

ONE PAGER SHIKSHAN NIVESH

PATEL ENGINEERING

SECTOR: INFRASTRUCTURE EPC | HYDRO |
TUNNELLING | IRRIGATIONSHIKSHAN NIVESH
EDUCATE · ANALYZE · INVEST

A legacy hydro & tunneling specialist fighting for a second innings in India's infra boom.

Business Snapshot

An old warhorse in Indian infra, Patel Engineering is scripting a **fragile comeback**. Founded in 1949, this Mumbai-based company specializes in dams, tunnels, hydro projects, irrigation and rail infra. With **75 years of legacy**, **250+** completed projects and a commanding presence in **high-altitude EPC work** — Patel is now navigating not just **business complexity** but also a **leadership reset**.

Business Model • 100% EPC — no asset ownership or HAM exposure

- **Key segments:** Hydro (64%), Irrigation (21%), Tunnels/Roads (15%)
- **Clients:** NHPC, CVPPL, NHAI, Railways, State Govts
- Works across **J&K, NE India, Maharashtra**, and other core infra zones
- Execution strength in **high-risk, long-gestation projects**

Strategic Shifts Underway

Project PIB (A pilot military project)

- Focus on PSP projects in **hydro + pumped storage** energy
- Targeting **MoUs with PSUs** for collaborative bidding
- Recovering from **promoter-linked market derating**
- Looking to maintain **10–12% revenue CAGR, FY25–27**

- Built India's first **Net-Zero military habitat** at high altitude in Jammu & Kashmir
- Designed to maintain **22°C indoors** even when **outside temp drops to -35°C**
- Aimed to improve soldier comfort in extreme weather zones — a **pilot Army infra project**
- Substantially **completed in Dec 2024**, with final testing underway

That's not something you expect from a company known mostly for **dams and tunnels**.

Shikshan Nivesh Take

Patel Engineering is a rare case where **execution, finance, and emotion** all intertwine. After the market's sharp reaction to the **promoter's death**, the new **leadership must prove** that execution muscle isn't dependent on a single person. With **lower debt, better margins**, and a **niche position** in India's PSP and tunneling wave — Patel is a company to **understand deeply**.
Infra is **messy**. This one is **messier**. But the core may still be **resilient**.

Risks to Track

Leadership transition risk: sudden loss of CMD Rupen Patel in July 2024

- New Chairperson (Janky Patel) and MD (Kavita Shirvaikar) yet to be **tested long-term**
- Arbitration/land-dependent cash flows
- Execution risks in **hydro + tunnel** contracts
- **88%** promoter holding pledged

The FY25 Reality Check – Qtr by Qtr

Q1 FY25

- Execution picked up **post-monsoon**; revenue base improving steadily
- Asset monetization of **₹486 Cr via arbitration and land**

Q2 FY25

- Revenue: **₹1,186.8 Cr** **13%** | PAT: **₹73.8 Cr** **72%**
- **Debt reduction** continues; working capital days **lowered**
- **Leadership stability** in focus after **CMD's sudden demise**

Q3 FY25

- Revenue: **₹1,205.5 Cr** **13.6%** | PAT: **₹80.4 Cr** **14.5%**
- EBITDA: **₹184 Cr** | Margin: **15.3%**
- MD Kavita Shirvaikar outlines growth visibility, **10–12% rev guidance FY26**

9M FY25 (Cumulative)

- Revenue: **₹3,481.5 Cr** | PAT: **₹209.4 Cr** **48.7%**
- Net Debt: **₹1,422 Cr** (down **₹450 Cr YoY**) | Book-to-bill: **3.5x**
- Order inflow yet to **ramp** — **₹50,000 Cr** pipeline bid under evaluation

Patel Engineering

Market Cap
₹ 3,300 Cr.Price/Earnings
9.35xPEG Ratio
0.62Sales CAGR 3 Year
32%