Om Infra Ltd — Nov 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat / Margin Recovery **One-line:** Om Infra has successfully transitioned from the margin-crushing inflationary environment of FY23 to a high-execution, margin-normalized phase, though the thesis now rests on converting massive "paper wealth" (arbitration and real estate) into actual debt reduction.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue H1FY24 (□547 Cr) is 68% of total FY23; EBITDA margins recovered to 15% from <5% in prior context.	□
Earnings Quality	Moderate	PAT aided by H1 execution scale, but high working capital in JJM remains a drag on FCF.	□
Guidance Confidence	Neutral	Management's 12-14% EBITDA guidance seems sustainable, but the zero order inflow in H1 is a yellow flag.	□
Management Credibility	Improving	Execution delivery on JJM is now visible in numbers; however, timelines on arbitration/Bandra remain "sub-judice" and elusive.	□
Business Quality Signal	Stable	Return to core profitability (15% EBITDA) validates the niche hydro-mechanical moat despite the commoditized JJM mix.	□
Key Q&A Exchange	Q#9 + Order Lull	Mgmt admitted to being "selective" and "at peak capacity," signaling a shift from growth-at-all-costs to margin protection.	□
The Street's Primary Anxiety	Lack of New Orders	Analysts pressed on the zero H1 order inflow; mgmt expects □500–1000 Cr addition in coming quarters.	□
Capital Cycle Stage	Harvesting / Execution	Moving from the "order grab" phase of FY21-22 to the "peak execution" phase of FY24.	□
Margin / Return Ratio Trajectory	Improving	Blended EBITDA at 15% (Q2) vs 4.7% (Prior Context Q3FY23).	□
Pricing Power	Stable	Better contract terms in new bids and stabilization of steel prices have restored margins.	□
FCF Conversion & Quality	Distorted	High inventory (□543.7 Cr) and debtors (□241.9 Cr) suggest most profit is trapped in the working capital cycle.	□
Competitive Moat Signals	Stable	Remains a market leader in hydro-mechanical (gates/liners); PSP (Pumped Storage) provides a new high-barrier entry point.	□
Balance Sheet Strength	Adequate	Borrowings at □108.4 Cr (Current + Non-current); expected □45 Cr arbitration inflow covers ~40% of debt.	□
Working Capital Efficiency	Deteriorating	H1 inventories rose to □543.7 Cr (consolidated) vs □522 Cr in Mar-23 despite heavy revenue recognition.	□
Mgmt Guidance Track Record	Mixed	Delivered on revenue scale; still navigating the "legal maze" for Bandra and Toll Road awards.	□
Key Vulnerability / Red Flag	Real Estate Velocity	Only 2 units sold in Q2 in Pallacia despite a "buoyant" market; inventory realization is taking longer than the "2-3 years" guided.	□
Management Tone	Confident / Selective	Tone was focused on "healthy bottom line" over volume and "commanding terms" with banks.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives):

Positives: * **Operational Turnaround:** EBITDA margins have staged a major recovery to 15%, well above the 4.7% reported in the prior context (Q3FY23), proving the "steel price lag" was indeed temporary. * **Execution Velocity:** At ₹547 Cr in H1, the company is on track to significantly exceed its record FY23 revenue (₹799 Cr), demonstrating the ability to manage 3.5x book-to-bill scale. * **Arbitration Progress:** The 65% settlement under *Vivad se Vishwas* for NTPC Tapovan (₹45 Cr) provides a clear, near-term liquidity catalyst for debt reduction.

Negatives: * **Order Intake Lull:** Zero new orders in H1FY24 is concerning for a long-term investor; management's "selective" stance must translate into new wins in H2 to prevent a FY26 revenue cliff. * **Stagnant Real Estate:** Despite the Jaipur project being a "unique high-end" offering, a sale of only 2 units in a quarter suggests a mismatch between pricing strategy and market velocity, delaying the ₹300 Cr expected cash flow. * **Working Capital Intensity:** Total Current Assets (₹955 Cr) now represent nearly 62% of the balance sheet, indicating that the JJM segment is consuming cash as fast as it generates revenue.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source.

Metric	Current Qtr (Q2FY24)	YoY Change (vs H1FY23)	QoQ Change	Trend	Mgmt Commentary
Total Income (H1 ₹Cr)	547.0	↑ 125.1%	N/A	↑	Highest ever half-yearly revenue in company history.
EBITDA Margin %	15.0%	↑ 400 bps	↑ 1,030 bps	↑	H1 blended margin; recovery from prior year's steel price impacts.
PAT (H1 ₹Cr)	45.9	↑ 341.3%	N/A	↑	Scale and margin normalization driven.
Net Sales (FY23)	799.2	↑ 155.3% (YoY)	N/A	↑	Massive scale up in JJM and Engineering.
Order Book (₹ Cr)	2,805	↓ 7.1% (vs Mar-23)	↓ 7.1%	↓	No new orders in H1; purely execution-led decline.
Order Inflows (H1 ₹Cr)	0.0	↓ 100%	↓ 100%	↓	Management focused on executing peak current workload.
Execution Rate (%)	19.5%	↑	↑	↑	Calculated as H1 Revenue / Opening Order Book.
Net Debt (₹Cr)	33.7	↓	↓	□	Cash (74.7) vs Borrowings (108.4). Management targeting further reduction.
Interest Coverage (x)	2.1x	↑	↑	↑	Based on H1 figures; improved from 1.3x in FY23.
Inventory Days	363 days	↑	↑	↓	Inventory at ₹543.7 Cr vs ₹543.7 Cr (Mar-23). High due to JJM and Real Estate.
Debtors (₹Cr)	241.9	↑ 9.8%	↑ 9.8%	↓	Increased from ₹220.2 Cr in Mar-23.

2B. SEGMENT BREAKDOWN

Segment	Revenue (H1 ₹ Cr)	Margin (Est)	Trend	vs Co Avg	Key Development
JJM (Water Supply)	~328.2 (60% OB)	12% - 15%	↑	In-line	UP and Rajasthan execution at peak; 2-3 yr timeline.
Hydro & Water	~218.8 (40% OB)	18% - 20%	→	Above	Focus on gates/liners; higher technical barriers.
Real Estate	Minimal (Q2)	High	↓	N/A	Only 2 units sold in Q2; slow revenue recognition due to registration.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	Highest ever revenue in FY24.	Needs ₹253 Cr in H2 to match FY23; current H1 is ₹547 Cr. High feasibility.	Delivered	Low
Guidance	Margins	12% - 14% EBITDA Margin.	Achieved 15% in Q2/H1; buffer available for H2.	Missed (FY23) / Beat (H1FY24)	Low
Guidance	Order Book	₹4,000 - ₹5,000 Cr target.	Needs ₹1,200 Cr+ inflow in H2 to hit lower bound.	Missed (H1)	Medium
Strategy	Debt Reduction	Reduce debt via arbitration awards.	₹45 Cr (NTPC) due in 3-6 months covers 40% of debt.	Ongoing	Low
Macro	Pumped Storage (PSP)	103 GW potential in India.	Long-term pipeline; bidding yet to convert to OB.	N/A	Medium
Strategy	Bandra Project	FSI enhancement received.	Matter sub-judice; no timeline for cash realization.	Delayed	High
Strategy	Real Estate	Exit Jaipur/Kota in 2-4 years.	Sales velocity (2 units/qtr) is far below required rate.	Underperforming	High

4. ANALYST Q&A

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
1	4.0	Jinesh, Niveshaay	Growth Strategy	Strategy	Opportunity size and focus in PSP/Hydro sectors.	Management expects to reach an order book of □4,000–5,000 Cr by targeting a big boon in water infrastructure and pumped storage. This signals a shift toward higher-tech niches to drive long-term revenue visibility and growth.	None	4.0	Clear and quantified
2	3.5	Jinesh, Niveshaay	Pipeline	Outlook	Specific upcoming tenders management is eyeing.	Management declined to name specific projects but highlighted a massive pipeline from PSUs like NHPC, NTPC, and SJVNL. This confirms a healthy bidding environment but keeps specific catalysts opaque for investors.	Specific project names	3.0	Directional
3	3.0	Jinesh, Niveshaay	Geography	Strategy	Reliance on only two states (UP/Rajasthan) for JJM.	Management clarified they are present in Gujarat, MP, Maharashtra, and Northeast states, and will bid wherever "good opportunity" arises. This reduces the risk of geographical	None	4.0	Verifiable

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						concentration or state-specific policy shifts.			
4	3.5	Jinesh, Niveshaay	Competition	Business Overview	Subcontracting opportunities from major peers (Dilip Buildcon/ Patel).	Management stated they prefer direct bidding over subcontracting and will not work for the private sector to protect margins. This reinforces the company's status as a Tier-1 contractor rather than a dependent vendor.	None	4.5	High
5	3.0	Jinesh, Niveshaay	Execution	outlook	Execution targets for FY24 and FY25.	The existing order book is slated for execution over the next 2-3 years, providing clear revenue visibility. This confirms the current "execution peak" phase of the business cycle.	Specific annual revenue numbers	3.0	Vague
6	3.0	Jinesh, Niveshaay	Macro	Macro	Slowdown due to state/central elections.	Management noted a temporary slowdown in awards due to the code of conduct but expects no long-term impact on PSUs or JJM. This alleviates fears of a	None	4.0	Consistent

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						multi-quarter freeze in infrastructure spending.			
7	4.5	Mahesh Shah	Order Inflow	Financials	Lack of new orders in the first half of FY24.	Management admitted zero order inflow in H1FY24, attributing it to a lull in hydro packages and being selective. This is a significant signal that growth may plateau if H2 bidding is not aggressive.	None	5.0	Quantified
8	4.0	Dharmesh Shah	Bandra Project	Financials	Current status of the Bandra MHADA redevelopment.	The arbitration award was received but was insufficient, leading management to appeal in court. This indicates the Bandra project remains a long-term "frozen asset" with no near-term cash realization.	Timeline for resolution	2.0	Evasive
9	4.5	Sandip Sabharwal	Order Win Lull	Strategy	Sustainability of growth given the lack of recent wins.	Management explained they were "not very aggressive" recently as current projects are at "peak execution." This validates a margin-first strategy but raises questions	None	4.0	Directional

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						about future revenue gaps.			
10	4.0	Sandip Sabharwal	Real Estate	Financials	Sales velocity and cash flow pickup in the Jaipur project.	Sales velocity is "stable" but not "picking up," with a target to sell the remaining inventory in 2 years. This suggests the ₹300 Cr cash flow target is back-ended and highly dependent on market movement.	None	3.5	Directional
11	4.0	Aadesh Gosalia	Arbitration	Financials	Utilization of the ₹45 Cr Tapovan arbitration award.	The funds will be used for debt reduction and creating bank deposits to negotiate better non-fund-based limits (BGs). This is a direct catalyst for improving the balance sheet and bidding capacity.	None	5.0	Specific
12	3.0	Aadesh Gosalia	Arbitration	Financials	Recovery of the remaining 35% of the award.	Management confirmed that accepting the 65% under *Vivad se Vishwas* is full and final with no further contest. This clarifies that the "haircut" was accepted for the sake of immediate liquidity.	None	5.0	Clear
13	3.0	Aadesh Gosalia	Mix	Strategy	Specific targets for JJM vs Hydro mix.	No specific targets; management	None	3.0	Vague

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						will chase "healthy bottom line" opportunities across all sectors. This reinforces the flexible strategy but lacks a specific risk-concentration cap.			
14	2.5	Harshh Saraswat	Macro	Macro	Central election impact on bidding.	Reiteration that PSUs are independent and not affected by elections. Confirms stability of the core hydro-mechanical pipeline.	None	4.0	Consistent
15	4.0	Ketan Athavale	Real Estate	Financials	Number of units sold in Pallacia this quarter.	Only 2 units were sold during the quarter. This is a weak data point that contradicts the "buoyancy" of the real estate market mentioned earlier.	None	5.0	Specific
16	3.5	Ketan Athavale	Accounting	Financials	Revenue recognition gap in real estate (□163 Cr).	Recognition occurs only upon registration, leading to a lag between booking/cash collection and P&L entry. This warns investors that P&L "beats" in RE may not align with	None	4.5	Technical

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						actual cash inflows.			
17	3.0	Jagdish Mundhra	Arbitration	Financials	Clarification on the ₹45 Cr settlement amount.	Confirmed the settlement value is ₹45 Cr (65% of claim). Settles any discrepancy regarding the expected legal inflow.	None	5.0	Specific
18	3.0	Jagdish Mundhra	Bandra Strategy	Governance	Advice to compromise on Bandra to realize cash faster.	Management noted they have received additional land but the process with MHADA takes time. Appears they are still prioritizing legal maximizing over quick settlement.	None	3.0	Consistent
19	3.0	Jagdish Mundhra	Real Estate	Financials	Pricing strategy for Pallacia inventory.	Management is not reducing prices despite slow sales because the market is "very good." This strategy preserves margins but significantly increases the risk of carrying costs/ inventory drag.	None	4.0	Clear

PATTERN FLAGS & SENTIMENT

Analysts were laser-focused on two primary anxieties: the **zero order inflow in H1** and the **stagnant velocity of non-core asset monetization** (Bandra and Jaipur Real Estate). The repeated questioning from multiple analysts (Sabharwal, Shah, Jinesh) regarding the order win lull was met with a confident, albeit defensive, management posture. Management's insistence on being "selective" to protect margins resolved the concern of "growth at any cost," but the lack of specific timelines for new tenders leaves this as a live issue that will likely resurface next quarter if the order book continues its sequential decline.

The Analyst Sentiment Verdict is **Cautiously Optimistic.** Analysts were clearly impressed by the 15% EBITDA margin and the H1 revenue record, but skeptical regarding the "sum-of-the-parts" (SOTP) valuation that management heavily markets via the Investor Presentation. The friction point remains the Real Estate and Arbitration awards; while the Tapovan (₹45 Cr) settlement is a win, the Bandra and Jaipur sales remain "waiting room" assets. Management's credibility improved regarding operational execution but remains on "watch" for capital allocation and asset monetization speed.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening / Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Order Growth	Targeting ₹4,000–5,000 Cr OB.	Zero inflows in H1FY24.	Order book declined by ₹215 Cr in 6 months due to execution vs zero replacement.	High: Revenue cliff risk in FY26.
Real Estate	"Handsome realizable value" / buouyant market.	Only 2 units sold in Q2.	Massive disconnect between "lifestyle luxury" marketing and actual buyer take-up.	Medium: High inventory carrying costs.
Bandra Project	Arbitrator judgment received.	Judgment was insufficient; appealed to court.	Project remains in legal limbo despite "awards" being cited in PPT.	High: SOTP valuation overhang.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY23 Context)	This Quarter (Q2FY24)	Direction
EBITDA Margin	4.7%	15.0%	↑ Improving
Order Inflow	Not specified (growth phase)	₹0 Cr in H1	↓ Deteriorating
Legal Strategy	Contesting awards (Tapovan)	Opted for 65% settlement (₹45 Cr)	□Pragmatic shift
Revenue Scale	₹209 Cr (Q3)	₹547 Cr (H1)	↑ Scaling
Debt Outlook	Focus on "estimated inflows"	Tangible ₹45 Cr inflow in 3-6 months	↑ Improving
Management Tone	Navigating inflation	Navigating execution peaks	□More stable
Real Estate Status	Jaipur 74% sold (volume)	54% sold (sqft basis/PPT); 2 units/qtr	↓ Slowing velocity

STOP HERE.