



# POWER MECH PROJECTS LIMITED

17<sup>th</sup>  
ANNUAL REPORT  
2015-16



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## BOARD OF DIRECTORS

**Shri S Kishore Babu**  
*Chairman & Managing Director*



Shri Sajja Kishore Babu is the founding Chairman and Managing Director of our Company. He holds a bachelor's degree in Mechanical Engineering from Nagarjuna University, Andhra Pradesh. He is a first generation entrepreneur, responsible for our Company's growth and business development since its inception. He has several years of experience in the power sector including construction and O&M. He has been instrumental in completing major projects including Super-critical units in scheduled time. He is also the director of Hydro Magus Private Limited, Power Mech Industri Private Limited, the subsidiaries of our Company and the founder and managing trustee of Power Mech Foundation, a charitable trust.

**Smt S Lakshmi**  
*Non-Executive Director*



Smt Sajja Lakshmi is a non-executive Director of our Company. She holds a bachelor's degree in science from Andhra University. She has been associated with our Company since its inception. She has been responsible for office expansion, human resources and structural modernization of our Company. She has several years of experience in the field of human resources. She is also the chairperson of Power Mech Foundation and is involved in social work.

**Shri M Rajendran**  
*Director & COO*



Shri Murugesan Rajendran is the Executive Director and Chief Operating Officer of our Company. He holds a bachelor's degree in civil engineering from University of Madras. He has more than 30 years of experience in construction engineering and has exposure to erection of BTG and BOP of power projects. He is responsible for our Company's overall business operations. He has been associated with our Company since the year 2002. He has been instrumental in the Company receiving ISO certification. Prior to joining our Company, he was associated with BHEL and Sunil Hi-Tech Private Limited. He is also a member of the Institution of Engineers and The Indian Institute of Welding.



### Shri GDV Prasada Rao

*Independent Director*



Shri Gorijala Durga Vara Prasada Rao is a non-executive independent Director of our Company. He holds a bachelor's degree in chemical engineering from Andhra University and a master's degree, also in chemical engineering from University of Madras. He commenced his career in the fertilizer industry and later joined Andhra Bank as a technical officer for project appraisal. Having served in different capacities all over India he rose to the rank of a general manager in Andhra Bank after a service of 28 years and 10 months. He is the vice president of HEAL (Health and Education for All), a non government organization providing health and education to orphans and poor children.

### Shri M Rajiv Kumar

*Non-Executive Director*



Shri. M Rajiv Kumar is a non-executive Director of our Company. He is a graduate in electrical engineering and spent his entire career of 38 years in BHEL and by his sheer hard work and acumen he rose to the level Exe Director, Power Sector, Eastern Region. During his career, he initiated, planned, executed and commissioned many power projects and today they stand testimony of his leadership quality and feeding power to the Nation. He has strong project management skill, is exceptionally good at team-building, easily adaptable and flexible towards projects needs and posses superior interpersonal & time-management skills. Gifted with good foresight, he holds impeccable record for identifying right persons for right jobs, mentoring and motivating the entire team under him.

### Shri T Sankarlingam

*Independent Director*



Shri Thiagarajan Sankaralingam is a non-executive independent Director of our Company. He holds a bachelor's degree in electrical engineering from Regional Engineering College, Trichy, affiliated to Madras University. He joined BHEL in 1973 and later NTPC. He became the director (projects) of NTPC in August 2011 and served as chairman and managing director from April, 2006 to April, 2008. He served as chairman of the jury of International Project Management Association award committee for the year 2006. Post superannuation from NTPC, he was the managing director of BGR Energy Systems Limited from September 2009 to December 2012 and Cuddalore Power Company Limited from January 2010 to October 2012. Currently he is the non-executive chairman of Bhubaneswar Power Private Limited and non-executive independent director of Athena Chattisgarh Power Private Limited. He is the recipient of Eminent Engineer Award from Institution of Engineers, Delhi. He is also a fellow member of Institution of Engineers, India.

### Shri Sutanu Behuria

*Independent Director*



Dr Sutanu Behuria is a non-executive independent Director of our Company. He is an economist and is an alumnus of St. Stephens, Delhi and holds Masters in economics from Delhi School of Economics. He also holds another Master's and Doctorate in Economics from Southern Methodist University, USA. He started his career as Lecturer in his Alma Mater and later joined the Indian Administrative Service in 1976 and had an illustrious career spanning 38 years before he retired on superannuation as Secretary, Government of India. During his service he held many important positions including principal Secretary, Govt. of Himachal Pradesh and Secretary Govt. of India, Heavy Industry, Minority affairs, National Disaster Management, Fertilisers etc. He also has worked for 5 years with Asian Development Bank and acted as Advisor to Govt., of Mauritius for 2 years. He has submitted many papers on Finance and Economics with regular periodicity.

### Shri Amitabha Guha

*Independent Director  
(resigned w.e.f 04.06.2016)*



Shri Amitabha Guha holds a bachelor's and a master' degree in science from University of Calcutta. He has over 40 years of experience in the banking sector and has served as the managing director of State Bank of Travancore and State Bank of Hyderabad as well as Deputy Managing Director of State Bank of India. Currently, he is the part time non-executive chairman of the South Indian Bank Limited, He is also on the member board of governors, Asian School of Business Management, Bhubaneswar.

### Shri Vivek Paranjpe

*Independent Director  
(Appointed w.e.f 31.08.2016)*



Shri Vivek Paranjpe did his B. Sc (Honors) from Fergusson College Pune and post graduated from XLRI, Jamshedpur and has four decades work experience. He started his career with Hindustan lever and after serving few other reputed Companies he moved to Hewlett Packard before joining Reliance Industries limited to hold the position, Group President HR. He is a columnist, HR consultant, visiting faculty and lead assessor and experienced in corporate merger and acquisition. Currently he is the Strategic HR advisor to RIL, Independent Director, MotilalOswal Financial Services and on the Board of Governors, ITM University and on advisory board, SHRM, South East Asia.

## COMPANY INFORMATION

### Chief Financial Officer

Shri J Satish

### Company Secretary

Shri Mohit Gurjar

### Audit Committee

Shri Sutanu Behuria	Chairman
Shri GDV Prasada Rao	Member
Shri T Sankaralingam	Member

### Nomination and Remuneration Committee

Shri T Sankaralingam	Chairman
Smt S Lakshmi	Member
Shri GDV Prasada Rao	Member

### Stakeholder's Relationship Committee

Shri M Rajiv Kumar	Chairman
Smt S Lakshmi	Member
Shri GDV Prasada Rao	Member

### Corporate Social Responsibility Committee

Shri S Kishore Babu	Chairman
Smt S Lakshmi	Member
Shri GDV Prasada Rao	Member

### Registered & Corporate Office

Plot No: 77, Jubilee Enclave Road  
Opp: Hitex, Madhapur  
Hyderabad - 500 081  
Telangana, India.  
Tel: +91 40 30444444  
Fax: +91 40 30444400

### Statutory Auditors

M/s Brahmayya & Co  
Chartered Accountants  
D. No: 33-25-33/B  
Govindarajulunaidu Street  
Suryaapet  
Vijayawada - 520 002  
Andhra Pradesh

### Secretarial Auditors

M/s PS Rao & Associates  
Flat No. 10, 4<sup>th</sup> Floor  
# 6-3-347/22/2, Ishwarya Nilayam  
Opp: Sai Baba Temple  
Dwarakapuri Colony, Panjagutta  
Hyderabad - 500 082  
Telangana

### Internal Auditors

M/s Ramesh & Co  
Chartered Accountants  
Plot No: 78, 6-3-661/B/1  
Sangeethnagar  
Somajiguda, Hyderabad - 500 082  
Telangana

### Bankers

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

### Registrar & Share Transfer Agent

Karvy Computershare Pvt Ltd  
Karvy Selenium Tower B  
6<sup>th</sup> Floor, Plot 31-32, Gachibowli  
Financial District, Nanakramguda  
Hyderabad - 500 032

Power Mech Projects Limited (PMPL) is an engineering and construction company providing versatile and comprehensive services in power and infrastructure sectors. The core strength of the company lies in **Erection, Testing and Commissioning (ETC) of BTG and BOPs, Operation and Maintenance, Repairs, Overhauling, Renovation and Modernization of power plants and related civil works.** Power Mech, having its major operations in India, also operates in more than ten countries worldwide.

The company has undertaken projects of all types, sizes and under extreme environments in India and abroad which include Ultra Mega Power Projects, Super Critical Thermal Power Projects, Sub Critical Power Projects, Heat Recovery Steam Generators, Waste Heat Recovery Steam Generators, Circulating Fluidized Bed Combustion Steam Generators, Gas Turbine Generators, Hydro Electric Plants, overhauling, renovation, modernization, operation & maintenance of running plants and complete civil works for power plant.

With a large fleet of cranes and machines the Company is capable of handling, over 4,00,000 MT annually and operating up to 55 sites simultaneously.

The company has established subsidiary companies, **Hydro Magus Private Limited** for undertaking hydro projects, **Power Mech Industri Private limited**, with a workshop in Noida, for fabrication, manufacturing and repairing of BTG parts, **Mas Power Mech Arabia** in Saudi Arabia, Power Mech Projects Limited LLC, Oman to extend the company's services in that part of the world, and joint venture **GTA Power Mech Nigeria Limited** for undertaking project works in the African region.





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Power Mech derives its strength to undertake projects in any discipline through proven credibility and expertise gained over decades of experience in engineering and construction.





## MESSAGE FROM CHAIRMAN & MANAGING DIRECTOR

### Dear Shareholders,

I am happy to present the 17<sup>th</sup> Annual Report and the first Annual Report post listing of the Company for the year 2015-16 with a sense of relative satisfaction in contemporary market. We have come through this financial year against odds and ends. Sometimes during a journey we require a landing space like the one that is in a stair case, to stop a while, take stock of the situation and move further and higher. I strongly believe that we are right in to this crucial but all-needed space and time.

As you are aware, the scenario in power sector seems to be rather gloomy for the last couple of years. Many projects are on hold for various reasons and many power plants are being operated at their low PLF. Even in subdued environment, we are able to sustain our growth from Revenue of Rs 13,662 Mn in FY 15 to Rs 13,838 Mn in FY 16 and the net profit stands at Rs 755 Mn in FY 16 against the net profit of Rs 714 Mn in FY 15 (Consolidated basis). The CAGR growth continues to stay ahead at 19% since FY 2012. In spite of all odds we could keep the order book at a modest Rs 35,240 Mn as on 31<sup>st</sup> March, 2016.

The constituents of order book contributing to the revenue growth are Erection Testing and Commissioning (ETC) at Rs 14,950 Mn, O&M at 11,970 Mn, International Operation at 4,680 Mn and Civil at 3,640 Mn which is a clear indication of pattern of growth for the next financials. The Company is able to provide a strong returns to the shareholders with return on equity (ROE) and return on capital employed (ROCE) at 16.60% and 21.26% respectively.

***"The world moves, and ideas that were good once are not always good"***

Power Mech understands this logic well and therefore contemplating new ideas and ventures in its pursuit to sustain the pace and growth, It is time that we made some strategic moves.

As opportunities in ETC dipped, we expanded into different verticals of power sector. We aggressively pursued our business in **Operation & Maintenance** vertical whose present turnover captures about 28% of the gross turnover and target to take it to an ambitious 50%. Many of the projects which were delayed for some reason or the other are being cut in to service and therefore added the prospects of getting Annual Maintenance Contracts. Already we are holding almost 50% of the Annual Maintenance of Private Power Plants. The scenario in public sector also seems to be favorable as more power plants are likely to go for outsourcing the Annual Maintenance. We have already received our first order for Annual Maintenance of 2 x 600 MW units of State Generation Corporation in South India. This is the beginning of a breakthrough!

**Overseas Operation** is gaining momentum, during FY 15-16, the Company has on a large scale executed works in Bangladesh and Shuquaiq. The Revenue from International operations stood at Rs 1,720 Mn for FY 15-16. With presence in Abu Dhabi, Bangladesh, Dubai, Hongkong, Korea, Nigeria and Oman Overseas Operation is poised for greater growth in both ETC and O&M Business.

**Power Mech Industri Pvt Ltd**, a 100% subsidiary of your Company, has successfully commissioned the workshop in Noida and it would be a great boom for the growth of group Companies. The state of art workshop in Noida will undertake reengineering and manufacture of critical and non-critical spare parts to power plants. The workshop has facility to undertake massive fabrication of structures and vessels.

Yet our strength lies and ever shall be in power industry where we have an unblemished and proven record for our credibility and ability. It shall remain our mission and passion.

Our expectations soar high as we are confident of getting some relief in the near future through proposed major projects to the tune of 34,000 MW power to the grids through NTPC and State Generation Corporations. The Civil vertical of the company was started in the year 2011 and has strongly grown over the years. It contributed 15% to the overall revenue for FY 15-16. We believe that the Civil vertical has all the credentials and strengths to demonstrate its capabilities in similar areas and hence the company is looking for good pasture across the field like Railways, Roads and irrigation. Many projects are being proposed in Andhra Pradesh and Telangana states.

Power Mech derives its strength to undertake projects in any discipline through proven credibility and expertise gained over decades of experience in engineering and construction.

The climate conference held in Paris (COP 21 Accord) has recommended strict norms for emissions from power plants. India being one of the signatories, it is bound to introduce Selective Catalytic Converter (SCR) / and FGD (Flue Gas Desulphurization) packages to the existing power plants and we envisage it as great opportunity and potential for Power Mech.

Acknowledgment: Last FY the Company went public and the Initial Public Offer (IPO) was oversubscribed by 38 times which was an overwhelming success. I take this as recognition of our sustained growth and market credibility. It also affirms the confidence our stakeholders have on us. I take this opportunity to thank all the stakeholders, investors and bankers for their support and patronage.

My sincere thanks to the State and Central Government, the financial institutions for their cooperation throughout the year. I pledge my commitment in getting the company to next level with increased vigour and labour in our contributions.

I express my gratitude to my colleagues in the Board for their consistent support and cooperation. My heartfelt gratitude to all my staff without whom this growth and achievements would not have been a reality.

Thank you all!  
With best wishes and regards

**S Kishore Babu**  
Chairman

## JOURNEY AT A GLANCE

