

MEP Infrastructure Developers Ltd : Weak : Avoid

IPO Note: Loss making and High debt company

Ranking:*



Issue details

| | |
|------------------|-------------|
| Price band (Rs) | Rs.63-Rs.65 |
| IPO Opening Date | 21/04/15 |
| IPO Closing Date | 23/02/15 |
| Issue Size | Rs.324 Cr. |

Valuations & Recommendation

The company has made losses in last three fiscal. In FY 2014 it incurred loss of Rs.120 crore on total income of Rs.1240 crore. It had debt of Rs.3220 crore as on 31 March 2014. Thus the asking price for the issue is exorbitant considering negative earnings as well as the last issue at a price below Rs. 22 to its promoters. As the new Government is slowly doing away with toll collections, ongoing is likely to be worsen and hence future earnings will have great impacts of abolition of toll tax. Thus this issue appears to be a risky bet. **Hence we recommend to AVOID this issue.**

Highlights

- Incorporated in 2011, MEP Infrastructure Developers Ltd is engaged in tolling operations of the road infrastructure sector, with a pan-India presence.
- Company focus on pure toll collection projects as well as OMT projects, which involve maintenance obligations in addition to toll collection on operational roads (including highways) cons
- They have completed 68 projects, with an aggregate of 122 toll plazas and 783 lanes, and have an overall experience of over 12 years in this business across 12 states in India. Some of the significant toll collection projects completed by them include project for collection of toll at
- Company made losses in last three fiscal
- IT had total debt of Rs.3220 crore as on March 2014
- The company has negative networth

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