

PICK OF THE WEEK

23rd May, 2026

PSP Project Ltd

Sector: Infrastructure

BUY

CMP

763

Target Price

839

Upside

10%

CMP as on 22nd May 2026 | Time horizon: 6-9 Months

Why PSP Projects Ltd.

- Robust Order Book
- Strategic Partnership with Adani Group to Support Revenue Growth
- EBITDA Margins to Improve

About the Company

PSP Projects incorporated in 2008, is in construction business for more than 30 years. Over the years, PSP Projects has developed an over its capabilities across various project stages –Business Development, Tendering, Engineering & Design, Procurement & Construction, Project Management & Planning, Project Execution, and Operations & Maintenance. This has helped it build expertise in executing well-diversified projects across several segments including Industrial Projects, Hospital Projects, Hotel & Hospitality Projects, Residential & Commercial Projects, and Government Projects.

Investment Rational

A. Robust Order Book

- As of 31st March, 2026, the company's order book stood at Rs 13,447 Cr, up 85% YoY, supported by an order inflow of Rs 10,925 Cr in FY26. Within the order book, 67% comprises within-group projects, while the remaining 33% is from external projects.
- In terms of segment mix, Government projects account for 25%, Industrial projects 2%, institutional projects 38%, and residential projects 35%. The strong order backlog provides healthy revenue visibility for the next 2.5-3 years.

B. Strategic Partnership with Adani Group to Support Revenue Growth

- The current bid pipeline is Rs 6,500 Cr, of which Rs 5,000 Cr is from the Adani Group and Rs 1,500 Cr is from individual sources. With the Adani Group partnership, growth momentum is likely to accelerate, supported by enhanced operational activity and improved working capital.
- The company is projected to deliver a revenue CAGR of 30% over FY26–28E.

C. EBITDA Margins to Improve

- EBITDA margins were impacted by a one-time provision for employee benefits due to new labour laws. However, margins are expected to improve due to a better project mix and as execution ramps up.

Outlook & Valuation

- PSPPL has entered a high-growth phase where a 20-25% revenue growth trajectory is expected from FY28. The company is well-positioned to capitalise on growth opportunities in the sector, supported by a strong bidding pipeline and the government's focus on urban infrastructure development. However, higher raw material and employee costs remain crucial for margin growth. PSPPL is expected to report a Revenue/EBITDA/APAT CAGR of 28%/30%/51% over FY25-28E.
- **Valuation:** Trading at 16x FY28E EPS

Analyst Insights

We recommend a **BUY** with a target price of Rs 839, implying an upside of ~10% from the CMP.

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Financial Summary

	FY26	FY27E	FY28E
Net Sales (Rs Cr)	3,149	4,408	5,289
EBITDA (Rs Cr)	189	317	397
Net Profit (Rs Cr)	56	148	201
EPS (Rs)	14	37	51
PER (x)	56	21	16
EV/EBITDA (x)	17	10	8
P/BV (x)	2.5	2.2	1.9
RoE (%)	5%	11%	13%

Market Data

No. of Shares	3.96 Cr
Market Cap (Rs Cr)	3,025
52-week High	1,029
52-week Low	569
PER(x)	16
BSE Code	540544
NSE Code	PSPPROJECT

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