




Power Mech Projects Ltd.

Accumulate

Sector: Capital Goods

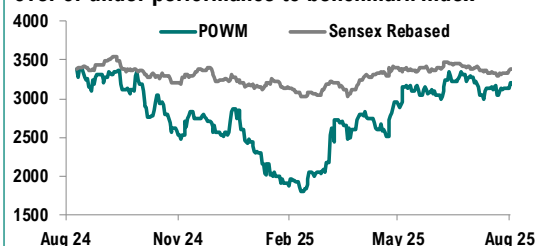
29th August 2025

Key Changes	Target 	Rating 	Earnings 	Target	Rs.3,570
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	POWM:IN	80,081	POWERMECH	539302	12 Months
				CMP	Rs.3,016
				Return	+18%

Data as of: 28-08-2025 17:00 hrs

Company Data			
Market cap. (Rs. cr)	9,536		
52 Week High — Low (Rs.)	3,573 - 1,699		
Enterprise Value (Rs. cr)	9615		
Outstanding Shares (cr)	3.2		
Free Float (%)	41.7		
Dividend Yield (%)	0.1		
6m average volume (cr)	0.01		
Beta	1.8		
Face value (Rs)	10.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	58.3	58.3	58.3
FII's	4.9	4.7	5.1
MFs/Institutions	23.4	23.4	23.3
Public	13.4	13.6	13.3
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	10.4%	64.4%	5.0%
Absolute Sensex	0.0%	-2.3%	-8.0%
Relative Return	10.4%	66.7%	13.0%

*over or under performance to benchmark index



Standalone (Rs.cr)	FY25A	FY26E	FY27E
Sales	5,234	6,687	8,474
Growth (%)	24.4	27.8	26.7
EBITDA	604	779	1,042
EBITDA Margin (%)	11.5	11.6	12.3
PAT Adjusted	348	467	664
Growth (%)	39.9	34.2	42.4
Adjusted EPS	110	148	210
Growth (%)	39.9	34.2	42.4
P/E	28.9	21.5	15.1
P/B	28.9	21.5	15.1
EV/EBITDA	13.0	10.1	7.5
ROE (%)	16.1	17.8	20.3
D/E	0.3	0.3	0.2

Author: Arun Kailasan, Research Analyst

Robust execution expands margins...

Power Mech Projects Ltd. (POWM) is a leading infrastructure construction company based in Hyderabad with a global presence. Its key expertise are in sectors of power, civil works and Mining.

- In Q1FY26, the revenue from operations grew 28.4% YoY to Rs.1,293cr., mainly fuelled by a 118% surge in the erection business. The civil segment secured significant orders worth Rs.1,132 cr.
- Contract execution expenses were higher in this quarter, growing at 43% YoY. However, the cost of sales and services was down 30% YoY, thereby offsetting the drag on margins. Resultantly, gross margins stood at 29.1%, registering a 68 bps expansion.
- Employee costs fell to 13.2% from 15.1% in the same quarter last year, thereby bolstering an EBITDA margin expansion of 194 bps to stand at 13.2%.
- Profit After Tax registered 31% YoY growth to stand at Rs.805.50cr. Despite higher depreciation (32% increase), finance costs (35% increase), and a jump in the effective tax rate to 40% (from 30% in the prior year).

Outlook & Valuation

Power Mech Projects posted a strong Q1FY26, setting a solid foundation for the year. With management targeting Rs. 10,000 cr in new orders and an order book at 9.7x TTM revenues, we project a 27% revenue CAGR in the FY25-27E period. With the scale-up in the mining business and O&M contributions increasing, margins are expected to expand to 12.3% in FY27. Resultantly, earnings are expected to grow at 38% CAGR during this period, driving ROE expansion to 20.3%. Therefore, **we value the stock at 17x on FY27 EPS, arriving at a target price of Rs. 3570,, retaining our Accumulate recommendation.**

Quarterly Financials Consolidated.

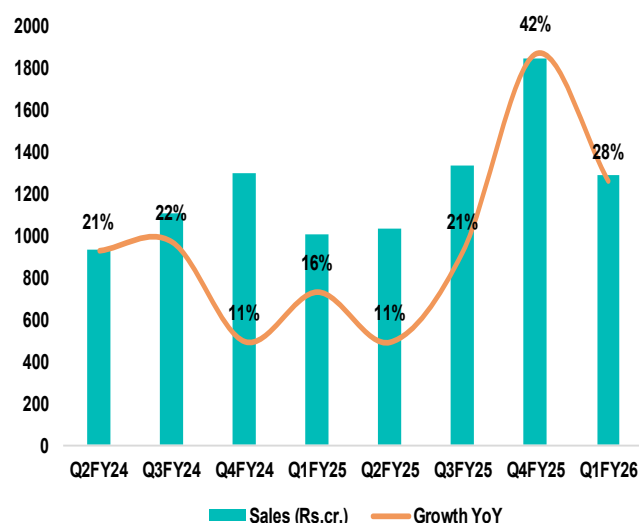
Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	1,293	1,007	28	1,853	-30
EBITDA	171	114	50	216	-21
Margin (%)	13.2	11.3	194bps	12	158bps
EBIT	155	101	53	200	-23
PBT	137	89	54	183	-25
Rep. PAT	81	62	31	130	-38
Adj PAT	81	62	31	130	-38
EPS (Rs)	17	19	-13	37	-55



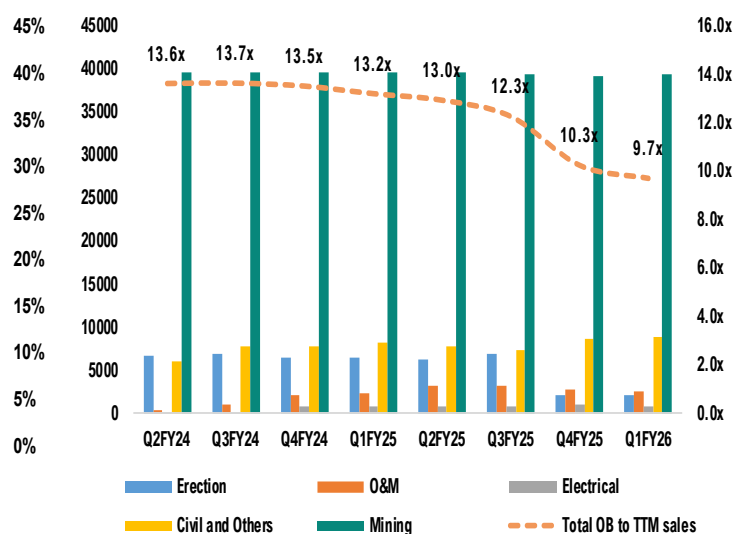
Key Highlights

- Management reiterated its target to secure Rs.10,000cr worth of new orders by March 2026, with a strategic focus on high-potential segments like industrial O&M, railways, water infrastructure, and mining (MDO projects). They have already booked Rs.1,882cr of orders year-to-date and see a robust pipeline of opportunities across both power and non-power sectors.
- The company expects to convert about 40% of its opening order book annually, reflecting strong execution capabilities. FY26 revenue is guided at Rs.6,500cr, representing a 25% YoY growth, with stable EBITDA margins. Power Mech is confident about its ability to achieve projected turnover due to this conversion ratio and the ongoing order pipeline.
- Management stated that MDO projects are progressing steadily, with coal production commenced at Kotre Basantpur and ongoing ramp-up at Tasra mine (expecting Rs.300cr–400cr topline from MDO in FY26). While the focus remains on stabilizing these two projects before bidding for additional MDOs, they see the mining business, along with O&M, as key growth drivers, expecting peak rate margins of up to 22% in coming years as the mines reach full capacity.

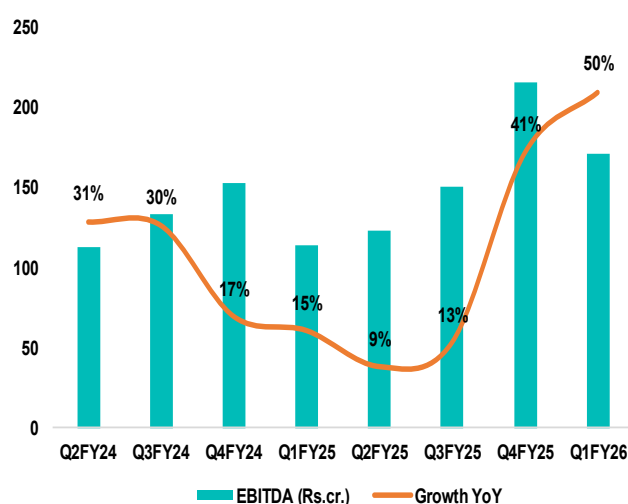
Revenue



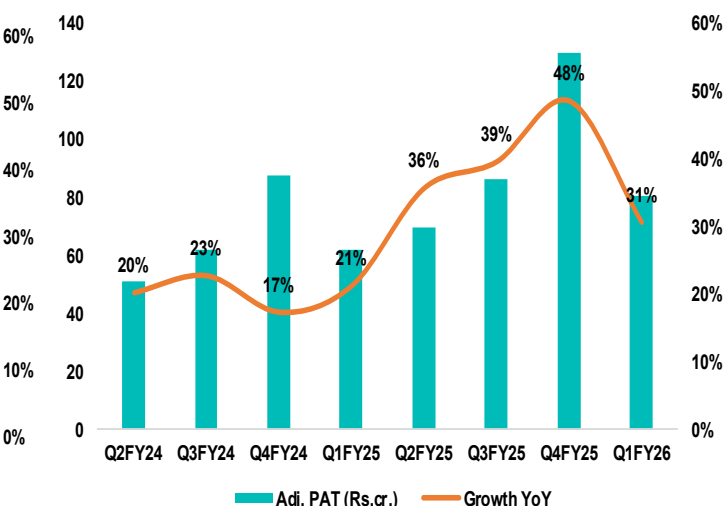
Orderbook (in Rs.cr.)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,093	7,497	6,687	8,474	10	13
EBITDA	793	1,012	779	1,042	-2	3
Margins (%)	13	13.5	11.6	12.3	-135bps	-120bps
Adj. PAT	479	621	467	664	-3	7
EPS	151	196	148	210	-2	7



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	3,601	4,207	5,234	6,687	8,474
% change	32.9	16.8	24.4	27.8	26.7
EBITDA	404	496	604	779	1,042
% change	41.1	22.9	21.8	29.0	33.8
Depreciation	43	44	56	80	90
EBIT	361	452	548	699	952
Interest	90	94	99	118	108
Other Income	17	28	45	45	45
PBT	280	382	491	624	887
% change	51.6	36.6	28.5	27.1	42.1
Tax	73	134	144	158	222
Tax Rate (%)	26	35	29	25	25
Reported PAT	207	248	348	467	664
Adj*	0	0	0	0	0
Adj PAT	207	248	348	467	664
% change	49.7	19.8	39.9	34.2	42.4
No. of shares (cr)	1.48	1.53	3.16	3.16	3.16
Adj EPS (Rs.)	140	162	110	148	210
% change	48.8	15.9	-32.3	34.2	42.4
DPS (Rs.)	2	3	3	4	6

Cash Flow

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	296	391	434	585	773
Non-cash adj.	41.8	11.53	24	80	90
Changes in W.C	-155	-198	-463	-198	-222
C.F – Operation	182	205	-4	467	640
Capital exp.	-54	-92	-163	-92.46	-103
Change in inv.	2	0	0	0	0
Other invest.CF	-39	-281	-30	0	0
C.F – Investment	-91	-373	-193	-92	-103
Issue of equity	0	344	0	0	0
Issue/repay debt	0	0	0	0	0
Dividends paid	-2	-3	-3	-4	-6
Other finance.CF	-2	-2	-2.11	0	0
C.F – Finance	-5	339	-5	-4	-6
Chg. in cash	-29	7	40	193	369
Closing cash	172	480	593	786	1154

Balance Sheet

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	172	480	593	786	1154
Accounts Receivable	894	1040	1462	1740	1857
Inventories	147	122	198	190	223
Other Cur. Assets	1269	1252	1472	1881	2383
Investments	367	411	491	628	795
Gross Fixed Assets	466	547	684	787	890
Net Fixed Assets	186	229	316	326	336
CWIP	3	11	28	38	49
Intangible Assets	2	3	7	11	14
Def. Tax (Net)	12	11	18	23	30
Other Assets	1	10	29	37	47
Total Assets	3,054	3,568	4,615	5,660	6,889
Current Liabilities	1,120	1,063	1,405	1,962	2,483
Provisions	5	5	6	7	9
Debt Funds	475	392	723	664	610
Other Liabilities	177	269	299	381	483
Equity Capital	15	16	32	32	32
Reserves & Surplus	1,260	1,822	2,128	2,591	3,249
Non-Controlling Interest	1	2	23	23	23
Shareholder's Fund	1,277	1,840	2,183	2,645	3,303
Total Liabilities	3,054	3,568	4,615	5,660	6,889
BVPS (Rs.)	404	582	690	837	1045

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	10.5	11.2
Net profit mgn.(%)	5.8	5.9	6.6	7.0	7.8
ROE (%)	16.3	13.5	16.1	17.8	20.3
ROCE (%)	16.1	14.7	15.1	16.9	19.8
W.C & Liquidity					
Receivables (days)	79	84	87	87	77
Inventory (days)	20	16	15	14	12
Payables (days)	90	87	78	84	90
Current ratio (x)	1.6	2.0	1.8	1.8	1.9
Quick ratio (x)	0.7	1.1	1.0	1.0	1.0
Turnover & Leverage					
Gross asset T.O (x)	0.1	0.1	0.1	0.1	0.1
Total asset T.O (x)	0.8	0.8	0.9	0.8	0.8
Int. coverage ratio (x)	4.0	4.8	5.5	5.9	8.8
Net debt/equity (x)	0.4	0.2	0.3	0.3	0.2
Valuation					
EV/Sales (x)	1.1	1.9	1.5	1.2	0.9
EV/EBITDA (x)	9.9	15.8	13.0	10.1	7.5
P/E (x)	8.8	15.4	28.9	21.5	15.1
P/BV (x)	3.1	4.3	4.6	3.8	3.0



Recommendation Summary (last 3 years)



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	2,375
26-Feb-24	HOLD	2,941
12-Dec-24	ACCUMULATE	3,330
12-Mar-25	ACCUMULATE	2,370
29-Aug-25	ACCUMULATE	3,570

* Adjusted for corporate action—Bonus issue(1:1)

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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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