

Issue Details	
Issue Opens	17-May-17
Issue Closes	19-May-17
Issue Size (Rs. Crore)	211.7
Face value (per equity share)	10
Price Band (Rs.)	205-210
Lot Size (No of Share)	70
No of Shares on Offer (crore)	1.008
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	29-May-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	99.99	71.92
Public (incl institutions and employees)	0.01	28.08
Total	100.0	100.0

## Objects of the Issue

The Net Proceeds from the Fresh Issue will be utilised towards the following objects:

1. Funding working capital requirements of our Company;
2. Funding capital expenditure requirements of our Company; and
3. General corporate purposes

Issue Date: 17<sup>th</sup> May - 19<sup>th</sup> May  
 Price Band (Rs.): 205-210  
 Lot Size (No. of Share): 70

## Company Background

Incorporated in 2008, PSP Projects Ltd is an India based construction company offering a diversified range of construction and allied services across industrial, institutional, government, government residential and residential projects. They have successfully executed a number of prestigious projects across Gujarat. It has geographically diversified portfolio of services and is undertaking projects pan India. Since its incorporation, PSP Projects has executed 80 projects as of March 31, 2017.

## Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-16	FY-15	FY-14	FY-13	FY-12
<b>Total Revenue</b>	4,677	2,869	2,148	2,609	1,807
<b>Total Expenses</b>	4,291	2,657	1,994	2,427	1,683
<b>Profit After Tax</b>	249	140	100	122	83

## Concerns

- If company is not successful in managing its growth, its business may be disrupted and profitability may be reduced.
- It faces significant competition and if it fail to compete effectively, business will be adversely affected.
- Revenues from projects are difficult to predict and are subject to seasonal variations.
- Currency exchange rate fluctuations may affect the return on the Equity Shares.

## Strengths

- Strong track record of successful project execution Team.
- Experienced management and promoter Diversified client base.
- Robust financial performance and financial strength.
- Long-standing relationships with customers.

## Our View

On the higher price band of Rs.210 and on FY16 EPS of Rs.8.66, P/E ratio works out to 24x. Even based on last 3 years EPS of Rs.6.54, P/E ratio works out to be 32x. Means the company is asking higher price band of Rs210 in the P/E ratio of 24x to 32x. There is listed peers Nila Infrastructures which is trading at P/E of 35.98 (Highest) and Prakash constructions which is trading at P/E of 10.76 (Lowest) and industry composite P/E is at 26.3. Hence PSP Projects Share Price of Rs210 is reasonably priced.

Company revenues grew at 27% CAGR in last 5 years. It earns consistent profits of around 5%. Considering all positive and negative points indicated above, investors can invest in this IPO with a 2-3 years time horizon. If one can get listed gains, they can do party.