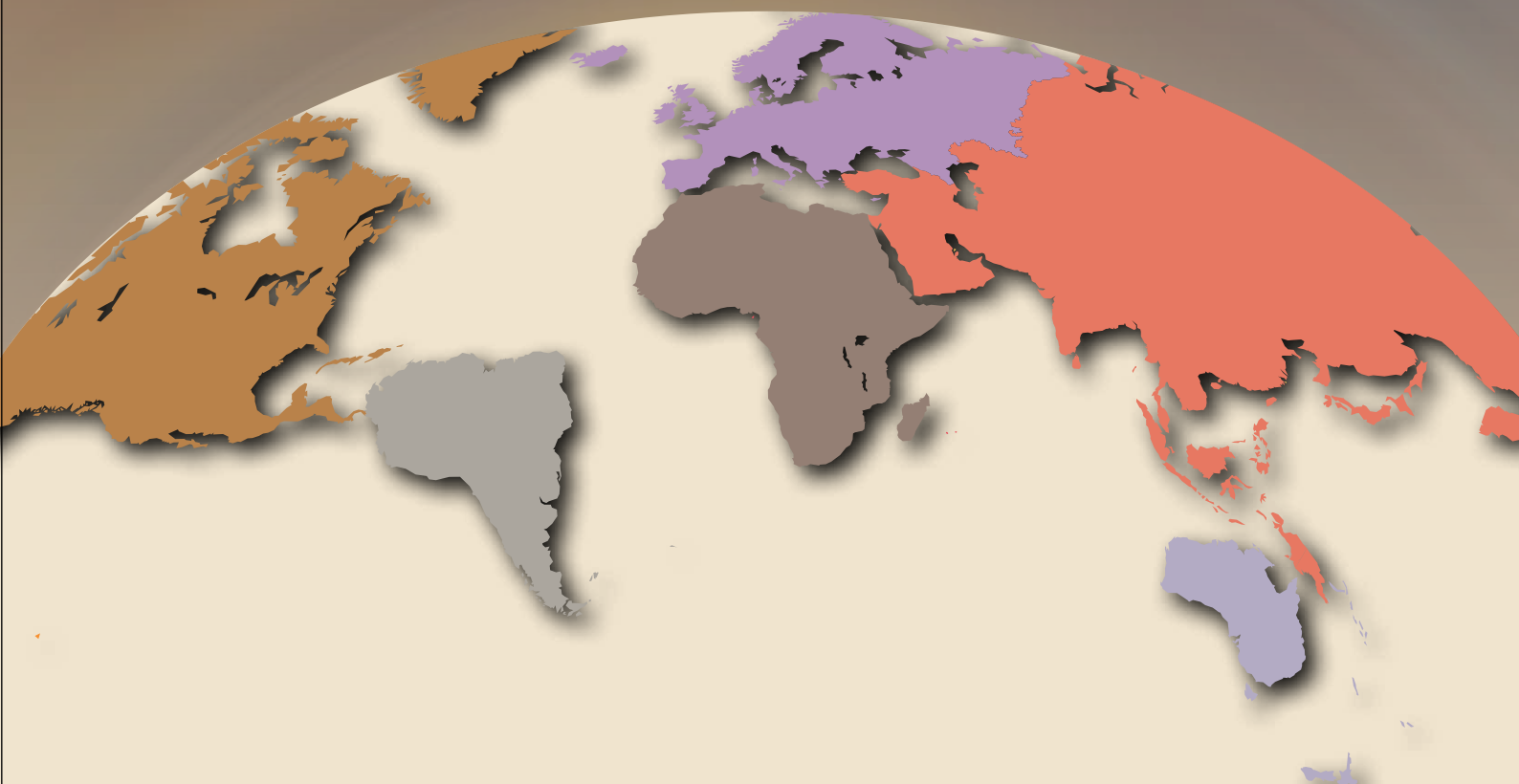
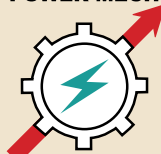


EXPANDING HORIZONS... ...BROADENING CAPABILITIES



POWER MECH™



Growth Unlimited

POWER MECH PROJECTS LIMITED

18th Annual Report 2016-17

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EXPLORE ONLINE:

<https://www.powermechprojects.com>

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Eastern Region

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SUBSIDIARY COMPANIES AND JOINT VENTURES

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Abu Dhabi

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Tel: +97126675555
Fax: +97126675123
E-mail: projects@powermech.net

Kuwait

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P.B No:2829, Safat-13029, Area-2
Building No:86
Ardiya Industrial Area, Kuwait
Tel: +965 2433355
Fax: +965 24344085
E-mail: kuwait@powermech.net

VISION

Maintain high standards in workmanship, meet customer requirements to the brim, achieve timely completion of projects by adopting innovative methods and planning, enhance organizational skills through periodic training and retention of human resources and tireless pursuit for excellence all the time.

MISSION

To be an outstanding company and dominant player among the peers and delight the customers through products and services with continuous improvement.



COMPANY INFORMATION

Board of Directors

Shri S Kishore Babu	Chairman & Managing Director
Shri M Rajendran	Whole Time Director
Smt. S Lakshmi	Non Executive Director
Shri M Rajiv Kumar	Non Executive Director
Shri G D V Prasada Rao	Independent Director
Shri T Sankarlingam	Independent Director
Shri Sutanu Behuria	Independent Director
Shri Vivek Paranjpe	Independent Director

Shri N. Bhupesh Chowdary	Chief Executive Officer
Shri J. Satish	Chief Financial Officer
Shri Rohit Tibrewal	Company Secretary

Audit Committee

Shri Sutanu Behuria	Chairman
Shri T Sankarlingam	Member
Shri G D V Prasada Rao	Member

Nomination and Remuneration Committee

Shri T Sankarlingam	Chairman
Smt. S Lakshmi	Member
Shri G D V Prasada Rao	Member

Stakeholder's Relationship Committee

Shri M Rajiv Kumar	Chairman
Smt. S Lakshmi	Member
Shri G D V Prasada Rao	Member

Corporate Social Responsibility Committee

Shri S Kishore Babu	Chairman
Smt. S Lakshmi	Member
Shri G D V Prasada Rao	Member

Registered Office

Plot No: 77, Jubilee Enclave Road
Opp: Hitex, Madhapur Hyderabad-500 081
Tel: 040 30444444
Fax: 040 30444400

Corporate Office

Plot No: 77, Jubilee Enclave Road
Opp: Hitex, Madhapur, Hyderabad-500 081

Statutory Auditors

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

Secretarial Auditors

M/s. P.S. Rao & Associates
Company Secretaries
Flat No. 10, 4th Floor, # 6-3-347/22/2
Ishwarya Nilayam, Opp: Sai Baba Temple,
Dwarakapuri Colony, Panjagutta, Hyderabad-500 082

Internal Auditors

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

Bankers

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


Registrar & Share Transfer Agent

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

POWER MECH AT A GLANCE

Incorporated in the year 1999, by Mr. S. Kishore Babu, First Generation Entrepreneur.

The Company got listed on BSE & NSE in the year 2015.



◀ 1 x 500 MW, Unchahar, UP

- Leading engineering and construction company providing comprehensive services in power & infra sectors
- Undertaken projects of all types, sizes in India and abroad
- Executed ultra mega power projects, super critical thermal power projects, sub-critical power projects etc
- Diversified service portfolio under one roof

**MESSAGE FROM
CHAIRMAN & MANAGING DIRECTOR**

CONVERTING CHALLENGES INTO OPPORTUNITIES

Dear valued shareholders,

The financial year 2016-17 was indeed a year of anxieties for the industry and yet fairly satisfying year for your Company. This opening remark does explicit the general scenario in the market and your Company's ability in propelling another growth story against all odds. The volatile situation in the market and fluctuating opportunities in industry did not deter the Company from exhibiting its real spirit.

Last year I was speaking on 'landing space' during fiscal journey when we had to take stock and choose strategies. I strongly feel that we have almost crossed flat journey and once again got in to the stairs to move up. I attribute the remarkable achievement to the Company's strategy for diversification and expansion. The Company has entered International Market, O&M services, Railways, Rural electrification and Civil in a significant manner, yet keeping continuity and tradition.

We have made suitable strategies and targeted only potentially profitable projects and did not go behind each and every opportunity that came in. Our aim centered on projects which are in line with our operation, skill and expertise and we are emerging successful in our 'growth oriented expansion' plan. This has enhanced our credibility in the market and is drawing talented hands from reputed organization to head individual business vertical. The cluster of business vertical shall be headed by strategic-driven technocrat, for pruning and choosing from among growing opportunities.

I am extremely happy that the Company was able to complete the major international ETC projects successfully both in Shuqaiq – Saudi Arabia and Bheramara – Bangladesh. Both the projects are turning out to be reference points for the Company as it is evident that we are getting stream of projects in foreign soil, including projects in Ibri – Oman, Turaif – Saudi Arabia, Lekki Free Zone – Nigeria, Alba – Bahrain etc. We have demonstrated our capability



which will help getting many O&M packages also in international geographies in the near future.

Since we have the rare experience of undertaking comprehensive maintenance of power plants, we are aggressively pursuing in this direction. The O&M team that the Company is holding is capable of providing support in undertaking multiple packages in O&M vertical. I am confident that International Operation in O&M segment may surpass our domestic segment in a couple of years.

It is a matter of great satisfaction that our order book front is strong. It is giving hope for positive conversion because we have chosen projects after analysing all the risks and margins. We are now fully geared up with added talents and system updating. We have completed many major projects in the preceding five years and we are at the matured time to retrieve our final bills and retention money. The cash flow is expected to pour in the next couple of months assuring healthy free cash flow to the organisation.

I am well pleased with the spectacular geographical expansion in international operations. Some of the orders are taking the Company to new time zones, signaling real expansion. We are making hop stop and jumps in international market and in a few years time, Power Mech would be one of the leading players globally.

The O&M operation is taking right shape and enlarging proportionately. It is impressive that as on date the Company is undertaking O&M of power plants that have an aggregating generating capacity of 50,000 MW. The Company is covering almost 50 % of total installed capacity from private power majors in India. We have ambitious plan to increase the participation in private sector and also penetrate in to public utilities where the need for outsourcing is felt more. The manufacturing unit and training center in Noida shall add value in our endeavor.

The immediate need for Rehab and Reconstruction of old power plants has good potential to offer opportunity to our Company. The GOI is proposing to rehab 50,000 MW worth of plants by 2022. In the case of Reconstruction it is a new opportunity. NTPC has identified 11,000 MW worth of plants under this scheme. This will offer two portfolios, namely dismantling old plant and installing new unit in its place. As our Company is experienced in both activities we envisage another space for growth.

We are anticipating more market share in FGD

implementation programs, as per Paris accord. The present installed capacity of coal based power plants is 194 GW and GOI is proposing to install FGD system worth to 122 GW plants by 2024. With our proven experience and credibility through Vindhyachal project we shall be in a position to play a major part in its fulfillment.

The growth in oil & gas sector is promising and there is proposal to enhance the present capacity from 230 Mn. MT to 320 Mn MT by 2030. Our Company has substantial exposure and experience in this sector through number of projects including Jamnagar, Dahej, MRPL, OPAL and Paradeep etc. and we will tap the market.

Steel industry is getting revived. The GOI is planning to enhance the present installed capacity from 120 Mn. MT to 300 Mn. MT by 2030. Our Company has already executed few projects in steel sector like JSPL, Angul, Nagarnar, etc which will help to explore opportunities in this sector.

Transmission & Distribution is the backbone of India's power sector and there is an urgent need to improve power flow capacity across India by investing in high voltage 756kv AC and HVDC technologies. The aim of these programs is to provide access of electricity to all and bring down the AT&C losses to a level of around 15 % across the country and it draws support from Indian government through number of new schemes. Your Company will focus selectively on T&D.

Government of India has conceived a massive investment plan for rail sector to eliminate capacity bottlenecks on Golden Quadrilateral and Diagonals to provide strategic rail communication links to ports. Your company has made a strategic foray into this segment with a project of doubling the railway lines from Gudivada to Machilipatnam in A.P.

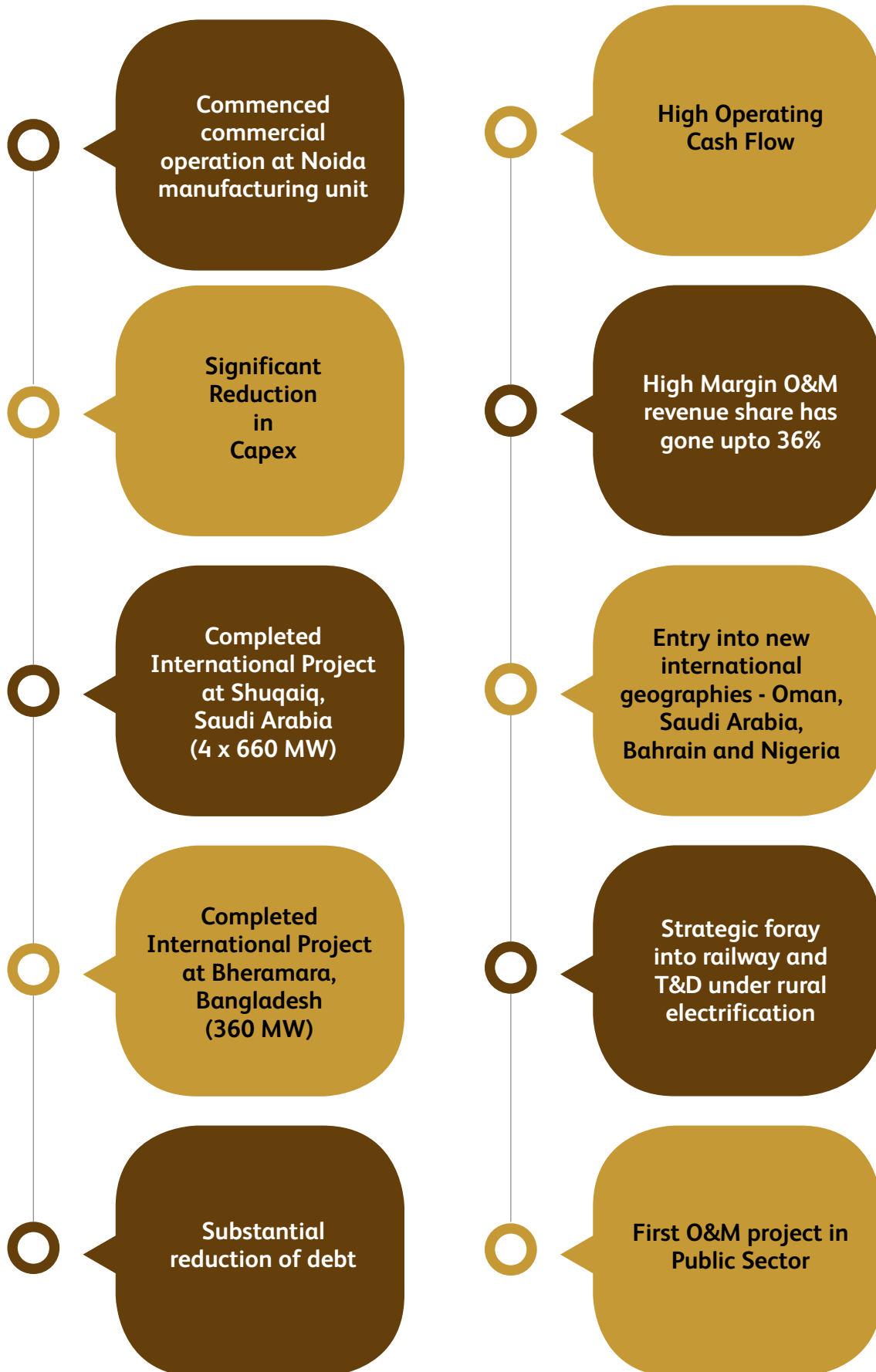
“No matter what great things we accomplish, someone does help us.”

We received all round support and encouragement from our share holders, investors, financial institutions, associates, clients, suppliers, Governments etc and we remain thankful to all of them.

My gratitude is due to my colleagues in the Board for their unblemished support and encouragement. I thank all my staff with a sense of affection and goodwill.

S. Kishore Babu
Chairman & Managing Director

HIGHLIGHTS OF FY 2016-17





**Comprehensive
Service Provider
in Power Sector**

**Largest Service
Provider in O&M
Space**

**Strong
International
Execution
Presence**

**Well
Diversified
Business
Profile**

**Qualified,
Independent
Board & Good
Corporate
Governance**

**Huge Work Force
with Highly
Experienced
Management
Team**

**Reputed
Clientele**

**Strong Asset
Base with over
300 Cranes
and Heavy
equipments**

**Robust
Order Book**

**Healthy
Debt Equity
Ratio**

**Consistent Profit
making since
inception**

Modest EPS

STRATEGIC BUSINESS UNITS



Erection, Testing & Commissioning - BTG & BOP

- Steam generators & auxiliaries
- Steam Turbine Generators & TG Auxiliaries
- Critical Piping, LP & HP Piping
- ESP, Ducts, FGD & SCR, etc
- Coal Handling Plant
- Cooling Water System



Operation & Maintenance

- Overhauling and Maintenance of Boiler, Turbine & Auxiliaries
- R&M of BTG, GTG
- Repair, Modification and Rehabilitation of Boiler
- Revival and Life Extension, etc



Civil and Architecture

- Geothermal Soil Exploration
- Mass Excavation and Area Grading
- Land Development
- Bored Cast and Driven Cast Piping, etc



Manufacturing Facility

- Fabrication of Heavy Structures, Large & High Pressure Tanks, Heavy Trusses, Ducts, Pipes etc
- Repair of Steam & Hydro Turbines
- Tie-up with Major OEM Companies for authorised production of critical and general spares, etc