




Power Mech Projects Ltd.

HOLD

Sector: Capital Goods

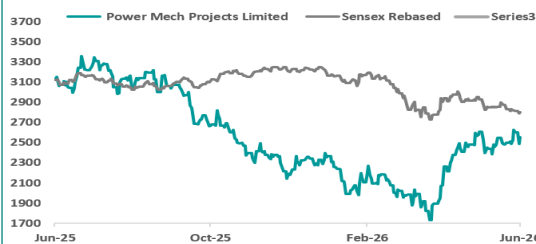
10th June 2026

Key Changes	Target 	Rating 	Earnings 	Target	Rs.2,811		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.2,558
Small Cap	POWM:IN	73,983	POWERMECH	539302	12 Months	Return	+10%

Data as of: 10-06-2026 16:00 hrs

Company Data			
Market cap. (Rs.cr)	8,089		
52 Week High — Low (Rs.)	3,415 - 1,718		
Enterprise Value (Rs.cr)	8,197		
Outstanding Shares (cr.)	3.2		
Free Float (%)	41.6		
Dividend Yield (%)	0.05		
6m average volume (cr.)	0.01		
Beta	1.8		
Face value (Rs)	10.0		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	58.3	58.3	58.4
FII's	7.0	6.6	6.5
MFs/Institutions	21.0	20.5	20.2
Public	13.7	14.6	14.9
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	28.8%	17.3%	-19.0%
Absolute Sensex	-5.5%	-12.4%	-10.3%
Relative Return	34.3%	29.7%	-8.7%

*over or under performance to benchmark index



Consolidated (Rs.cr)	FY26A	FY27E	FY28E
Sales	6,062	7,333	8,839
Growth (%)	15.8	21.0	20.5
EBITDA	705	869	1,063
EBITDA Margin (%)	11.6	11.8	12.0
PAT Adjusted	412	466	593
Growth (%)	18.5	13.2	27.2
Adjusted EPS	130	147	187
Growth (%)	18.5	13.2	27.2
P/E	13.3	17.4	13.7
P/B	2.1	2.7	2.2
EV/EBITDA	8.2	9.9	8.1
ROE (%)	16.3	15.6	16.6
D/E	0.3	0.3	0.3

Author: Arun Kailasan, Research Analyst

Strong Execution Drives Q4 Growth...

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.

- Operating revenue grew 14% YoY to ₹2,111cr in Q4FY26, driven by sustained execution momentum in the Erection and O&M segments.
- EBITDA grew 5% YoY to ₹226.9cr in Q4FY26; however, margins moderated to 10.8% from 11.6%, impacted by a 70 bps decline in gross margins amid higher contract execution and operating expenses.
- FY26 revenue rose 16% YoY to ₹6,062cr, with EBITDA growing 17% YoY to ₹705cr highlighting the resilience of Power Mech's diversified business model.
- Order inflows remained healthy at ₹7,210cr in FY26 (excluding MDO), underpinned by strong wins across EPC, O&M, and renewable businesses. However, the figure came in below management guidance due to the cancellation of a BESS project. The overall order backlog stands at ₹55,151cr, including MDO contracts.
- PAT rose 18% YoY to ₹153.4cr in Q4FY26, supported by improved operating leverage and effective cost management, despite the impact of higher depreciation and finance expenses.

Outlook & Valuation

Power Mech's robust order backlog of ₹56,806cr (9.1x TTM sales) provides strong medium-term revenue visibility with revenue expected to grow at 21% CAGR over FY26–FY28E, supported by steady execution and an improving order mix. The increasing share of long-duration O&M contracts enhances revenue certainty and earnings stability. While FY26 order inflows were below management guidance, the company continued to secure strategic wins across EPC, O&M, civil, and power segments. Moreover, ROE is expected to moderate slightly while working capital may remain under pressure due to elevated capex and execution ramp-up. **Hence, we value the stock at 15x FY28E EPS and assign a HOLD rating on the stock with a target price of ₹2,811**

Quarterly Financials Consolidated.

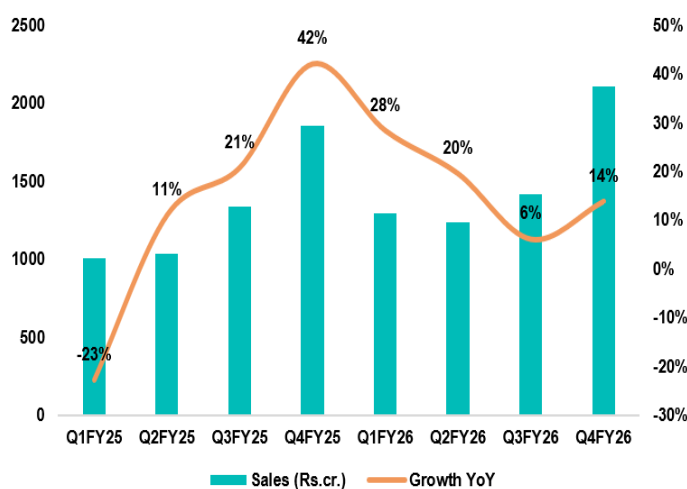
Rs.cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	2,111	1,853	14	1,420	49	6,062	5,234	16
EBITDA	227	216	5	160	42	705	604	17
Margin (%)	10.7	11.6	-89bps	11	-50bps	11.6	11.5	8bps
EBIT	206	200	3	140	46	630	548	15
PBT	188	183	3	124	51	560	494	13
Rep. PAT	153	130	18	100	54	412	348	18
Adj PAT	153	130	18	100	54	412	348	18
EPS (Rs)	49	41	18	32	54	130	110	18



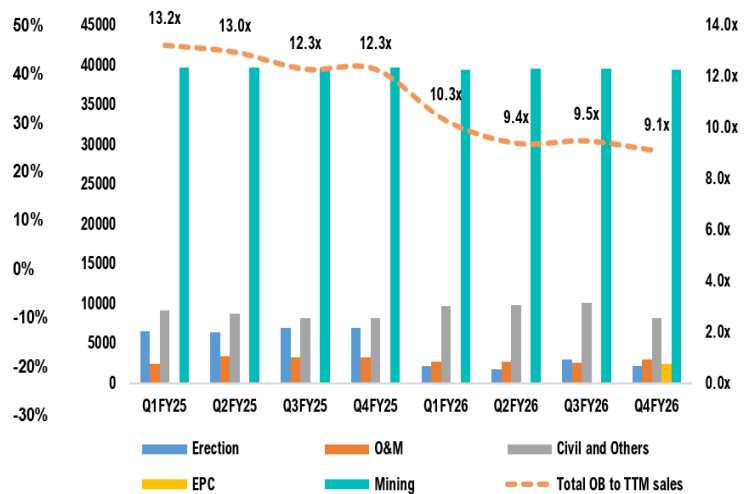
Key Highlights

- MDO (Mining Development & Operations) business ramp-up gained momentum, with FY26 mining revenue of ~₹354cr; management guided ₹500cr in FY27 and ₹1,250cr in FY28, with EBITDA margins expected to improve from ~15% currently to ~20% at peak capacity.
- Order inflows for FY26 were ₹7,210cr, achieving 72% of the ₹10,000cr target, impacted by the cancellation of the ₹1,563cr BESS order in West Bengal; nevertheless, the company secured multiple large strategic EPC, O&M, civil, and power-sector orders during the year.
- Expansion into metro rail O&M marked a strategic milestone, with the ₹279cr Mumbai Monorail O&M contract, opening a new recurring-revenue avenue as India's metro network expands from ~1,100 km to ~2,000 km over the medium term.
- Landmark progress in Balance of Plant (BOP) EPC, with the ₹2,550cr Singareni Thermal BOP EPC package from BHEL, marking a strategic shift from execution-only roles to integrated EPC delivery and higher in-house value addition.
- FY27 outlook remains constructive, with management guiding ~21% revenue growth, EBITDA margin improvement of 25-30 bps, and order inflow target of ₹12,000cr, led by BOP EPC, O&M, mining, railways, and infrastructure projects.

Revenue



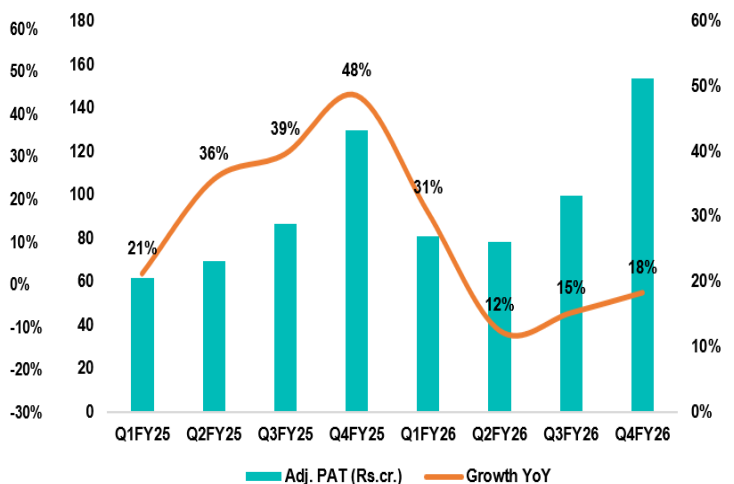
Orderbook (in Rs.cr.)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	6,969	8,353	7,333	8,839	5	6
EBITDA	812	985	869	1,063	7	8
Margins (%)	11.6	11.8	11.8	12.0	25bps	22bps
Adj. PAT	486	607	466	593	-4	-2
EPS	154	192	147	187	-4	-2



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	4,207	5,234	6,062	7,333	8,839
% change	16.8	24.4	15.8	21.0	20.5
EBITDA	496	604	705	869	1,063
% change	22.9	21.8	16.7	23.3	22.3
Depreciation	44	56	75	97	114
EBIT	452	548	630	771	949
Interest	94	99	116	136	144
Other Income	28	45	46	-10	-11
PBT	382	491	558	622	791
% change	36.6	28.5	13.5	11.6	27.1
Tax	134	144	146	156	198
Tax Rate (%)	35	29	26	25	25
Reported PAT	248	348	412	466	593
Adj*	0	0	0	0	0
Adj PAT	248	348	412	466	593
% change	19.8	39.9	18.5	13.2	27.2
No. of shares (cr)	3.16	3.16	3.16	3.16	3.16
Adj EPS (Rs.)	79	110	130	147	187
% change	19.8	39.9	18.5	13.2	27.2
DPS (Rs.)	3	3	4	4	5

Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Deprn.	391	434	484	602	736
Non-cash adj.	12	24	35	97	114
Changes in W.C	-198	-463	-88	-554	-344
C.F – Operation	205	-4	431	146	507
Capital exp.	-92	-163	-335	-410	-321
Change in inv.	0	0	-42	0	0
Other invest.CF	-281	-30	150	0	0
C.F – Investment	-373	-193	-228	-410	-321
Issue of equity	344	0	0	0	0
Issue/repay debt	0	0	0	0	0
Dividends paid	-3	-3	-4	-4	-5
Other finance.CF	-2	-2	0	0	0
C.F – Finance	339	-5	-4	-4	-5
Chg. in cash	7	40	15	-208	112
Closing cash	480	593	493	285	397

Balance Sheet

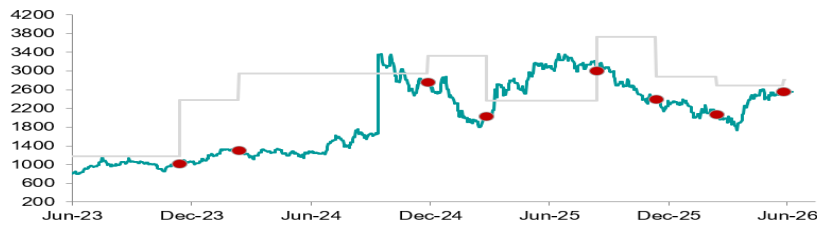
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	480	593	493	285	397
Accounts Receivable	1,040	1,462	1,547	2,093	2,294
Inventories	122	198	264	303	393
Other Cur. Assets	1,252	1,471	1,804	2,062	2,486
Investments	411	491	641	688	829
Gross Fixed Assets	547	649	916	1,237	1,558
Net Fixed Assets	229	316	418	714	910
CWIP	11	28	182	117	166
Intangible Assets	3	7	11	27	38
Def. Tax (Net)	11	18	25	26	31
Other Assets	10	29	162	40	49
Total Assets	3,568	4,614	5,589	6,400	7,636
Current Liabilities	1,063	1,405	1,853	2,074	2,561
Provisions	5	5	19	8	10
Debt Funds	392	723	651	848	923
Other Liabilities	269	299	477	418	504
Equity Capital	16	32	32	32	32
Reserves & Surplus	1,822	2,128	2,487	2,948	3,536
Non-Controlling Interest	2	23	71	71	71
Shareholder's Fund	1,840	2,183	2,589	3,051	3,638
Total Liabilities	3,568	4,614	5,589	6,400	7,636
BVPS (Rs.)	582	690	819	965	1,151

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	11.8	11.5	11.6	11.8	12.0
EBIT margin (%)	10.7	10.5	10.4	10.5	10.7
Net profit mgn.(%)	5.9	6.6	6.8	6.4	6.7
ROE (%)	13.5	16.1	16.3	15.6	16.6
ROCE (%)	14.7	15.1	15.1	16.2	16.8
W.C & Liquidity					
Receivables (days)	84	87	91	91	91
Inventory (days)	16	15	19	19	19
Payables (days)	87	78	86	86	86
Current ratio (x)	2.0	1.8	1.7	1.7	1.6
Quick ratio (x)	1.1	1.0	0.9	0.8	0.8
Turnover & Leverage					
Gross asset T.O (x)	0.1	0.1	0.2	0.2	0.2
Total asset T.O (x)	0.8	0.9	0.9	0.9	0.9
Int. coverage ratio (x)	4.8	5.5	5.4	5.7	6.6
Net debt/equity (x)	0.2	0.3	0.3	0.3	0.3
Valuation					
EV/Sales (x)	0.9	1.7	0.9	1.2	1.0
EV/EBITDA (x)	7.7	14.6	8.2	9.9	8.1
P/E (x)	15.4	24.7	13.3	17.4	13.7
P/BV (x)	4.3	3.9	2.1	2.7	2.2



Recommendation Summary (last 3 years)



Dates	Rating	Target
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
27-Feb-26	BUY	2,688
10-Jun-26	HOLD	2,811

* 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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