

Power Mech Projects Ltd.

BUY

Sector: Capital Goods

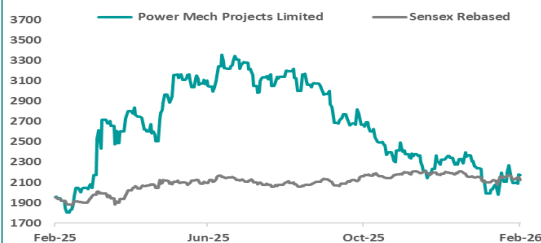
27th February 2026

Key Changes	Target ▼	Rating ●	Earnings ▼	Target	Rs.2,688
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	POWM:IN	82,249	POWERMECH	539302	12 Months
				CMP	Rs.2,121
				Return	+27%

Data as of: 26-02-2026 18:00 hrs

Company Data			
Market cap. (Rs.cr)	6,651		
52 Week High — Low (Rs.)	3,415 - 1,699		
Enterprise Value (Rs.cr)	7,030		
Outstanding Shares (cr.)	3.2		
Free Float (%)	41.7		
Dividend Yield (%)	0.06		
6m average volume (cr.)	0.01		
Beta	1.8		
Face value (Rs)	10.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	58.3	58.3	58.3
FII's	5.1	7.0	6.6
MFs/Institutions	23.3	21.0	20.5
Public	13.3	13.7	14.6
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-9.6%	-32.0%	11.1%
Absolute Sensex	-3.2%	0.6%	8.6%
Relative Return	-6.5%	-32.6%	2.4%

*over or under performance to benchmark index



Standalone (Rs.cr)	FY26E	FY27E	FY28E
Sales	5,758	6,969	8,353
Growth (%)	10.0	21.0	19.9
EBITDA	633	812	985
EBITDA Margin (%)	11.0	11.6	11.8
PAT Adjusted	365	486	607
Growth (%)	5.0	33.2	24.8
Adjusted EPS	115	154	192
Growth (%)	5.0	33.2	24.8
P/E	18.3	13.7	11.0
P/B	2.6	2.2	1.8
EV/EBITDA	12.4	9.7	8.0
ROE (%)	14.5	16.2	16.8
D/E	0.3	0.3	0.3

Author: Arun Kailasan, Research Analyst

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 grew 17% YoY in 9MFY26 to ₹3,951cr, which was due to increased execution in civil and O&M business.
- Order inflows remained robust, reaching ₹6,761cr in FY26 YTD (excluding MDO), supported by significant wins across EPC, O&M, and renewable segments. The order backlog stands at ₹56,806cr YTD (including MDO).
- EBITDA grew 23% YoY to ₹478cr in 9MFY26, with margins improving to 12.1% from 11.5% with a 70bps expansion in gross margins despite higher contract execution expenses.
- PAT increased 19% YoY to ₹258.3cr in 9MFY26 despite higher depreciation and finance costs linked to mining investments and working capital borrowings.
- In 9MFY26, segment performance was mixed on a YoY basis. Erection revenue rose 55%, supported by accelerated execution in Q2, while O&M grew 9%. Electrical works surged 88%, driven by higher electrical scope within EPC projects. Civil revenue declined due to monsoon-related delays and slower certifications, whereas mining jumped 113%, led by the ramp-up at KBP and Tasra.

Outlook & Valuation

Power Mech offers strong growth visibility, backed by a robust order book of ₹56,806cr, nearly 9.7x TTM sales, supported by healthy inflows across EPC, O&M, and civil segments. Mining is emerging as a key profitability driver and is expected to scale meaningfully from FY26 into FY27, with EBITDA margins projected to expand to around 17%. Additionally, the landmark ₹2,550cr Singareni EPC order and the ₹800cr Battery Energy Storage project provide fresh growth catalysts. With diversification into railways, roads, and steel projects, strengthened by strategic partnerships and improving execution visibility, along with rising contributions from mining and energy storage, **we maintain our BUY rating. We value the stock at 14x FY28E EPS of ₹192, arriving at a target price of ₹2,688.**

Quarterly Financials Consolidated.

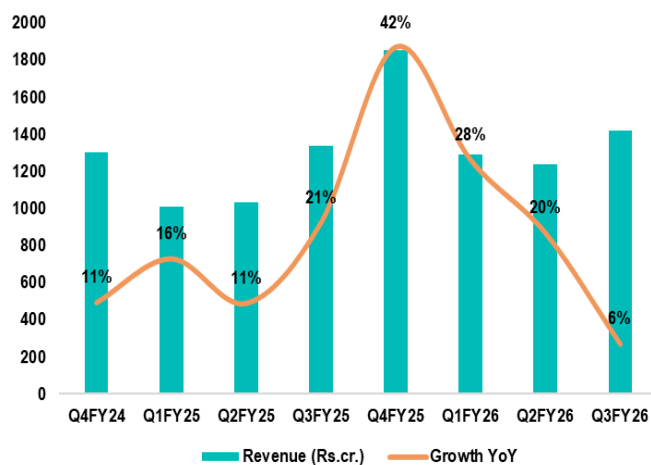
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	1,420	1,338	6	1,238	15	3,951	3,381	17
EBITDA	160	151	6	147	9	478	388	23
Margin (%)	11.2	11.3	-3bps	12	-63bps	12.1	11.5	61bps
EBIT	140	137	2	130	8	425	349	22
PBT	124	121	2	112	10	373	311	20
Rep. PAT	100	87	15	78	28	258	218	19
Adj PAT	100	87	15	78	28	258	218	19
EPS (Rs)	32	26	21	25	28	73	66	10



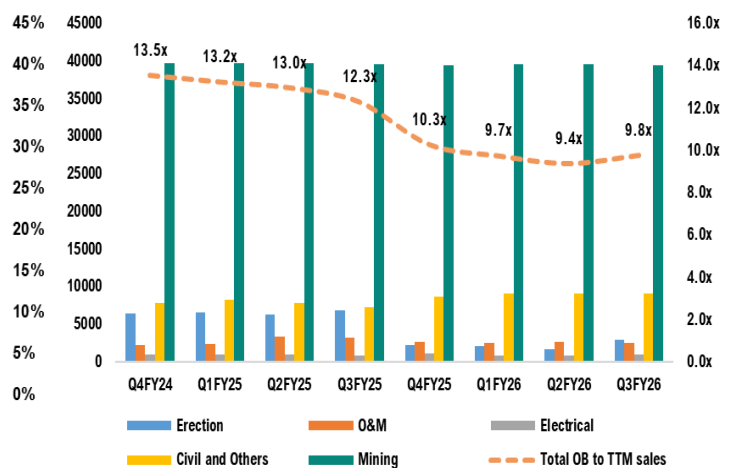
Key Highlights

- Mining revenues are projected at ₹250–260cr in FY26, with a ramp-up to ₹600–700cr in FY27, and EBITDA margins expected at 16–17%.
- A landmark ₹2,550cr Singareni Balance of Plant EPC order was secured, strengthening mechanical, civil, and electrical segments simultaneously.
- The company achieved a major breakthrough in energy storage with a 250 MW Battery Energy Storage System in West Bengal, involving ₹800cr CAPEX and contracted revenue of ₹1,563cr over 15 years.
- The company's manpower strength expanded from 40,000 to 48,000 employees in 2025, including 18,000 skilled engineers and technicians, supporting execution scale-up.
- The company is diversifying into railways, roads, metro transport, and steel/mining projects, tapping into India's infrastructure investment push of ₹12.5 lakh cr and strong partnerships with Adani and Vedanta are expected to contribute significantly to order inflows and O&M opportunities.

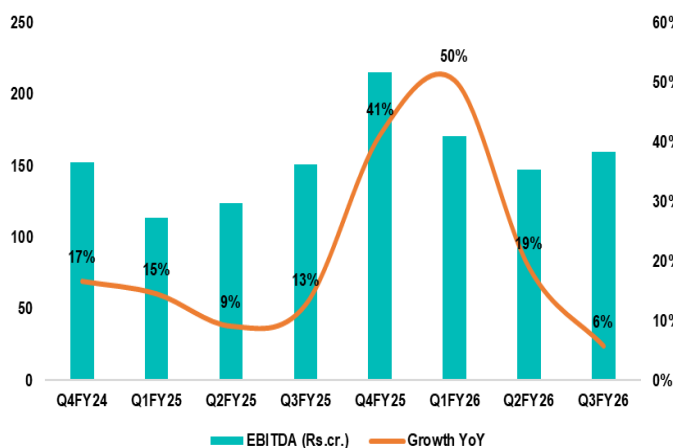
Revenue



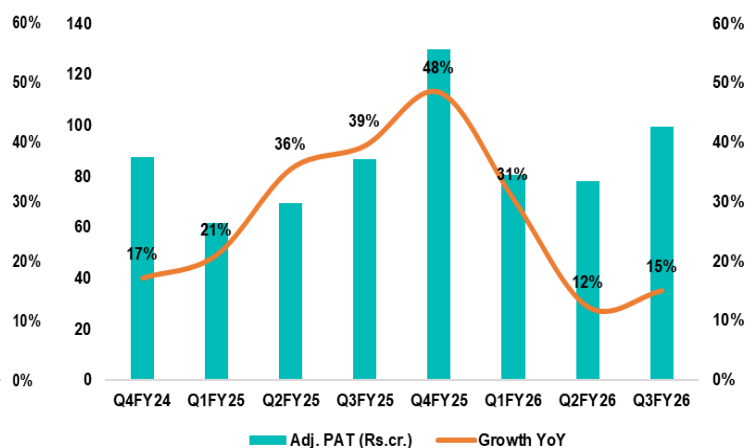
Orderbook (in Rs. cr.)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	6,544	7,720	5,758	6,969	8,353	-12	-10
EBITDA	762	949	633	812	985	-17	-14
Margins (%)	11.6	12.3	11.0	11.6	11.8	-60bps	-65bps
Adj. PAT	442	569	365	486	607	-17	-15
EPS	140	180	115	154	192	-18	-15



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25E	FY26E	FY27E	FY28E
Revenue	4,207	5,234	5,758	6,969	8,353
% change	16.8	24.4	10.0	21.0	19.9
EBITDA	496	604	633	812	985
% change	22.9	21.8	4.9	28.2	21.4
Depreciation	44	56	73	97	114
EBIT	452	548	560	714	871
Interest	94	99	116	122	124
Other Income	28	45	49	59	66
PBT	382	491	491	649	810
% change	36.6	28.5	-0.1	32.3	24.8
Tax	134	144	126	163	203
Tax Rate (%)	35	29	25	25	25
Reported PAT	248	348	365	486	607
Adj*	0	0	0	0	0
Adj PAT	248	348	365	486	607
% change	19.8	39.9	5.0	33.2	24.8
No. of shares (cr)	3.16	3.16	3.16	3.16	3.16
Adj EPS (Rs.)	79	110	115	154	192
% change	19.8	39.9	5.0	33.2	24.8
DPS (Rs.)	3	3	3	4	6

Cash Flow

Y.E March (Rs. cr)	FY24A	FY25E	FY26E	FY27E	FY28E
Net inc. + Deprn.	391	434	481	608	731
Non-cash adj.	11.53	24	73	97	114
Changes in W.C	-198	-463	69	-117	-405
C.F – Operation	205	-4	623	588	441
Capital exp.	-92	-163	-267	-321	-321
Change in inv.	0	0	0	0	0
Other invest.CF	-281	-30	0	0	0
C.F – Investment	-373	-193	-267	-321	-321
Issue of equity	344	0	0	0	0
Issue/repay debt	0	0	0	0	0
Dividends paid	-3	-3	-3	-4	-6
Other finance.CF	-2	-2.11	0	0	0
C.F – Finance	339	-5	-3	-4	-6
Chg. in cash	7	40	286	216	65
Closing cash	480	593	879	1,095	1,161

Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25E	FY26E	FY27E	FY28E
Cash	480	593	879	1,095	1,161
Accounts Receivable	1,040	1,462	1,499	1,527	1,831
Inventories	122	198	163	186	227
Other Cur. Assets	1,252	1,471	1,619	1,960	2,349
Investments	411	491	540	654	784
Gross Fixed Assets	547	649	916	1,237	1,558
Net Fixed Assets	229	316	501	714	910
CWIP	11	28	68	117	166
Intangible Assets	3	7	17	27	38
Def. Tax (Net)	11	18	20	24	29
Other Assets	10	29	32	38	46
Total Assets	3,568	4,614	5,338	6,344	7,541
Current Liabilities	1,063	1,405	1,686	2,065	2,504
Provisions	5	5	6	8	9
Debt Funds	392	723	773	848	923
Other Liabilities	269	299	328	397	476
Equity Capital	16	32	32	32	32
Reserves & Surplus	1,822	2,128	2,490	2,972	3,574
Non-Controlling Interest	2	23	23	23	23
Shareholder's Fund	1,840	2,183	2,544	3,026	3,628
Total Liabilities	3,568	4,614	5,338	6,344	7,541
BVPS (Rs.)	582	690	805	957	1,147

Ratios

Y.E March	FY24A	FY25E	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	11.8	11.5	11.0	11.6	11.8
EBIT margin (%)	10.7	10.5	9.7	10.3	10.4
Net profit mgn.(%)	5.9	6.6	6.3	7.0	7.3
ROE (%)	13.5	16.1	14.5	16.2	16.8
ROCE (%)	14.7	15.1	13.5	14.9	15.5
W.C & Liquidity					
Receivables (days)	84	87	94	79	73
Inventory (days)	16	15	16	12	12
Payables (days)	87	78	90	91	91
Current ratio (x)	2.0	1.8	1.7	1.7	1.7
Quick ratio (x)	1.1	1.0	1.0	0.9	0.9
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	4.8	5.9	7.0
Net debt/equity (x)	0.2	0.3	0.3	0.3	0.3
Valuation					
EV/Sales (x)	1.9	1.5	1.4	1.1	0.9
EV/EBITDA (x)	15.8	13.0	12.4	9.7	8.0
P/E (x)	15.4	24.7	18.3	13.7	11.0
P/BV (x)	4.3	3.9	2.6	2.2	1.8



Recommendation Summary (last 3 years)



Dates	Rating	Target
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
27-Feb-26	BUY	2,688

* 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 HOLD, REDUCE or SELL.

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

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