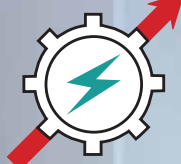


POWER MECH™



Growth Unlimited

POWER MECH PROJECTS LIMITED

16TH ANNUAL REPORT 2014-15



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2 x 800MW, YTPS, Raichur

Corporate Information

Board of Directors



Mr S Kishore Babu
Chairman & Managing Director



Mrs S Lakshmi
Director



Mr M Rajendran
COO & Director



Mr Thiagarajan Sankaralingam
Independent Director



Mr Amitabha Guha
Independent Director



Mr Mukul Lal Sah
Independent Director



Mr GDV Prasada Rao
Independent Director



Mr Rakesh Sony
Director

Chief Financial Officer

Mr J Satish

Company Secretary

Mr Mohit Gurjar

REGISTERED OFFICE & CORPORATE OFFICE

Plot No.77, Jubilee Enclave, Madhapur
Hyderabad - 500 081, Telangana

STATUTORY AUDITORS

M/s Brahmaayya & Co
Chartered Accountants
33-25-33B, Govindarajulu Naidu Street
Suryaraopet
Vijayawada - 500 002, Andhra Pradesh

INTERNAL AUDITORS

M/s Ramesh & Co
Chartered Accountants
Plot No.78, 6-3-661/B/1, Sangeeth Nagar
Somajjiguda, Hyderabad - 500 082,
Telangana

BANKERS

State Bank of Hyderabad
State Bank of India
Standard Chartered Bank
ICICI Bank
RBL Bank Ltd
Axis Bank
Citi Bank

CORPORATE CONSULTANTS & SECRETARIAL AUDITORS

M/s P. S. Rao & Associates
Company Secretaries
6-3-347-22/2, Flat-10,
4th Floor, Iswarya Nilayam,
Dwarakapuri Colony, Punjagutta,
Hyderabad - 500 082, Telangana



Message from Chairman

Dear shareholders,

As I am presenting the 16th annual report of the Company I extend my warm wishes and greetings to one and all. I am pleased that we are able to present the report with accomplished satisfaction for the past and hope for the future. The Financial Year 2014-15 continued the legacy of turbulent market scenario in power sector and yet the Company managed to hold the fiscal curves upward.

There was great expectation in power sector for a turn-around, but we are yet to experience them in reality. The market remains volatile and the future posing a tough bar before us. Yet the Company was able to keep continuity in healthy growth trajectory. "A tree is known by the fruit it bears" and true to this statement the Company made progress and kept its deliveries intact.

It is a matter of satisfaction that the revenue have grown at 14% from Rs.1187 Crores in FY14 to Rs.1356 Crores in FY15 and the net profits increased from Rs.68 Crores in FY14 to Rs.71 Crores in FY15. The revenues of the Company have grown at an impressive CAGR of 34% since FY10. Another important aspect was that the order book position continued to remain strong at Rs.3406 Crores as on 31st March 2015. The constituent of the order book contributed to its robust growth with O&M at 17% of our order book, civil at 15% and overseas business contributed at 16% reflective of the increasing its share and making it more stable. The Company is able to continue its legacy of providing strong returns to its shareholders with return on equity (ROE) and return on capital employed (ROCE) at 20% and 22% in FY15 respectively.

The Financial Year 2014-15 is significant as far as International Operations (IO) are concerned. We envisage great potential in the international market especially in the Middle East. The IO team has been strengthened with an experienced independent head and also staff to support the system. This season our focus would be on overseas projects whether small, medium or large but keep moving. Therefore our Company now rests on four pillars and derives its strength from Mech, civil, O&M and IO.

The subsidiary Companies are also playing their important role in the overall growth story of the group companies, especially Hydro Magus which is concentrating on hydro projects. Power Mech Industri is establishing the workshop in Noida and I am confident that it becomes operational from the next FY.

This year we have decided to go for Initial Public Offer (IPO) and started the progress with a kick-off meeting with new CFO taking over charge. Having appointed the lead merchant bankers, legal teams, PR agency, the process gained momentum and by the time this annual report lands your hands the Company might have been listed with stock exchanges.

Infusing new blood and innovative is the 'mantra' for the success of our Company. We are inducting professionals who are highly experienced in respective fields to take lead positions. It was never permitted to be static but always looking ahead of times. The spirit of Power Mech always remains high and we are careful in maintaining the spirit. I can cite three great reasons that keep our spirit high.

- We always try for expansion horizontally and vertically.
- Take challenges as opportunities and convert them as stepping stones.
- Keeping edge over contemporary players consistently.

Acknowledgement: I am optimistic for the future and confident of the growth. To me challenges are that makes life interesting and overcoming them is what makes life meaningful. I foresee better days and always too.

I am indebted and acknowledge with due respect and responsibility all who have supported, encouraged and contributed to the expansion and also sustaining the growth curve of the company. I thank all the Shareholders, Investors, Banks and Financial Institutions for their support throughout the financial year. I express my faith and gratitude to the state and Union Governments and all statutory bodies supporting us in discharging our duties.

I am thankful to all my colleagues in the Board for their untiring encouragement, support and leadership. Last but not the least, I thank all my employees, but for whom the sustaining of growth and achievements could not have been made possible. I am also thankful to the Directors and employees of the subsidiary companies for their contribution in the growth and also for their cooperation. I thank one and all!

With best wishes,

S Kishore Babu
Chairman



5 x 800 MW, Mundra UMPP, Gujarat



Paguthan

Dedication



HSE Policy

Power Mech Projects Limited is committed to maintain higher standard in occupational Health, Safety and Environment protection even while pursuing quality works and comply with all safety norms, procedures and statutory rules and impart functional responsibility at all levels, educate train and motivate everyone associated with the company to achieve the goal of 'Zero incident'.

Vision

To be a dominant player among infrastructure companies in power sector and delight the customers through products, services with continuous improvement.

Mission

Maintain higher standards in workmanship, meet customer requirements to the brim, achieve timely completion of projects by adopting innovative methods, enhance organizational skills through better planning, upgrade the skills and competence of Human resources and tireless pursuit for excellence all the time.

Quality Policy

Power Mech Projects Limited, in its quest to be the leader among ETC and EPC companies is committed to achieve continual improvement in its products, services and performance to enhance customer satisfaction through improved level of quality and conforming to its contractual obligations and induce quality awareness at all levels of employees by imparting training, improving attitude, enhancing motivation and encouraging total involvement.



366MW Paradip, Odisha



Palatana GCCPP



Opal Dahej GCCPP