

Power Mech Projects Ltd : Very Good IPO Note: Being an engineering company valuation looks good Ranking:***



Issue details

Price band (Rs)	Rs.615-Rs.640
IPO Opening Date	07/08/15
IPO Closing Date	11/08/15
Issue Size	Rs.262.54 - 273.22 Crore

Valuations & Recommendation

On performance front, for last three fiscals the company has posted an average EPS of Rs. 53.76. For the FY 2014 (on consolidated basis) it has posted net profit of Rs. 68.31 crore on a turnover of Rs. 1211.08 crore with an EPS of Rs. 63.15. If we attribute these earnings on post IPO equity of Rs. 147.11 crore then EPS stands at Rs. 42.95 and thus asking price is at a P/E of 14 plus is looking attractive.

Highlights

- PMPL is an integrated power infrastructure services company in India providing comprehensive erection, testing and commissioning of boilers, turbines and generators
- Company's aggregate order Book as of March 31, 2015 was Rs. 34,06.27 crore
- for last three fiscals the company has posted an average EPS of Rs. 53.76.
- FY 2014-15 (on consolidated basis) it has posted net profit of Rs. 71.40 crore on a turnover of Rs. 1371.98 crore with an EPS of Rs. 56.74.

Company Introduction

Company Profile

Incorporated in 2007, Power Mech Projects Ltd is one of the leading integrated power infrastructure services companies in India providing comprehensive erection, testing and commissioning of boilers, turbines and generators ("ETC-BTG") and balance of plant ("BOP") works, civil works and operation and maintenance (O&M) services.

They have established a track record of successfully executing ETC-BTG and BOP contracts for large power projects including for 800 MW unit capacity super-critical projects. They have been engaged on ETC-BTG projects for the first two ultra-mega power projects (UMPPs) in India as well as for 16 super-critical power projects in India. They were also one of the first companies in India to carry out the overhauling of a super-critical 660 MW turbine and providing AMC services for an ultra-mega power project (UMPP).

POWER MECH™



Financial Summary

Particulars	FY2014	FY2013	FY2012
Income	1211.08	940.41	709.13
Net Profit	68.31	50.11	52.41
EPS (Rs)	63.15	46.61	48.74

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Company's aggregate order Book as of March 31, 2015 was Rs. 34,06.27 crore, comprising Order Book in the Erection Works, O&M Services and Civil Works businesses of Rs. 2302.87 crore, Rs. 590.43 crore and Rs. 512.97 crore respectively. As of June 30, 2015,

IPO Proceed

To meet its funding of working capital and listing purpose, the company is coming out with a maiden IPO of 4269000 equity share of Rs. 10 each (consisting offer for sale of 2141000 shares and remaining as a fresh equity issue) in a price band of Rs. 615-640. Issue opens on 07.08.15 and will close on 11.08.15. Minimum application is to be made for 20 shares and in multiples thereon, thereafter. Based on lower and upper price band, the fund mobilization will be between Rs. 262.54-Rs.273.22 crores. Since inception till 2009 it issued equity shares at par and then during 2011 to 2014 it issued shares in the price range of Rs. 142.64 – Rs. 200 per share. So far it has made three bonus issues – 2 for 1 (in 2007), 1 for 2 (in 2008) and 1.2 for 10 (in 2014) that took its equity to Rs. 125.83 crore that will rise to Rs. 147.11 crore post IPO.

The object of the issue are:

- 1.Repayment/pre-payment/advance payment of loans;
- 2.Funding working capital requirements;
3. General corporate purposes.

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