Om Infra Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak (Significant Guidance Cut) **One-line:** While operational EBITDA turned positive this quarter, the sharp 30-40% reduction in FY26 revenue guidance (from □1,000 Cr to □600-700 Cr) signals significant execution bottlenecks in the Jal Jeevan Mission (JJM) portfolio, shifting the thesis toward a "waiting game" for non-core asset monetization.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	**Miss (Guidance Cut)**	FY26 Revenue guidance slashed from □1,000 Cr (as of Q1) to □600-700 Cr.	□
Earnings Quality	Improved (Core-led)	Q2 EBITDA (□7 Cr) is operational, unlike Q1's PAT which was saved by a □15 Cr tax credit and other income.	□
Guidance Confidence	Weak	Management reduced the annual target mid-year, suggesting poor visibility on JJM project clearance or funding.	□
Management Credibility	Deteriorating	Repeated "hockey-stick" guidance patterns followed by sharp downward revisions during the fiscal year.	□
Business Quality Signal	Stable	Niche Hydro-mechanical expertise remains a moat; 20-30% bid-to-strike ratio indicates high entry barriers.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Execution Burn Rate	Can the company execute even the revised guidance given H1 revenue is only ~□228 Cr?	□
Capital Cycle Stage	Harvesting	Focusing on monetizing □640 Cr in arbitration/RE to fund the working capital-heavy EPC business.	□
Margin Trajectory	Improving (QoQ)	EBITDA margin recovered from -1% in Q1 to 6% in Q2 due to slightly higher revenue scale.	↑
Pricing Power	Stable	Turnkey Hydro-mechanical (HM) contracts for massive gates/hoists keep margins protected from generic competition.	□
FCF Conversion & Quality	Weak	Negative H1 cash flow likely; H1 execution of □62 Cr vs. □242 Cr in inflows suggests inventory/WIP buildup.	□
Competitive Moat Signals	Stable	55+ years of expertise and specialized manufacturing for 1,000MW+ projects remain intact.	□
Balance Sheet Strength	Strong	Net Debt to Equity at 0.05x; significantly under-leveraged for an EPC player.	□
Working Capital Efficiency	Deteriorating	Execution rate of ~2.6% of opening order book in H1 is extremely sluggish.	□
Mgmt Guidance Track Record	Unreliable	Significant mid-year walk-back on revenue targets reduces forward valuation multiples.	□
Key Vulnerability	Guidance Miss Risk	Even the revised □600-700 Cr target requires a massive 100%+ jump in H2 execution vs H1.	□
Management Tone	Cautiously Optimistic	PPT emphasizes "Sustainable Growth" but the lowered numbers speak louder than the slides.	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The operational turnaround is visible with EBITDA returning to positive territory (□7 Cr) and margins normalizing to 6%. The balance sheet remains pristine (0.05x Net D/E), providing a massive buffer. The non-core asset monetization pipeline (□640 Cr from Arbitration and Real Estate) remains the primary valuation floor, representing nearly 60-70% of the current market cap. * **Negatives:** The 30% cut in FY26 revenue guidance is a major setback for the growth thesis. H1FY26 revenue of □228 Cr means the company must deliver ~□422 Cr in H2 just to hit the *lower* end of the new guidance. Order book execution is sluggish, with only □62 Cr of the □2,361 Cr opening book converted to revenue in H1 (2.6% execution rate). * **Forward-looking Watchpoint:** Investors must monitor the realization of the □587 Cr Bhilwara-Jaipur Toll Road arbitration award (10% already received) and the progress of the Eastern Rajasthan Canal Project (ERCP) bids, where the company plans to bid for □2,000 Cr.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *Data Source: PPT-only; Concall not available — commentary absent.*

Metric	Current Qtr (Q2FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□ Cr)	124	↓ 42%	↑ 19%	↓	Driven by execution in Hydro and JJM segments.
EBITDA (□Cr)	7	↓ 59%	↑ 800%	↓	Q2 improved QoQ but remains below FY25 averages.
EBITDA Margin %	6%	↓ 136 bps	↑ 700 bps	↓	Recovery from negative margins in Q1FY26.
PAT (□Cr)	4	↓ 22%	↓ 71%	↓	Q1 PAT was inflated by tax credits; Q2 is core.
Net Debt (□Cr)	0.05x (D/E)	→	→	□	Maintained conservative leverage levels.
Order Book (□ Cr)	2,541	↑ 7.6%	↓ 5.3%	□	Book-to-bill remains healthy at 3.31x.
Order Inflows (□ Cr)	242 (H1)	Not in doc	N/A	□	Slower pace of new wins compared to FY25.
Execution Rate (%)	2.6% (H1)	Not in doc	N/A	□	Calculated as H1 execution (□62 Cr) / Opening OB.

2B. SEGMENT BREAKDOWN

Segment	Order Book (□ Cr)	% of Total OB	Margin (Est)	Trend	vs Co. Avg	Key Development
JJM (Water)	1,410	55.5%	6-8%	□	Below	Focus on UP (Unnao, Bareilly, etc.); slow burn.
Hydro & Water	1,131	44.5%	12-15%	↑	Above	Shapurkandi, Isarda, and Nepal (Arun 3) active.
Pumped Storage	Marquee	Niche	15%+	↑	Above	Executing Kundah (1,000 MW); India's largest.
Real Estate	306*	Asset	High	→	N/A	*Remaining realizable value at Pallacia Jaipur.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹600 - 700 Cr (FY26)	Needs ₹422 Cr in H2 (₹211 Cr/qtr). Feasible given Q4FY25 did ₹573 Cr.	**Downgraded**	Moderate
Guidance	Margins	6% - 8% EBITDA	Requires scale to absorb fixed costs. Currently at 6%.	Consistent	Low
Guidance	Order Inflow	₹1,500 Cr (FY26)	Needs ₹1,258 Cr in H2. Highly dependent on ERCP/Hydro bids.	On track	High
Strategy	Monetization	₹700+ Cr (2-3 years)	Requires resolution of Toll Road/Gurha awards.	In Progress	Moderate
Strategy	Sector Pivot	Focus on PSP/Hydro	Target 20-30% strike rate in high-moat HM bids.	Credible	Low
Balance	Debt Target	Net Debt to Equity 0.05x	Maintaining zero-debt stance via asset monetization.	Exemplary	Low

(N/A — no concall conducted or available)

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 (Q1FY26)	This Quarter (Q2FY26)	Direction
Revenue Guidance	₹1,000 Cr	₹600 - 700 Cr	↓
Execution Reality	Seasonal Slump (₹104 Cr)	Recovery (₹124 Cr)	↑
Order Book Burn	Not disclosed clearly	₹62 Cr executed in H1	↓
Operating Profit	Negative EBITDA (-₹1 Cr)	Positive EBITDA (₹7 Cr)	↑
Earnings Quality	Low (Tax/Other Income driven)	Moderate (Core operating profit)	↑
Order Book Split	58% JJM	55.5% JJM (Refined disclosure)	→
JJM Strategy	General execution	Bidding further ₹1,000 Cr in FY26	↑
Real Estate Realization	₹308 Cr remaining value	₹306 Cr remaining value	→

- **Guidance Walk-back:** The most significant change is the reduction in revenue guidance. Previously, management maintained a ₹1,000 Cr target. Slashing this to ₹600-700 Cr mid-year suggests that the "hockey-stick" recovery expected in H2 is significantly smaller than initially anticipated, likely due to funding/clearance delays in the JJM segment.
- **Earnings Normalization:** PAT dropped from ₹14 Cr to ₹4 Cr QoQ, which is actually a positive signal for earnings quality. The Q1 PAT was a result of a massive tax credit, whereas Q2 PAT is derived from positive EBITDA of ₹7 Cr.

- **Execution Efficiency:** With only ₹62 Cr executed in H1 out of an order book exceeding ₹2,300 Cr, the business is operating at an extremely low asset turnover. This puts immense pressure on the next 6 months to avoid a further guidance cut.
- **Thesis Monitor:** The long-term thesis is shifting. While the EPC growth story is currently "under construction," the balance sheet and non-core asset pool (₹640 Cr expected) provide a floor. The focus now shifts from "growth" to "liquidation value/asset monetization" in the near term.