Om Infra Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak (Second Guidance Cut) **One-line:** The thesis has fundamentally shifted from a "high-growth EPC turnaround" to a "deep-value asset liquidation play" as management slashed FY26 revenue guidance for the second consecutive quarter (now 50% below the initial target), signaling a near-total execution paralysis in the Jal Jeevan Mission (JJM) portfolio.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	**Miss (Major Cut)**	FY26 Revenue guidance cut to □500–550 Cr (vs □600–700 Cr in Q2 and □1,000 Cr in Q1).	□
Earnings Quality	Moderate	PAT of □4 Cr is core-driven, but YoY EBITDA fell 65% (□7 Cr vs □20 Cr).	□
Guidance Confidence	Weak	Management has walked back targets twice in 6 months; 9M execution is only ~15% of the opening order book.	□
Management Credibility	Deteriorating	Repeated inability to forecast execution timelines for the JJM segment (62% of order book).	□
Business Quality Signal	Deteriorating	High book-to-bill (4.2x) is meaningless if the "burn rate" continues to decelerate YoY.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Execution Deadlock	Why is execution falling (~60% YoY) despite a □2,200 Cr+ order book?	□
Capital Cycle Stage	Harvesting / Stagnant	Not reinvesting for growth; focus is solely on monetizing old assets to maintain a clean balance sheet.	□
Margin Trajectory	Stable (Low Base)	EBITDA margins held at 6% despite the massive revenue drop, showing decent cost control.	→
Pricing Power	Stable	Niche Hydro-mechanical (HM) expertise maintains 20–30% bid-to-strike ratios.	□
FCF Conversion & Quality	Weak	Sluggish execution suggests working capital is trapped in slow-moving JJM sites.	□
Competitive Moat Signals	Stable	55+ years in HM remains a barrier; no new competitors noted in the 1,000MW+ segment.	□
Balance Sheet Strength	Strong	Net Debt to Equity remains exemplary at 0.05x.	□
Working Capital Efficiency	Deteriorating	9M revenue (□340 Cr) on an opening book of □2,361 Cr implies an annualized turnover of <0.25x.	□
Mgmt Guidance Track Record	Unreliable	Guidance has moved from □1,000 Cr → □650 Cr (mid) → □525 Cr (mid) in just nine months.	□
Key Vulnerability	Asset Concentration	Valuation is now entirely dependent on the □587 Cr arbitration award and □315 Cr RE realization.	□
Management Tone	Cautiously Defensive	PPT highlights "Sustainable Growth" but the revised numbers suggest a survival/consolidation mode.	□

Sentiment: □Negative

Key Takeaways (Positives & Negatives): * **Negatives:** The growth thesis is broken for FY26. Management has cut revenue guidance by nearly 50% since the start of the year (₹1,000 Cr to ₹500-550 Cr). Q3 revenue collapsed 60% YoY to ₹112 Cr, and execution momentum in the flagship JJM segment appears stalled. The 9M execution rate of ~9% is alarmingly low for a civil construction player. * **Positives:** The balance sheet is the only safety net. Net Debt/Equity of 0.05x ensures the company won't face a liquidity crisis despite the execution slowdown. The "liquidation value" of non-core assets (Arbitration + Real Estate) is estimated at ~₹900 Cr+, which provides a significant valuation floor relative to the market cap. * **The Street's Primary Concern:** Analysts are focused on the "missing" revenue. Management's implied response (via guidance cuts) suggests that structural delays in UP/Rajasthan JJM projects are worse than anticipated. * **Forward-looking Watchpoint:** Monitor the "Fresh Notification for enhancement of scope" for the Rampur Project and the bidding outcome for the ₹2,000 Cr ERCP project; without new, fast-moving wins, the EPC business will continue to drag down the ROE.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *Concall not available — commentary absent.*

Metric	Current Qtr (Q3FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (₹ Cr)	112	↓ 60%	↓ 10%	↓	Driven by lower execution across segments.
EBITDA (₹Cr)	7	↓ 65%	→	↓	Maintained QoQ despite lower revenue scale.
EBITDA Margin %	6%	↓ 100 bps	→	→	Cost stability despite revenue contraction.
PAT (₹Cr)	4	↓ 64%	→	↓	In line with operational EBITDA performance.
Net Debt / Equity	0.05x	→	→	□	Consistent conservative leverage maintained.
Order Book (₹ Cr)	2,236	↓ 11%	↓ 12%	↓	Reduction due to execution and lack of major wins.
Order Inflows (₹ Cr)	129	↓ 47%	↓ 47%	↓	Q3 win in UP (Shahjahanpur) vs larger H1 wins.
Execution Rate (%)	4.7%	↓ (vs 9M)	↓	□	Calculated as Q3 Revenue / Opening OB (₹2,361 Cr).
ROCE (%)	5%	↓ 200 bps	↓	↓	Impacted by low asset turnover/EBIT.

2B. SEGMENT BREAKDOWN

Segment	Order Book (₹ Cr)	% of Total OB	Margin (Est)	Trend	vs Co. Avg	Key Development
JJM (Water)	1,390	62.1%	6-8%	↓	Inline	Major focus in UP (Unnao, Bareilly, Shahjahanpur).
Hydro & Water	846	37.9%	12-15%	→	Above	Includes Shapurkandi, Isarda, and Kwar projects.
Real Estate	315*	Asset	High	→	N/A	*Remaining realizable value (Pallacia + Kota).
Pumped Storage	Marquee	Niche	15%+	↑	Above	Kundah PSP (1,000 MW) under execution.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹500 - 550 Cr (FY26)	Needs ₹160-210 Cr in Q4. Historically feasible (Q4FY25 was ₹573 Cr).	**Miss/Revised**	Low
Guidance	Margins	6% - 8% EBITDA	Currently at 6%. Requires scale in Q4 to hit upper end of the band.	Consistent	Moderate
Guidance	Order Inflow	₹1,000 Cr (FY26)	Needs ₹871 Cr in Q4. Dependent on ERCP and JJM bids.	Behind Schedule	High
Strategy	Monetization	₹700+ Cr (2-3 years)	Requires High Court/Supreme Court resolution for Bhilwara/Gurha.	Slow Progress	Moderate
Strategy	Bid Pipeline	₹3,000 Cr+	Targeting ERCP (₹2k Cr) and JJM (₹1k Cr).	On track (bidding)	Moderate
Balance	Debt Target	Net Debt/Equity 0.05x	Fully delivered; company remains effectively debt-free.	**Delivered**	Low

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 (Q2FY26)	This Quarter (Q3FY26)	Direction
Revenue Guidance	₹600 - 700 Cr	₹500 - 550 Cr	↓
Order Book Value	₹2,541 Cr	₹2,236 Cr	↓
9M Execution Rate	2.6% (H1 Only)	8.8% (9M Total)	↓ (Pace)
Revenue Growth	↓ 42% YoY	↓ 60% YoY	↓
Order Inflow	₹242 Cr (H1)	₹129 Cr (Q3)	↓
JJM Concentration	55.5% of OB	62.1% of OB	↑
Asset Monetization	Bhilwara (High Court)	No change in status	→
Thesis Trajectory	Growth Watch	Asset Liquidation / Value Play	↓

Investor Notes: * **The "Hockey Stick" has Broken:** In Q2, management expected a massive H2 to hit ₹700 Cr. With the new guidance of ₹500–550 Cr, they have effectively conceded that the year is an operational washout. * **Working Capital Trap:** 9M revenue of ₹340 Cr against an opening book of ₹2,361 Cr suggests that for every ₹100 of orders, they are only billing ₹9 every 9 months. This indicates either site-level obstructions or payment delays from State Water bodies (SWSM UP). * **Valuation Floor:** At current levels, the market is barely pricing in the core EPC business. The primary catalysts remain binary: (1) The release of the ₹587 Cr Bhilwara arbitration (of which 10% is already in hand) and (2) The realization of the ₹290 Cr Pallacia inventory. ***CFO Check:** With execution falling 60% YoY, the risk of inventory buildup (WIP) at sites is high. Investors must watch for the FY26 year-end cash flow statement to ensure PAT is being converted to cash, not just sitting in "Unbilled Revenue."