

Power Mech Projects Ltd.

BUY

Sector: Capital Goods

26th November 2025

Key Changes		Target	Rating	Earnings		Target	Rs.2,880
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.2,391
Small Cap	POWM:IN	85,610	POWERMECH	539302	12 Months	Return	+20%

Data as of: 26-11-2025 16:00 hrs

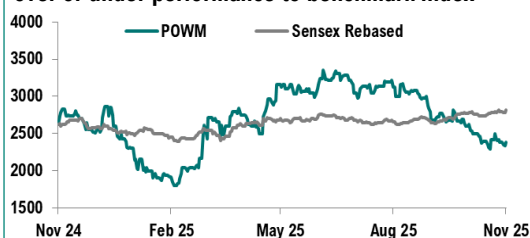
Company Data

Market cap. (Rs. cr)	7,559
52 Week High — Low (Rs.)	3,415 - 1,699
Enterprise Value (Rs. cr)	7,900
Outstanding Shares (cr)	3.2
Free Float (%)	41.7
Dividend Yield (%)	0.1
6m average volume (cr)	0.001
Beta	1.8
Face value (Rs)	10.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	58.3	58.3	58.3
FII's	4.7	5.1	7.0
MFs/Institutions	23.4	23.3	21.0
Public	13.6	13.3	13.7
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-20.5%	-23.2%	-9.3%
Absolute Sensex	6.9%	5.1%	7.0%
Relative Return	-27.4%	-28.3%	-16.3%

* over or under performance to benchmark index



Standalone (Rs.cr)	FY25A	FY26E	FY27E
Sales	5,234	6,544	7,720
Growth (%)	24.4	25.0	18.0
EBITDA	604	762	949
EBITDA Margin (%)	11.5	11.6	12.3
PAT Adjusted	348	442	569
Growth (%)	39.9	27.3	28.5
Adjusted EPS	110	140	180
Growth (%)	39.9	27.3	28.5
P/E	24.7	16.6	12.9
P/B	24.7	16.6	12.9
EV/EBITDA	13.0	10.3	8.3
ROE (%)	16.1	17.0	18.0
D/E	0.3	0.3	0.3

Author: Arun Kailasan, Research Analyst

Erection And Mining Operations Ramp Up...

Power Mech Projects Ltd. (POWM), headquartered in Hyderabad, is a leading infrastructure construction company with a global footprint, specializing in power, civil works, and mining.

- Power Mech's operating revenue rose 24% YoY to ₹2,531cr in H1FY26, supported by strong execution in the erection segment and steady growth in O&M.
- H1FY26 showed a mixed segment performance: erection revenue nearly doubled due to accelerated EPC projects like Udupi FGD; O&M grew 14%; electrical works increased on strong railway execution; civil declined because of monsoon delays and slower certifications; while mining rose 119% driven by higher coal offtake and the ramp-up at KBP.
- Order inflows remained robust, reaching ₹4,889cr in FY26 YTD (excluding MDO), supported by significant wins across EPC, O&M, and renewable segments. The order backlog stands at ₹56,353cr YTD.
- EBITDA grew 34% YoY to ₹318cr with margins improving to 12.6% from 11.6%, supported by lower employee costs despite higher contract execution expenses and flat gross margins.
- PAT increased 21% YoY to ₹158.7cr, though margins softened to 6.2% due to higher depreciation and finance costs linked to mining investments and working capital borrowings.

Outlook & Valuation

Power Mech offers strong multi-year growth visibility with a YTD order book of over 9.7x TTM revenues and healthy inflows across EPC, O&M, and BOP segments. The mining (MDO) business is set to become a key profitability driver, scaling from ₹250cr in FY26 to ₹2,000cr annually by FY28. While thermal power continues to support order book growth, diversification into steel plants, railways, data centers, and renewables adds new growth levers. **With margin expansion from O&M and mining and projected revenue CAGR of 21% and earnings CAGR of 28%, we upgrade the rating to BUY and value the stock at 16x FY27E EPS of ₹180, arriving at a target price of ₹2,880.**

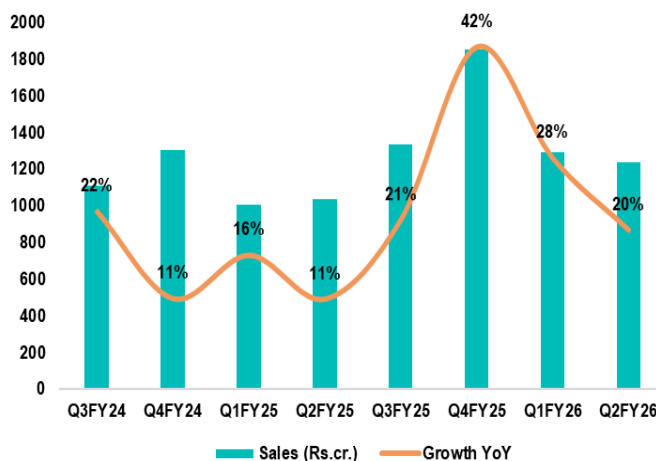
Quarterly Financials Consolidated.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	1,238	1,035	20	1,293	-4	2,531	2,043	24
EBITDA	147	124	19	171	-14	318	237	34
Margin (%)	11.9	11.9	-6bps	13	-134bps	12.6	11.6	95bps
EBIT	130	110	17	155	-16	284	212	34
PBS	112	102	10	137	-18	249	190	31
Rep. PAT	78	70	12	81	-3	159	131	21
Adj PAT	78	70	12	81	-3	159	131	21
EPS (Rs)	25	21	16	17	49	41	40	3

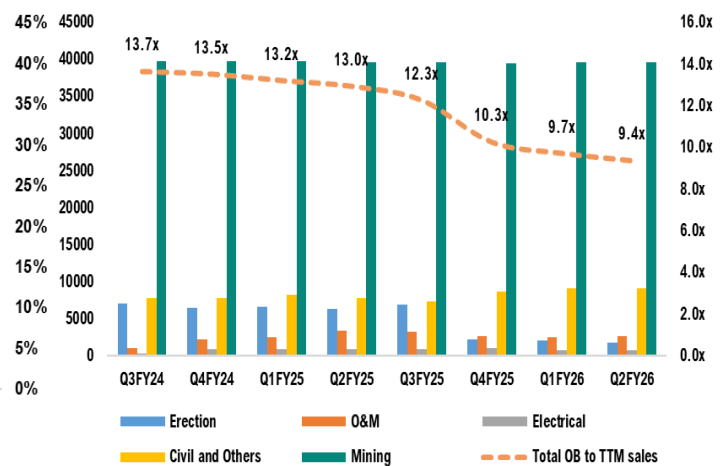
Key Highlights

- Mining operations are scaling up rapidly, with coal production starting at the KBP mine and Tasra mine progressing toward washery completion by September 2026.
- Combined mining revenues are projected to rise from ₹250 crore in FY26 to ₹550–600 crore in FY27 and reach ₹2,000 crore annually by FY28 at EBITDA margins of 23–25%.
- The company is actively diversifying beyond power into steel plants, railway infrastructure, BOT mining projects, and data center-related civil and power works, while also planning renewable energy initiatives including 100 MW of solar and 200–250 MWh of battery storage capacity by FY27.
- The company is addressing working capital challenges by pursuing clearance of ₹446 crore in pending receivables from Jal Jeevan Mission projects and expects significant improvement in cash flows by March through faster bill certification.
- Strategic partnerships and capability building in engineering and procurement, such as collaboration with Tata Consultancy Engineers for BOP EPC projects, are enabling the company to participate in larger and more complex tenders, strengthening its competitive position.

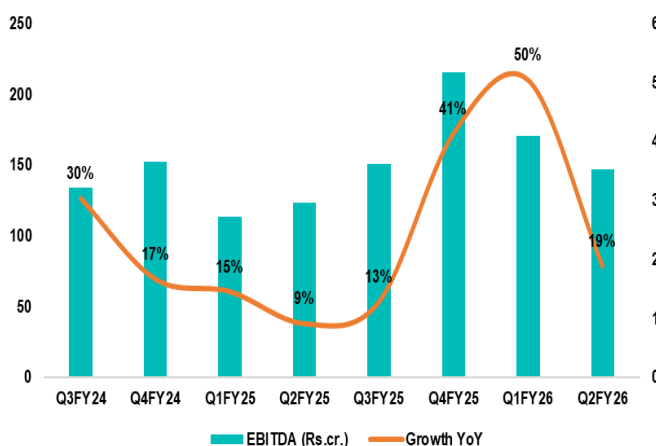
Revenue



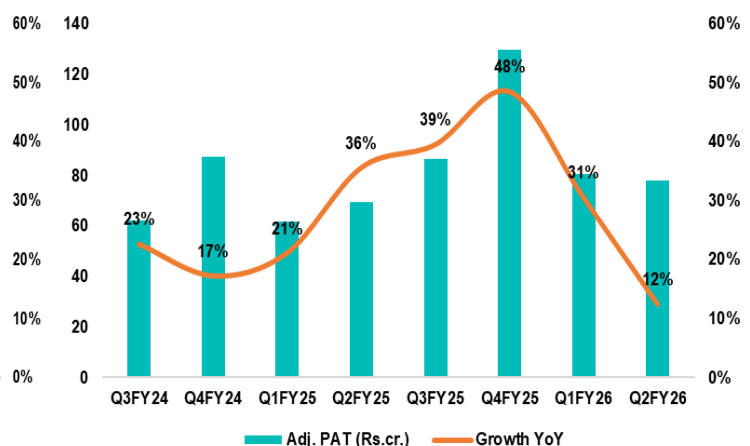
Orderbook (in Rs.cr.)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,093	7,497	6,544	7,720	7	3
EBITDA	793	1,012	762	949	-4	-6
Margins (%)	13	13.5	11.6	12.3	-135bps	-121bps
Adj. PAT	479	621	442	569	-8	-8
EPS	151	196	140	180	-7	-8



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	3,601	4,207	5,234	6,544	7,720
% change	32.9	16.8	24.4	25.0	18.0
EBITDA	404	496	604	762	949
% change	41.1	22.9	21.8	26.2	24.5
Depreciation	43	44	56	81	110
EBIT	361	452	548	681	839
Interest	90	94	99	116	122
Other Income	17	28	45	44	44
PBT	280	382	491	607	759
% change	51.6	36.6	28.5	23.6	25.0
Tax	73	134	144	164	190
Tax Rate (%)	26	35	29	25	25
Reported PAT	207	248	348	442	569
Adj*	0	0	0	0	0
Adj PAT	207	248	348	442	569
% change	49.7	19.8	39.9	27.3	28.5
No. of shares (cr)	3.16	3.16	3.16	3.16	3.16
Adj EPS (Rs.)	66	79	110	140	180
% change	49.7	19.8	39.9	27.3	28.5
DPS (Rs.)	2	3	3	4	5

Cash Flow

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	296	391	434	558	690
Non-cash adj.	41.8	11.53	24	81	110
Changes in W.C	-155	-198	-463	-166	-77
C.F – Operation	182	205	-4	473	723
Capital exp.	-54	-92	-163	-267	-321
Change in inv.	2	0	0	0	0
Other invest.CF	-39	-281	-30	0	0
C.F – Investment	-91	-373	-193	-267	-321
Issue of equity	0	344	0	0	0
Issue/repay debt	0	0	0	0	0
Dividends paid	-2	-3	-3	-4	-5
Other finance.CF	-2	-2	-2.11	0	0
C.F – Finance	-5	339	-5	-4	-5
Chg. in cash	-29	7	40	136	350
Closing cash	172	480	593	729	1,079

Balance Sheet

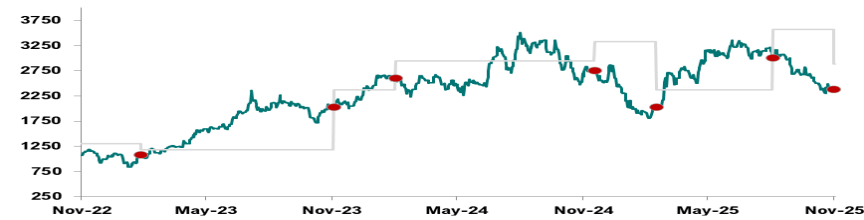
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	172	480	593	729	1,079
Accounts Receivable	894	1,040	1462	1,703	1,692
Inventories	147	122	198	188	208
Other Cur. Assets	1,269	1,252	1,471	1,840	2,171
Investments	367	411	491	614	724
Gross Fixed Assets	466	547	649	916	1,237
Net Fixed Assets	186	229	316	493	693
CWIP	3	11	28	68	117
Intangible Assets	2	3	7	17	27
Def. Tax (Net)	12	11	18	23	27
Other Assets	1	10	29	36	43
Total Assets	3,054	3,568	4,614	5,713	6,783
Current Liabilities	1,120	1,063	1,405	1,938	2,301
Provisions	5	5	5	7	9
Debt Funds	475	392	723	773	848
Other Liabilities	177	269	299	373	440
Equity Capital	15	16	32	32	32
Reserves & Surplus	1,260	1,822	2,128	2,567	3,130
Non-Controlling Interest	1	2	23	23	23
Shareholder's Fund	1,277	1,840	2,183	2,621	3,184
Total Liabilities	3,054	3,568	4,614	5,713	6,783
BVPS (Rs.)	404	582	690	829	1,007

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	11.2	11.8	11.5	11.6	12.3
EBIT margin (%)	10.0	10.7	10.5	10.4	10.9
Net profit mgn.(%)	5.8	5.9	6.6	6.8	7.4
ROE (%)	16.3	13.5	16.1	17.0	18.0
ROCE (%)	16.1	14.7	15.1	16.2	16.9
W.C & Liquidity					
Receivables (days)	79	84	87	88	80
Inventory (days)	20	16	15	14	12
Payables (days)	90	87	78	85	92
Current ratio (x)	1.6	2.0	1.8	1.7	1.7
Quick ratio (x)	0.7	1.1	1.0	0.9	0.9
Turnover & Leverage					
Gross asset T.O (x)	0.1	0.1	0.1	0.1	0.2
Total asset T.O (x)	0.8	0.8	0.9	0.9	0.9
Int. coverage ratio (x)	4.0	4.8	5.5	5.9	6.9
Net debt/equity (x)	0.4	0.2	0.3	0.3	0.3
Valuation					
EV/Sales (x)	1.1	1.9	1.5	1.2	1.0
EV/EBITDA (x)	9.9	15.8	13.0	10.3	8.3
P/E (x)	8.8	15.4	24.7	16.6	12.9
P/BV (x)	3.1	4.3	3.9	2.8	2.3



Recommendation Summary



Dates	Rating	Target
25-Nov-21	BUY	582
16-Sep-22	ACCUMULATE	995
25-Nov-22	BUY	1305
21-Feb-23	ACCUMULATE	1,177
28-Nov-23	ACCUMULATE	2375
26-Feb-24	HOLD	2,941
12-Dec-24	ACCUMULATE	3,330
12-Mar-25	ACCUMULATE	2,370
28-Aug-25	ACCUMULATE	3,726
26-Nov-25	BUY	2,880

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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