profits" while highlighting the ₹50,000 MW hydro/PSP tailwind.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives: De-leveraging Success:** The company utilized its cash flows to reduce debt by □50 Cr (now □74 Cr), drastically improving the balance sheet ahead of the next capex cycle. **Scale Milestone:** Revenue crossing □1,100 Cr (39% YoY growth) proves the company can manage the high-velocity execution required by the Jal Jeevan Mission (JJM). **Hidden Profitability:** The □72 Cr unbilled revenue (costs already expensed) and the registration lag in Real Estate (□102 Cr cash collected but not in P&L) suggest the "real" economic profit is significantly higher than the reported □47 Cr PAT. * **Negatives: Order Inflow Vacuum:** No major orders were added in Q4/Q1 due to elections, causing the order book to deplete from □2,498 Cr (Dec-23) to □2,235 Cr (Mar-24). **The Billing Trap:** Reliance on government state-level engineers for billing certificates (especially in Rajasthan) makes quarterly margins highly volatile and susceptible to administrative delays. * **Forward Watchpoint:** Watch for the transition of the □72 Cr unbilled revenue into the P&L in H1FY25—this will be the litmus test for whether margins can return to the 10-12% range.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (FY24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□Cr)	1,114.0	↑ 39.4%	↑ 9.5% (implied)	↑	Growth driven by robust execution in JJM and Engineering segments; volume-led.
EBITDA (□Cr)	89.0	↑ 138.0%	↑ 4.3% (implied)	□	Margin expanded 332 bps YoY to 8%; impacted by □72 Cr unbilled revenue.
PAT (□Cr)	47.0	↑ 257.0%	↓ 75% (implied)	□	Full year up significantly; Q4 hit by real estate registration delays and billing timing.
Net Debt (□Cr)	74.0	↓ 40.3%	↓ 17.8%	□	Reduction of □50 Cr achieved via internal accruals and claim settlements.
Order Book (□Cr)	2,235.0	↓ 10.5%	↓ 10.5%	□	Order book at 2x FY24 revenue; inflows muted by election-led tendering delays.
Order Inflows (□Cr)	~0.0	↓ 100%	↓ 100%	□	No new major awards in Q4/Q1 due to national/ state elections.
Execution Rate (%)	44.6%	↑ 330 bps	↑	↑	Calculated as FY24 Rev / Opening Book; shows significant velocity improvement.
Book-to-bill (x)	2.0x	↓	↓	□	Visibility reduced from 3.1x to 2x; replenish cycle critical in H2FY25.
Interest Coverage (x)	3.8x	↑	↑	□	Improved significantly as debt reduced and EBITDA grew.
Unrecognized RE Cash (□Cr)	102.0	↑	↑	□	Cash collected (□339 Cr) vs Revenue Recognized (□237 Cr) across projects.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin (EBIT)	Trend	vs Co Avg	Key Development
Engineering (EPC)	1,017.0	↑ 53%	12.0%	□	Above	Primary driver; mix of JJM (UP/Rajasthan) and Hydro (Nepal/India).
Real Estate	54.0	↑	Variable	□	Below	Jaipur (Pallacia) OC received; revenue recognized only upon registration.
Others (Toll/ Silo)	~43.0	-	-	→	N/A	Non-core; Bhilwara Toll in litigation (₹587 Cr claim).

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	15% - 20% growth for FY25 (₹1,280 Cr - ₹1,335 Cr).	Needs ~₹320 Cr/qtr. Feasible given current execution velocity.	Met FY24 target of ₹1,000 Cr+.	Low
Guidance	Margins	10% - 12% EBITDA margin.	Requires conversion of the ₹72 Cr unbilled work at 20%+ incremental margin.	Missed (Achieved 8% in FY24).	Medium
Guidance	Order Inflow	₹500 Cr - ₹1,000 Cr in new orders for FY25.	Highly dependent on state govt (Rajasthan/UP) and NHPC tender timing.	Missed Q4/Q1 expectations due to elections.	High
Strategy	Real Estate	Sell remaining unsold inventory (~₹400 Cr value) in 2-3 years.	Needs pickup in Jaipur high-end segment (₹5 Cr+ tickets).	Jaipur is 60% sold; Kota almost complete.	Medium
Strategy	Arbitration	Monetize ₹587 Cr Bhilwara award and Bandra MHADA claims.	Subject to HC/Double Bench litigation timelines.	Received ₹64 Cr in FY24; process is slow but positive.	High
Balance	Debt	Further reduce debt using real estate cash flows.	Real estate unrecognized cash (₹102 Cr) is sufficient to wipe out all debt.	Delivered ₹50 Cr reduction in FY24.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Aditya Sen / Robo Capital	Real Estate	Financials	When will the Bandra project launch and what is the GDV share for Om?	Management clarified that there is no launch timeline as the focus is purely on slum clearance (DB Realty responsibility). Until the plot is cleared, no GDV can be locked, delaying the monetization of this "lottery ticket" asset.	None	3.0	Strategy shift
2	4.0	Aditya Sen / Robo Capital	Outlook	Strategy	What is the target for order inflows in FY25 and FY26?	Management expects to add 500-1000 Cr in FY25 and targets an order book of 4,000 Cr in 2-3 years. Reaching 4,000 Cr requires a 2x increase in banking limits, making bank support the primary growth constraint.	None	3.5	Ambitious target
3	4.0	Jinesh Sipani / Indiv.	Moat	Business Overview	How does Om's offering differ from Jash Engineering in gate projects?	Management noted they have never competed with Jash in hydro/dams as Om handles large-scale specialized equipment. This confirms Om's "Big 3" status in the high-barrier	None	5.0	Moat validated

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						hydro-mechanical segment in India.			
4	5.0	Jinesh Sipani / Indiv.	Financials	Financials	Why were FY24 margins (8%) so much lower than the 14-15% target mentioned in the PPT?	CFO explained that 72 Cr of work was completed but not booked as revenue (unbilled) to avoid GST cash outflows. This creates a margin mismatch where costs were hit in Q4 but the high-margin execution phase revenue will hit in FY25.	None	4.0	Clear and quantified
5	4.5	Nitin Gandhi / Indiv.	Financials	Financials	Was the 25 Cr unbilled revenue from Q3 added to Q4 as promised?	Management confirmed the 25 Cr was added, but a new, larger gap of 72 Cr was created in Q4. This suggests a recurring billing volatility that makes quarterly PAT forecasting difficult.	None	4.0	Recurring issue
6	3.5	Shyam Garg / Indiv.	Operations	Financials	Why was there a negative employment cost in the consolidated P&L in Q4?	CFO stated that salary costs for the Kota real estate project were capitalized into Work-in-Progress (WIP) as that	None	3.5	Accounting detail

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						project phase is not yet complete. This accounting treatment temporarily boosts Q4 EBITDA but is a standard capitalization practice.			
7	4.0	Kaushal Kedia / Indiv.	Execution	Financials	What is the cost component of the ₹72 Cr unbilled revenue?	Management indicated the cost is roughly 80% (₹57 Cr already expensed). This implies Q1/Q2 FY25 will benefit from ~₹15 Cr of "margin-free" revenue that has already been paid for.	None	4.5	Specific signal
8	4.0	Deepak Mehta / SunCity	Real Estate	Financials	Why is half of the Jaipur project unsold after 7-8 years?	Management admitted that the demand for large, high-ticket flats (₹5 Cr - ₹7 Cr) is slower than the mid-market. This inventory carry remains a drag on ROCE, although the project is completed and debt-free.	None	3.0	Candid admission

PATTERN FLAGS & SENTIMENT Analysts focused heavily on the **volatility of billing** and the **revenue recognition gap**. There is clear frustration regarding the "unbilled revenue" narrative appearing every quarter (₹25 Cr in Q3, now ₹72 Cr in Q4). Management's posture was defensive but transparent, attributing the lag to GST cash-flow management and administrative delays in Rajasthan/UP due to elections. The anxiety is that the "real" EBITDA margin of the business is hidden under layers of state-government bureaucracy.

Analyst Sentiment Verdict: Analysts remain **convincingly bullish on the "moat" and revenue scale**, but are **skeptical of quarterly bottom-line guidance**. The credibility of the 1,000 Cr revenue achievement was well-received, but the "three-digit PAT" target from prior quarters was a clear miss. The friction point is the Real Estate segment; analysts want to see the inventory liquidated and cash repatriated to the EPC business rather than sitting in "slow-moving registrations."

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | PAT Target | Targeted a 3-digit (100 Cr+) PAT for FY24. | Reported 47 Cr PAT. | Missed by >50% due to RE registration delays and unbilled revenue. | High (Short-term) | | Order Inflows | Expected to add new orders in Q4 FY24. | Nil major additions. | Election Model Code of Conduct halted state-level awards. | Medium | | Bandra Project | Slum clearance expected soon. | No firm timeline; focus remains only on clearance with DB Realty. | Project remains a long-term "hidden value" with no near-term cash flow. | Low |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3/9M)	This Quarter (FY24/Q4)	Direction
Revenue Scale	9M Revenue: 818 Cr.	FY24 Revenue: 1,114 Cr.	↑ (Scale milestone)
Debt Profile	Total Debt: 124 Cr.	Total Debt: 74 Cr.	(De-leveraging)
Order Book	2,498 Cr.	2,235 Cr.	↓ (Depleting)
Billing Lag	25 Cr unbilled revenue.	72 Cr unbilled revenue.	↓ (WC Lock-up)
Real Estate Status	Construction phase.	OC received; Registry phase.	(Project de-risked)
Growth Strategy	Claim/Arbitration focus.	Pumped Storage/Hydro focus.	(Sector tailwind)
Shareholder Return	Nil.	50% Dividend Recommended.	(Confidence signal)

Forensic/WC Lever Identification: The massive divergence between PAT (47 Cr) and Cash Flow is driven by the **Real Estate Advance Lever**. The company has collected 339 Cr in cash from buyers but recognized only 237 Cr in revenue. This 102 Cr "float" has effectively replaced bank debt, explaining why debt fell by 50 Cr despite a weak Q4 PAT. The thesis is shifting from a "Project P&L" story to a "Cash Flow & De-leveraging" story.