



Incorporated on August 26, 2008, PSP Projects Limited is the Multidisciplinary Construction Company offering a diversified range of Construction and Allied Services across Industrial, Institutional, Government, Government Residential and Residential Projects in India. Over the years, the company has successfully executed a number of prestigious projects across Gujarat. The company provides their services across the construction value chain, ranging from planning and design to construction and post-construction activities to private and public sector enterprises. Since their incorporation, the company has executed 80 projects as of March 31, 2017. The Company's Chairman and Managing Director and CEO, namely Prahaladbhai Shivrambhai Patel, who is also the Promoter, has been associated with the construction business for over 30 years and has been instrumental in the growth of the Company. Historically, concentrated in Gujarat Region, the company has geographically diversified their portfolio of services and is undertaking or has bid for projects pan India.

The Company has completed or are currently undertaking projects for a number of reputed customers, including, *inter alia*, Cadila Healthcare Limited, Care Institute of Medical Sciences Limited (CIMS), Claris Injectables Limited, Emcure Pharmaceuticals Limited, Gelco Electronics Private Limited, GCS Medical College, Hospital and Research Centre (managed by the Gujarat Cancer Society), the Government of Gujarat (through the Executive Engineer, Capital Project Division), Inductotherm (India) Private Limited, Intas Pharmaceutical Limited, Kaira District Co-operative Milk Producers' Union Limited (Amul Dairy), KHS Machinery Private Limited, Nirma Limited, Sabarmati River Front Development Corporation Limited, Torrent Pharmaceuticals Limited and WTC Noida Development Company Private Limited. PSP executed government projects which were challenging and prestigious in nature. For instance, in the recent past, they have executed marquee government projects such as the construction and interior work of Swarnim Sankul 01 and 02 at Gandhinagar, various works in relation to the Sabarmati Riverfront Development project at Ahmedabad and the interior work for the ICEM Building at Ahmedabad. The Company's execution capabilities have grown significantly with time, both in terms of the size of projects that PSP bids for and execute, and the number of projects that we execute simultaneously. Since its incorporation in August 2008, PSP Projects have executed 80 projects as of March 31, 2017. The company defines order book as anticipated revenues from uncompleted portions of existing contracts (*signed contracts for which all pre-conditions to entry have been met, including letters of intent issued by the client*) as of a certain date. Company's order book as of any particular date consists of unbilled revenue from the uncompleted portions of their existing contracts i.e. the total contract price of the existing contracts secured by them as reduced by the value of construction work billed until the date of such order book. The Company's total order book as of March 31, 2017, was Rs.729.17 crore.

The Company's contract income has witnessed a CAGR of 26.35% over 2012-2016 to touch Rs. 4,541.67 mn in Fiscal 2016 and the Company's PAT, has registered a CAGR of 31.4% to Rs. 249.31 mn in Fiscal 2016. The Company intends to continue to focus on undertaking industrial, institutional and government projects in Gujarat, where it believes has an established reputation associated with quality and a track record of successful execution. As of March 31, 2017, 70.20% of the Company's total order book consisted of projects that it is executing in Gujarat.

Issue date	May 17 – 19, 2017			
Type of issue	Fresh issue: 7.2 mn equity shares Offer for sale: 2.88 mn equity shares			
Face Value	Rs. 10			
Price Band	Rs. 205 – Rs. 210 per share			
Lot size	70 equity Shares & multiple of 70 equity shares thereafter			
Equity shares pre/post issue	36 mn equity shares			
Issue structure	QIB: 50% Retail: 35% Non – Institutional: 15%			
Post issue market cap	Rs. 7.56 bn			
Book Running Lead Managers	Karvy, Motilal Oswal			
Registrar to the issue	Karvy Computershare Ltd.			
Shareholding	Promoters - % (post issue) Public and others - % (post issue)			
Allotment /Refund date	26 May, 2017			
Listing date	29 May, 2017			
Y/e 31 Mar (Rs. mn)	9MFY17	FY16	FY15	FY14
Total op. income	2,391	4,580	2,805	2,104
Operating profit	428	491	289	211
OPM (%)	,17.9	10.7	10.3	10.03
PAT	215	249	141	101
PAT margin (%)	8.99	5.44	5.03	4.80
Post issue EPS (Rs.)	7.96#	6.92	3.92	2.81
Book Value (Rs.)	30	23	16	12
Networth	876	661	469	348
P/BV(x)	7	9	13	18
P/E (x) at Rs. 210	26	30	54	75
RoE (%)	-	37.6	30.0	29.0

Source: RHP, Ajcon Research

Investment rationale and recommendation

At the upper end of the price band of Rs. 210, the IPO is valued at 26x at annualized FY17E post issue EPS of Rs. 7.96. With due consideration to factors like a) strong track record of successful project execution, b) visible growth through a robust order book and growing pre – qualification credentials, c) experienced promoters, d) long standing relationship with its customers, e) one of the few infrastructure companies operating through world class software 'SAP,' e) robust ROE and stable operating cashflows with strong growth, we recommend "SUBSCRIBE" to the issue.



Objects of the issue

Offer for sale by promoter group – 7.2 mn equity shares (Rs. 151 cr.)

The net proceeds from fresh issue (Rs. 60.48 cr) will be utilized towards:

- a) Funding Working Capital requirements
- b) Funding Capital Expenditure requirements of Company

Company and Promoters' background

PSP projects Limited was incorporated on August 26, 2008, as a private limited company. The company was converted into a public limited on June 30, 2015 and consequently, the name of the company was changed to PSP Projects Limited and a fresh certificate of incorporation was issued on July 10, 2015.

Prahaladbhai Shivrambhai Patel is the Chairman and Managing Director and CEO of the company. He has over 30 years of experience in the business of construction.

Shilpaben Patel is the whole-time Director of the company. She has been a Director of the company since incorporation.

Pooja Patel is the executive Director of the company. She is actively involved in execution of the projects of the company.

Chirag Shah, Sandeep Shah and Vasishtha Patel are the independent Director of the company.



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