

THE **POWER** TO CHANGE

ANNUAL REPORT 2009-10



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THE **POWER** TO CHANGE

We hold that power in the strength of our systems.

We see that power in the skills of our people.

We perceive that power in the exceptional capabilities of timely execution.

We sustain that power in the excellence of our track record.

We carry that power in the vision to look beyond.

IT IS THE POWER TO
MAKE THE MOST OF
THE DIVERSE
OPPORTUNITIES OF
GROWTH. THE
POWER TO BE THERE
IN THE FASTEST-
GROWING
SEGMENTS OF THE
ECONOMY. THE
POWER TO CHANGE
THE WAY WE LOOK
AT TODAY. THE
POWER TO CHANGE
THE WAY THE
WORLD LOOKS AT
TOMORROW.

THE **POWER** BEHIND

ENABLED BY A HUGE REPOSITORY OF STRENGTHS AND SKILLS, AND POWERED BY THE MASSIVE OPPORTUNITIES UNFOLDING IN THE BUSINESS SEGMENTS OF ITS PRESENCE, OM METALS INFRAPROJECTS LIMITED (HEREINAFTER KNOWN AS THE OMIL) HAS EMERGED AS INDIA'S LEADING CONGLOMERATE ENGAGED IN DIVERSE BUSINESS ACTIVITIES AND INTERESTS RELATED TO **HYDRO-MECHANICAL EQUIPMENTS, TURNKEY SOLUTIONS FOR STEEL FABRICATION, HYDROPOWER DEVELOPMENTS, REAL ESTATE AND INFRASTRUCTURE.**

Incorporated in 1971, this leading ISO 9001 Engineering Construction company is today the largest Hydro-mechanical equipment supplier in India, with a market share of over 60 percent. Armed with an admirable track record of successful execution of more than 55 Hydro-mechanical contracts for Hydropower & Irrigation projects across the country, valued at more than USD 500 million, OMIL is a niche player with exceptional execution capabilities.

A pioneer in the field of turnkey execution - from Design, Detailed Engineering, Manufacture, Supply, Installation, Testing & Commissioning of complete range of Hydro-mechanical equipments for Hydroelectric Power & Irrigation projects, OMIL is consistently delivering icons of excellence in the burgeoning Hydropower sector, while growing its presence through strategic diversification in the Real Estate and Infrastructure segments.

The Company's manufacturing and fabrication strengths are sourced through its three fabrication-cum-manufacturing units in Rajasthan, J&K and Arunachal Pradesh, with a combined capacity of 15,000 MT, facilitating timely execution of projects. OMIL also has strategic technical tie-ups with two foreign companies for manufacturing of gates, which have enabled it to raise the bar of excellence in this niche business.

A prestigious client list spanning top-notch organizations and institutions, such as NTPC, NHPC, NEEPCO, among others, endorses the Company's unique expertise and extensive experience in consistently completing projects ahead of contractual schedules and earning incentives / rewards for early completion.

The Company's remarkable growth odyssey is powered by a highly qualified management team, backed by a robust human resource base of 250 managerial and technical personnel, along with more than 1500 skilled and semi-skilled manpower.

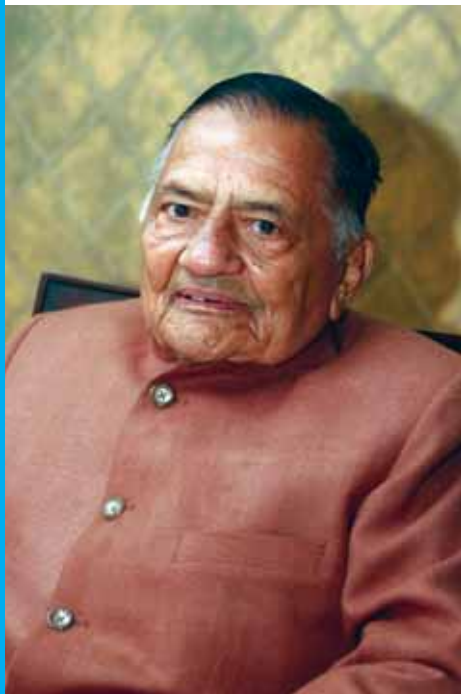
The Company's expertise extends to high-end fabrication and erection even in remote hilly areas, difficult climate and natural site conditions, and in conditions of logistics bottlenecks.

HIGHLIGHTING THE POWER TO CHANGE

- Executed the works of the world's largest Vertical Lift gates - Kol Dam Project for NTPC (Size – 7.5m X 14m X 115m)
- Executed the works of one of the world's largest Radial gates - Gosikhurd Dam – for VIDC, Maharashtra (Size – 18.3m X 16.5m X 16.5m)



CHAIRMAN'S MESSAGE



T. C. KOTHARI
Founder & Chairman

Dear Stakeholders

I write to you at the end of what I can only describe as another historic year in your Company's growth odyssey. Having emerged stronger from the global economic travails of the previous fiscal, your Company successfully consolidated its leadership position in the Hydropower and Hydro-mechanical segment, while expanding its wings in the Real Estate and Infrastructure sectors during 2009-10.

The success of our focused and pro-active strategy during the year can be attributed, in large measure, to our power to change the way the development course is flowing in each segment of our presence. Be it the Hydropower segment, in which we are firmly entrenched as a leading player for the past several years, or the other verticals of our presence, we have always believed in following a transformational policy that shall enable long-lasting and effectual change in these vital sectors of the Indian economy.

In line with this strategy, we continued to power major changes in our way of functioning to further streamline our business operations, while ensuring holistic and forward-looking visionary thrust in every aspect of our functioning.

This strategy paid off and the year under review saw your Company report impressive numbers to post a 30.98 per cent increase in net profit for the year ended March 31, 2010 at Rs. 32.51 crore against Rs. 24.82 crore. The income from operations grew by 90.33 per cent to Rs. 196.64 crore, as against Rs. 103.32 crore in FY09.

KEY OPERATIONAL HIGHLIGHTS

Consistent growth and expansion across each of our business segments marked the key highlights of your Company's progress during fiscal 2009-10. As we embarked on an expansion mode, our focus was on bidding for larger projects to enhance our portfolio.

The size of our order book, which currently stands at Rs. 636 crore, was a major indicator of the strength of our

strategy. We plan to complete these orders in the next 3 years, thereby augmenting the scale of our operations across businesses.

The focus of our growth continued to be on the Engineering Construction segment, which currently contributes nearly 80 percent of the sales, followed by Real Estate.

The year marked an important milestone for us in Engineering Construction with our maiden civil construction project in Kalisindh (Rs. 2.5 bn). This strategic foray into civil construction was motivated by our desire to leverage our understanding of the Hydropower business to target a bigger pie of the business (70% of total project cost).

I strongly believe that with the successful execution of the first leg of Kalisindh dam work in FY12, we will be ideally positioned to grab a large chunk of the huge opportunity space – approximately Rs. 940 bn opportunity - in the next 6-7 years.

Our recent MoU with an American company to venture into solar generation is another major development that I foresee as a massive augmenting force that shall drive your Company's growth in the Power business in the coming years.

The Real Estate business is also expected to give our growth strategy a major fillip, going ahead. About five years ago, we began exploiting our huge land bank (including SEZ and Port), which has helped us drive our revenues to a significant extent. Besides this, key land parcels in Jaipur, Hyderabad, and Kota are seeing pick-up in execution, and we expect to see an inflow of about Rs. 1.5 bn from these projects in the next 2 years.

In Kota, we completed our residential apartments project 'Om Enclave' and delivered possession in time during the year and also launched another project – Om Urban Heights. This was indeed a remarkable achievement considering the negative real estate environment of the previous year, through which your Company emerged largely unscathed.

Continuing with our strong focus on Real Estate, we also bought prime land in Jaipur for high-end commercial/residential development. As part of our plans to spread our real estate business to all the major cities of the country, we signed a development agreement with Mahindra Life space for development of residential township on 10 acre land at Hyderabad.



THE YEAR MARKED AN IMPORTANT MILESTONE FOR US IN ENGINEERING CONSTRUCTION WITH OUR MAIDEN CIVIL CONSTRUCTION PROJECT IN KALISINDH (Rs. 2.5 Bn). THIS STRATEGIC FORAY INTO CIVIL CONSTRUCTION WAS MOTIVATED BY OUR DESIRE TO LEVERAGE OUR UNDERSTANDING OF THE HYDROPOWER BUSINESS TO TARGET A BIGGER PIE OF THE BUSINESS (70% OF TOTAL PROJECT COST).



OUR SUSTAINED FOCUS ON INFRASTRUCTURE DEVELOPMENT HAS BEEN CONTINUALLY YIELDING STRONG DIVIDENDS FOR US AND THE YEAR UNDER REVIEW SAW YOUR COMPANY WIN THE PRESTIGIOUS 'EMERGING INDIA AWARDS' IN THE INFRASTRUCTURE CATEGORY IN ICICI BANK AND CNBCTV18's EMERGING INDIA AWARDS 2009, POWERED BY CRISIL. THE AWARD WAS RECEIVED BY DR. T C KOTHARI, FOUNDER AND CHAIRMAN, AT A FUNCTION IN NEW DELHI FROM HONORABLE UNION HOME MINISTER SHRI P. CHIDAMBARAM AND ICICI CEO MRS. CHANDA KOCHAR.

The year under review saw your Company venture into the BOT roads space through a Rs. 3.12 bn Jaipur-Bhilwara (212km) stretch awarded in FY10. This marked our entry into one of the most high-growth potential segments of Infrastructure development in the country and I am confident this will pave the way for further growth of your Company.

Our sustained focus on Infrastructure development has been continually yielding strong dividends for us and the year under review saw your Company win the prestigious 'Emerging India Awards' in the Infrastructure Category in ICICI Bank and CNBC-TV18's Emerging India Awards 2009, powered by CRISIL. The award was received by Dr. T C Kothari, Founder and Chairman, at a function in New Delhi from Honorable Union Home Minister Shri P. Chidambaram and ICICI CEO Mrs. Chanda Kochar.

CNBC TV18's 'Emerging India Awards' is India's foremost initiative powered by the capability of shaping the future of Indian SMEs, and have been acknowledged as India's biggest business award by the Limca Book of Records.

I see this award as a clear endorsement of the success of your Company's strategic and visionary focus, as also of the commitment and drive of its people, who I believed to be one of the strongest forces behind your Company's success over the years.

In fact, our people are the foundation on which is built the core of our strategy for the future and, that is why, we have continuously striven to nurture their growth by providing them the best of working environments. During the year, we took this endeavour further through workshops in Kameng (Arunachal Pradesh) and Jaipur (Rajasthan).

FUTURE FORWARD

In our view, the next 12 months would be transformational for the Company, with record growth rate in core business, entry into civil engineering for Hydroprojects, and monetization of land bank.



As part of its diversification and forward integration strategy, the Company now plans to acquire engineering, procurement and construction (EPC) players in Hydro and Thermal power sectors. The Company plans to initially bid for EPC projects in these sectors with established players on a project-to-project basis and also target acquisition of suitable players costing less than Rs. 200 crore.

We are now also looking at venturing into manufacturing of Electro-mechanical equipment through joint ventures and associations with local/foreign players. We also intend to venture into other areas utilizing similar strengths of steel construction and fabrication.

Over the next two Five Year Plans, there will be addition of at least 25,000 MW of Hydropower by the Government of India. We see this as a massive opportunity for the Company and anticipate sizeable demand in the domestic market and also from Nepal, Bhutan and Bangladesh. A key growth area shall be the Hydro-mechanical gate manufacturing business, into which the Company has recently forayed. Initially, the Company shall only engage in production to address its EPC contracts but shall soon look to market the gates and penstock in India and abroad, and expand its capacities to cranes tailor-made for hydro projects.

Our focus will continue to remain in areas like renewable and non-renewable energy, irrigation and other infrastructure projects, both in India and worldwide. Concurrently, however, we shall continue to diversify and de-risk our business even further to insulate ourselves from the cyclic ups and downs of any single segment of economic growth.

Real Estate and Infrastructure also offer a huge opportunity for growth for your Company in view of the increased Government and public sector focus on these segments, which are expected to emerge as key contributors of the country's economic growth in the coming years. Perceiving the massive potential in the BOT space, we have already forayed into this lucrative space

and shall further expand our presence to make the most of the burgeoning opportunities in BOT.

Our aim is to focus on such fast-growing areas of the Indian economy which offer the maximum potential for growth and shall enable us to deliver the maximum profitability to each of our stakeholders, going forward.

ON A PARTING NOTE

Our growth odyssey has been powered to a significant extent by the support and guidance of a large number of Government departments and institutions and I would especially like to acknowledge the support of the officials of the Ministry of Power and other Ministries/Departments of the Government of India, along with the learned officials of PSUs like NTPC and NHPC and state electricity boards.

As mentioned earlier, we view our human resource as our most valuable asset and I take this opportunity to convey my heartfelt thanks to all our employees, without whose sustained and ceaseless efforts we would not have been able to scale such heights of success.

I express my deep sense of gratitude to all of you and the other shareholders, bankers, financial institutions, contractors, suppliers for your continued faith and confidence in the Company. I also appreciate the support of each of my colleagues on the Board for standing by me at every step of the way.

With your continued support and cooperation, I am confident we shall continue to surge ahead further on the path of growth and progress.

Thank you

Yours Sincerely
T. C. Kothari

THE **POWER** OF NUMBERS

Financial Information in Rupees	Rs. in Lakhs				
	2005-06 (Audited)	2006-07 (Audited)	2007-08 (Audited)	2008-09 (Audited)	2009-10 (Audited)
Annual Turnover	7325.15	9100.85	7405.39	10288.62	19664.36
Total Assets	13258.31	36703.34	46055.15	53270.39	52054.21
Current Assets	8990.93	21661.59	26437.71	35298.58	32931.47
Total Liabilities	13258.51	36703.34	46055.15	53270.39	52054.21
Current Liabilities	6107.72	5180.20	7133.40	8230.64	9074.77
Profit Before Tax	2445.50	2633.52	2286.57	2811.45	4136.61
Profit After Tax	2236.40	2358.91	1807.01	2482.29	3251.36
Net worth	4543.14	26593.30	32366.35	34564.75	37698.54
Working Capital 1	2883.21	16481.39	19304.31	27067.94	23856.70

