

Q2 FY17 Investor Update Presentation

POWER MECH PROJECTS LIMITED



Disclaimer

Safe Harbor Statement



- The information contained herein has been prepared to assist prospective investors in making their own evaluation of Power Mech Projects Limited (hereinafter 'the company') and does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire.
- This Information may include certain statements and estimates provided by the company with respect to the projected future performance of the company. Such statements, estimates and projections reflect various assumptions by management concerning possible anticipated results, which assumptions may or may not be correct.
- Prospective investors will be expected to have conducted their own due diligence investigation regarding these and all other matters pertinent to investment in the company.
- This presentation may contain statements that are "forward looking statements." The company's actual future results may differ materially from those suggested by such statements, depending on various factors for which the company and its management does not take any responsibility.

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Business Segments

Service Presence across key components in thermal power plant



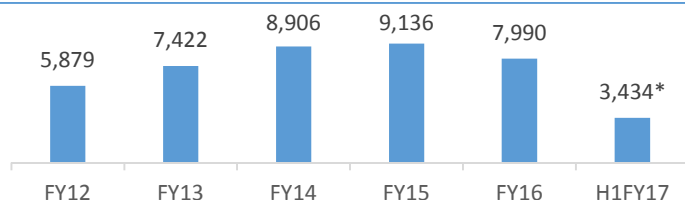
Erection Works

- ETC-BTG and BOP works for power sector (unit capacities ranging from 150MW to 800MW) as well as other allied industries
- Erection works services to gas and combined cycle power projects, HRSG, WHRB, CFBC boilers, steam turbine generators, steam generators including auxiliaries, ESPs, hydro turbines
- BOP packages, including structural steel works, ash handling, coal handling, fuel oil systems and high-pressure piping works

As of September 30, 2016, engaged in over 100 Erection Works projects (completed & ongoing) including 2 UMPPs and we had been engaged in 16 super critical power projects (with unit capacity ranging from 150MW to 800MW)

***Order book as at 30.09. 2016 : INR 16,640 million**

Segment Revenue – FY12 to FY16 CAGR of 7.98%



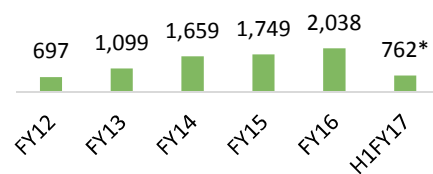
Civil Works

- Undertake various civil and structural works contracts that are ancillary to our ETC-BTG projects
- Service the entire power industry, including coal, gas and renewable.
- Also serve petrochemical projects, nuclear power projects and oil and gas refineries

Commenced in fiscal 2011 and has strongly grown over the last five years of operation

INR 6,910 million

FY12 to FY16 CAGR of 30.77%



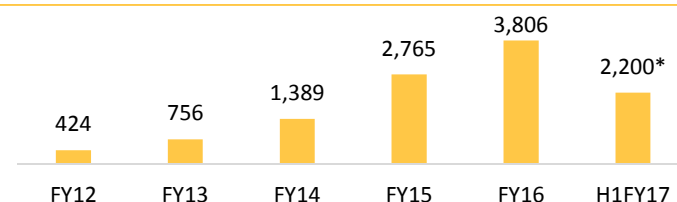
Operation & Maintenance

- Principal services include annual maintenance contracts ("AMCs"), Repairs & Maintenance ("R&M"), Residual Life Assessment ("RLA"), renovation and modernization, overhauling, among others
- Hydro Magus, our subsidiary, has increased strategic focus on providing renovation, modernization, upgradation and installation services for hydropower projects
- Joint Venture for the distribution of equipment and spare parts, including boilers, turbines and generators, for O&M projects in India

Engaged on more than 500 O&M contracts since 1999. As of 30th September, 2016, we were engaged in 32 AMC services for power plants across India with an aggregate unit capacity of 43,204 MW

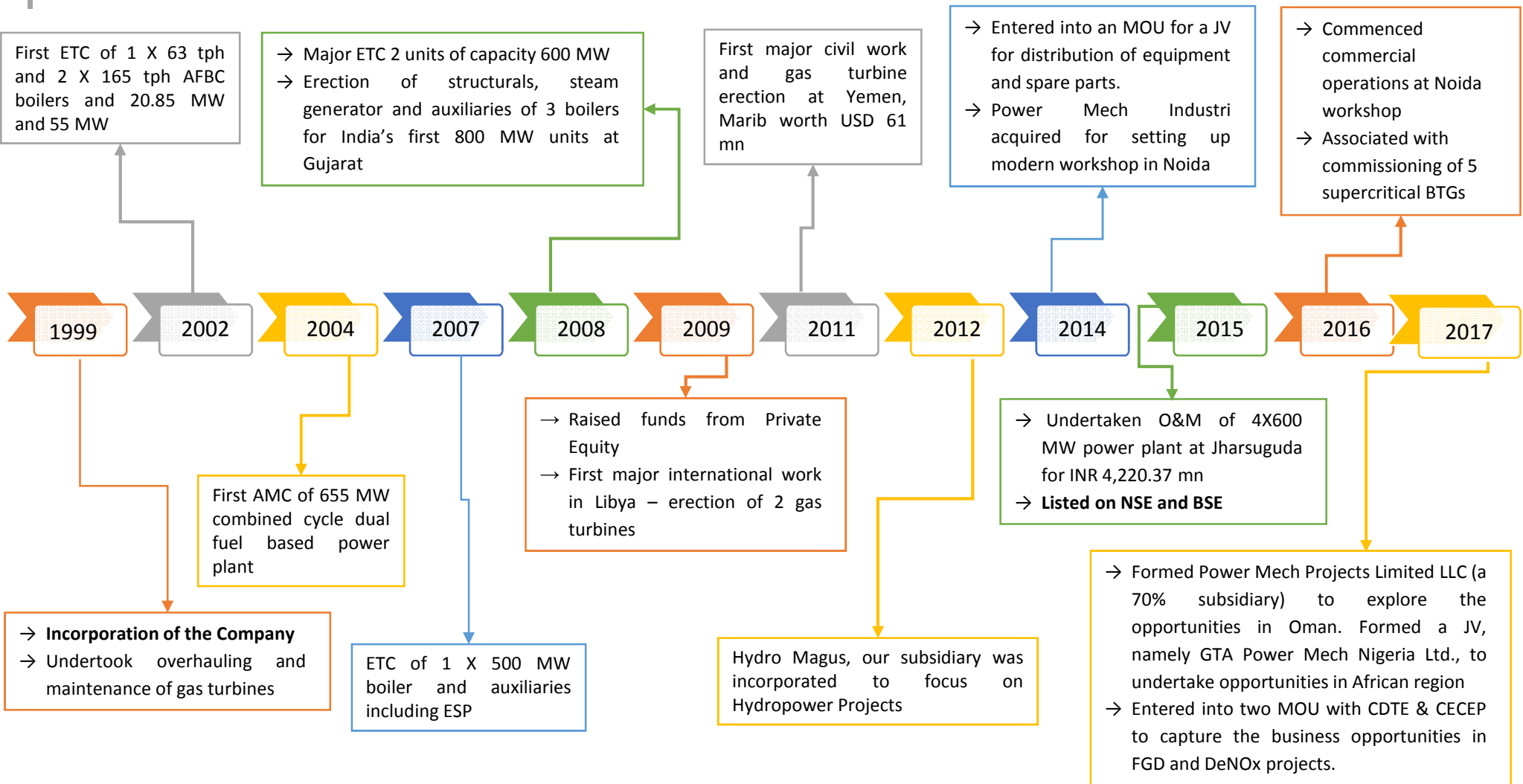
INR 11,470 million

FY12 to FY16 CAGR of 73.09%



Journey of the Company

Major milestones and achievements



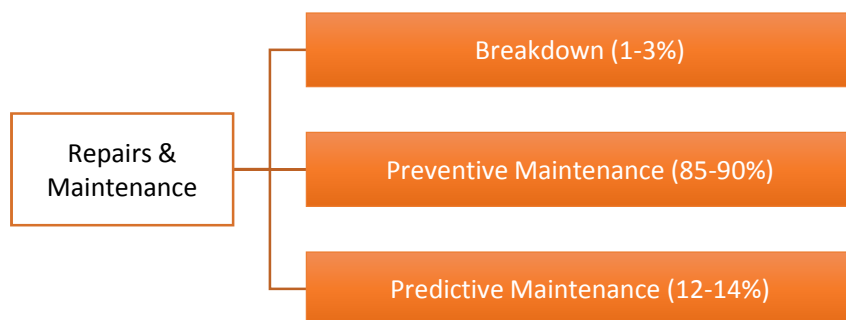
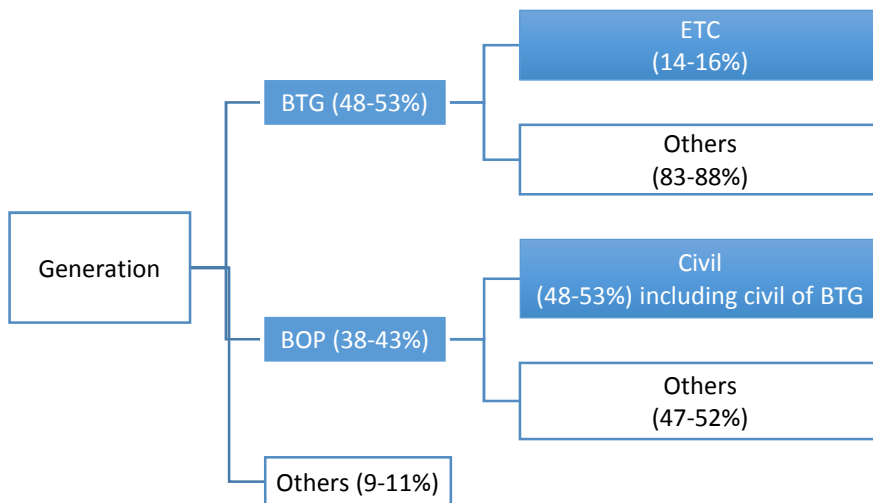
Comprehensive Service Offering

Integrated power infrastructure services company in India



Investment Pattern in Power Plants

Source: CRISIL Research, 2014



Has a Presence across entire Power Service Value Chain

Erection Work

- Our ETC-BTG and BOP business segments cover key components in the generation space
 - **ETC-BTG:** Services to UMPPs and Super critical power projects, gas and combined cycle power projects, HRSG, WHRB, CFBC boilers, steam turbine generators, steam generators including auxiliaries, ESPs, hydro turbines
 - **BOP:** Structural steel works, ash handling, coal handling, fuel oil systems and high-pressure piping works

Civil Work

- Primarily covers various civil and structural works contracts that are ancillary to our ETC-BTG projects
 - Civil work for the main plant and BOP requirements including grading, levelling, excavation, piling, concreting, turbine/generator decks and super-structures, fabrication and erection of structures etc

O&M Services

- Offers AMCs, R&M, renovation and modernization, RLA, scheduled shutdowns, retro-fits, as well as overhauling and upgradation services for power projects
- To provide comprehensive O&M solutions and to strengthen our service offering, we have -
 - Formed a JV in Hong Kong for the distribution of equipment and spare parts; and
 - Set up a heavy engineering facility at Noida for non-critical equipment and spare parts

Management Focus: Annual Maintenance Services, Overhauling & Erection Business in Power Sector

Established Track Record

Integrated power infrastructure services company in India



Track record of ~16 years

- **Established a track record of successfully executing ETC-BTG and BOP contracts** for large power projects
- Engaged on **ETC-BTG projects** for the **first two ultra-mega power projects (UMPPs) (Mundra & Sasan)** as well as for 16 super-critical power projects in India
- These include up to 800 MW unit capacity super-critical projects
- Carried out **the overhauling of a super-critical 660 MW turbine** and providing AMC services for an ultra-mega power project (UMPP)
- In addition to our operations in India, we have also executed various **international power projects in the Middle East, North Africa, South Asia and South America.**

251,439

MT of aggregate tonnage of the erection works executed by us in fiscal 2016

43,204

MW, the aggregate unit capacity of the AMCs we are engaged in as of September 30, 2016

33,801

MW, engaged on ETC-BTG and BOP Works when the thermal power plant capacity addition in India was 88,048 MW during fiscal 2011 through FY15.

500

Number of O&M contracts that we have been engaged in, since the commencement of the O&M business in 1999

275

Number of Cranes, as of September 30, 2016, ranging from 10 tonne to 300 tonne in capacity enabling the Company to quickly and effectively mobilize project works.

36

Number of AMC services for power plants across India

16

Number of super critical power projects where we executed ETC-BTG projects

2

We executed ETC-BTG for both first 2 UMPPs in India

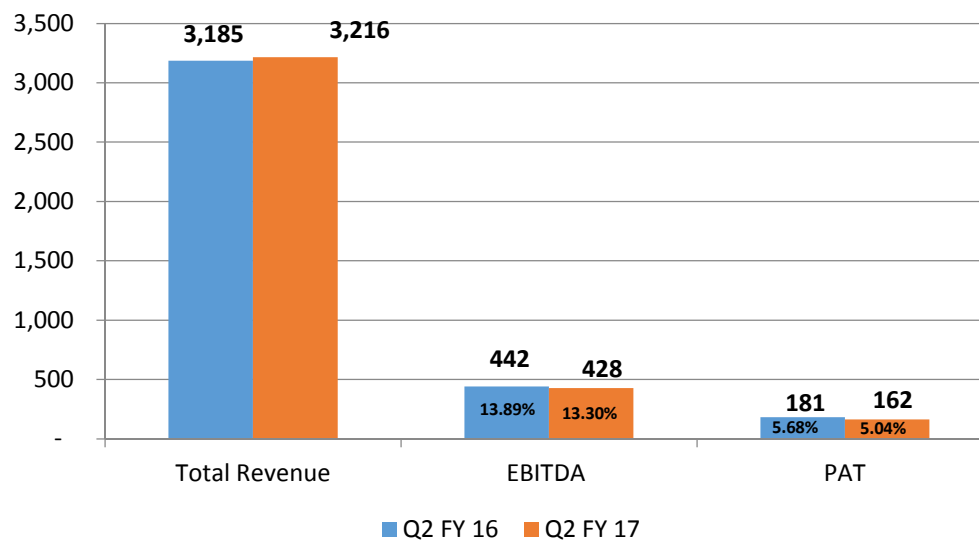


H1FY17 Financial Performance (standalone)

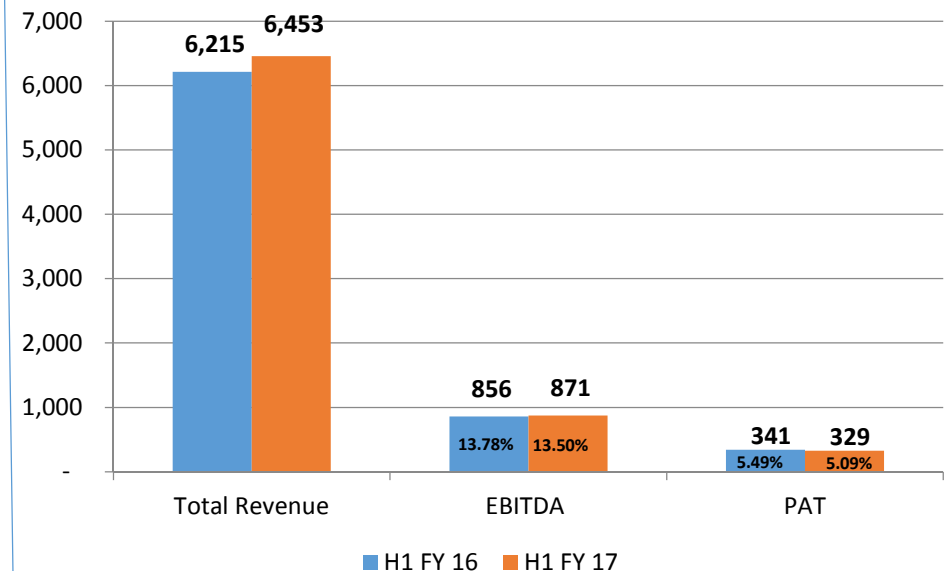
Quarterly & Half Yearly Performance

INR in million

Q2 FY 17



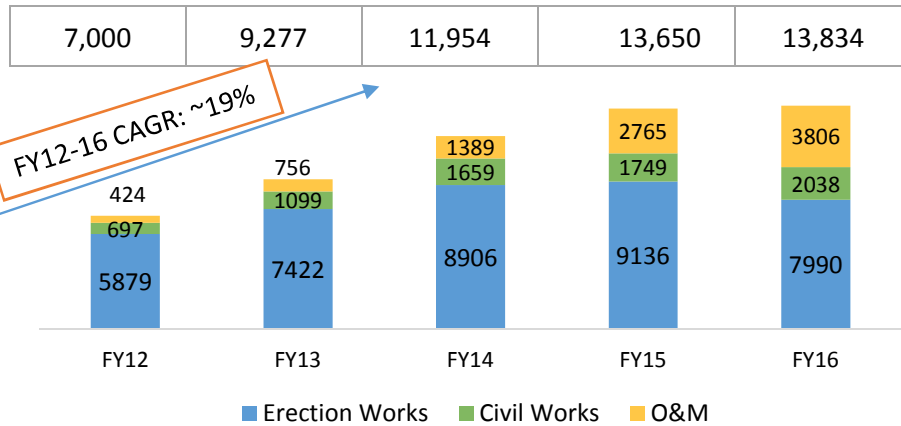
H1 FY 17



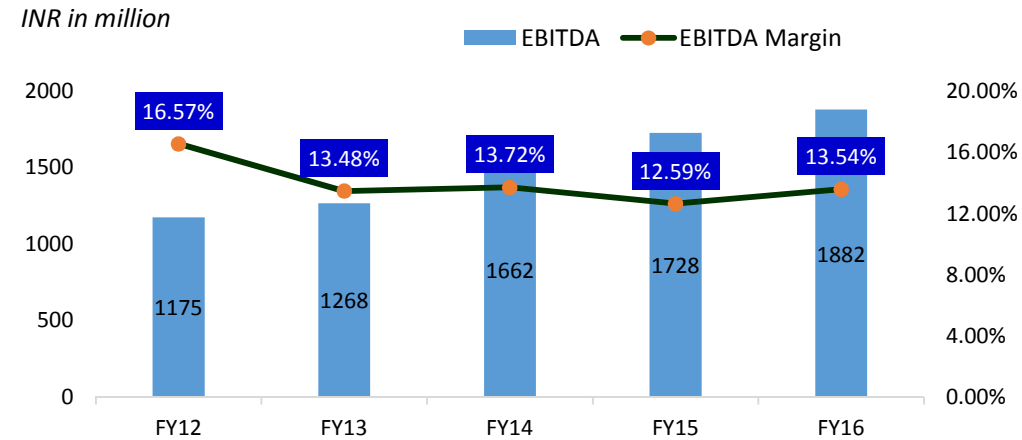


FY16 Financial Performance (consolidated)

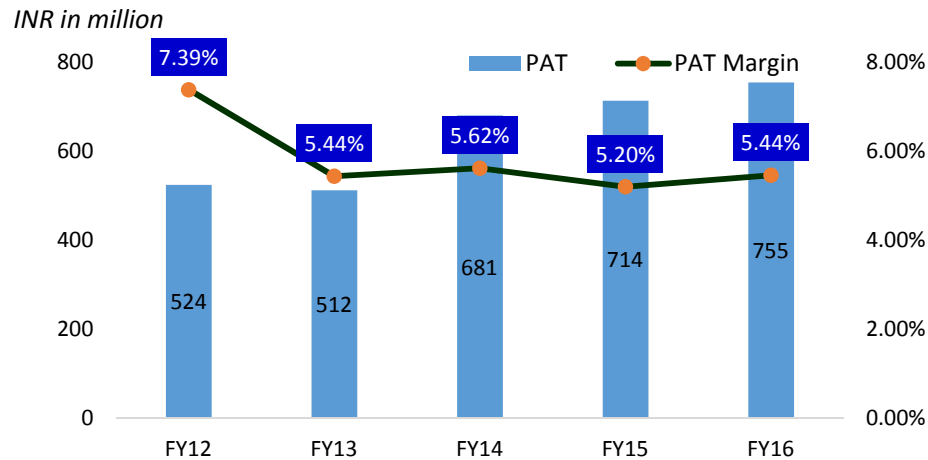
Contract Revenue has seen a growth at a CAGR of ~19%... INR in million



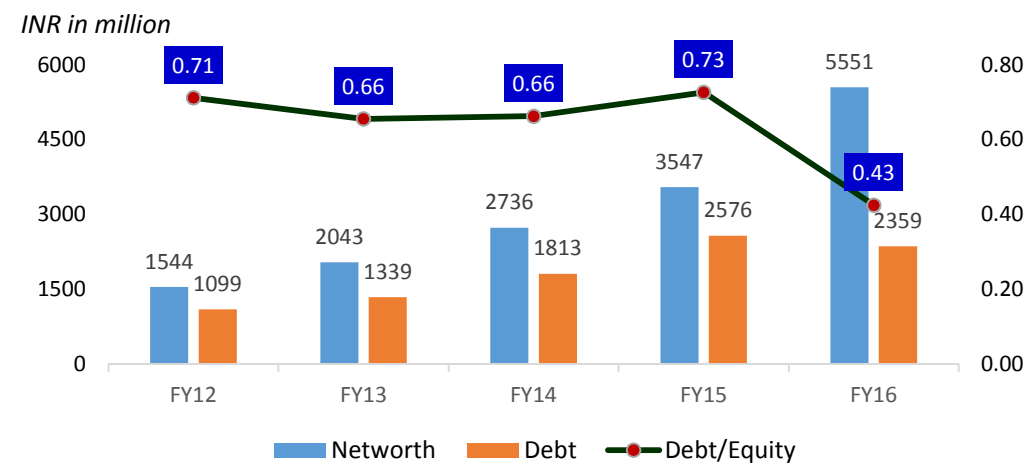
EBITDA Margins continue to remain healthy....



... sustaining the PAT Growth



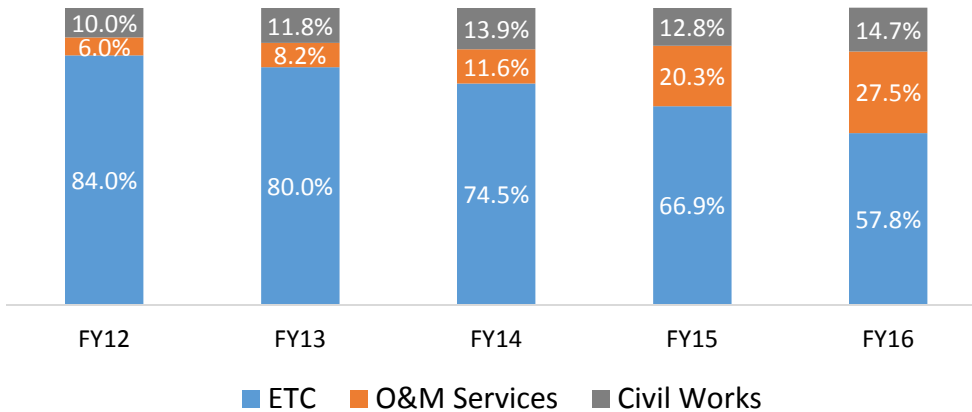
Healthy debt equity ratio provides significant headroom for growth



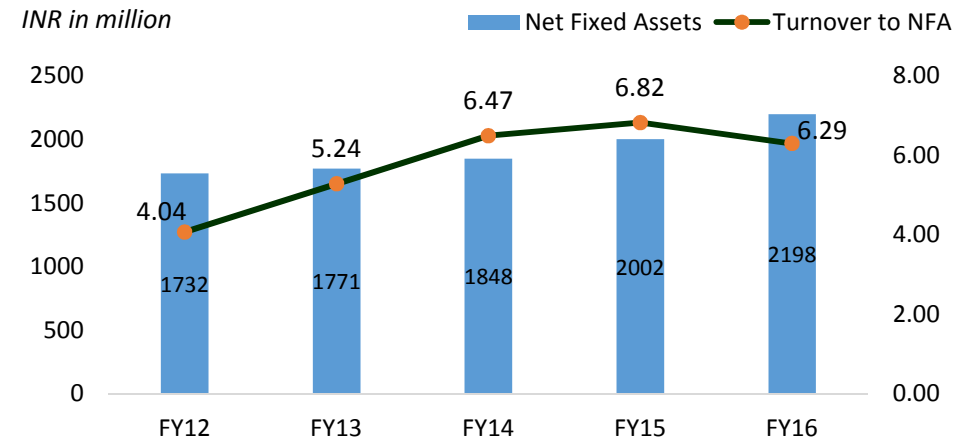


FY16 Financial Performance (consolidated)

Revenue mix shift towards high-margin O&M services segment

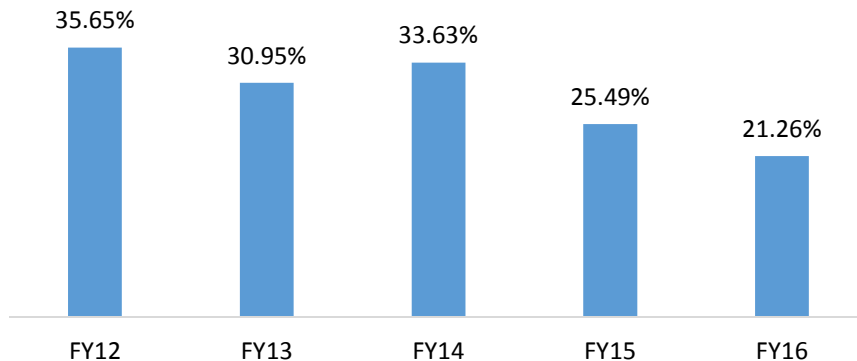


High Asset Turnover ... testament to higher efficiency

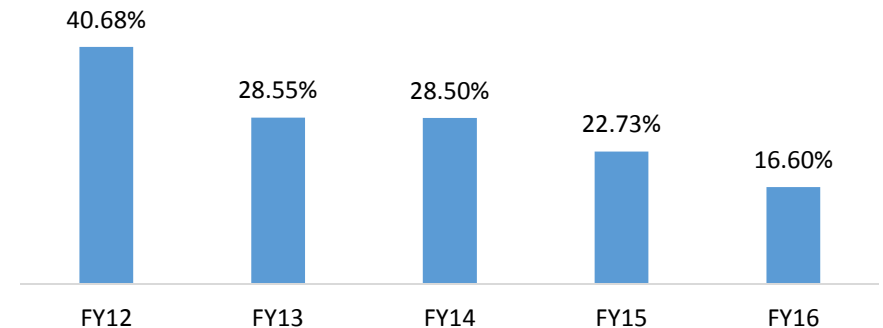


Healthy Return Ratios in a challenging environment

Return on Capital Employed



Return on Network

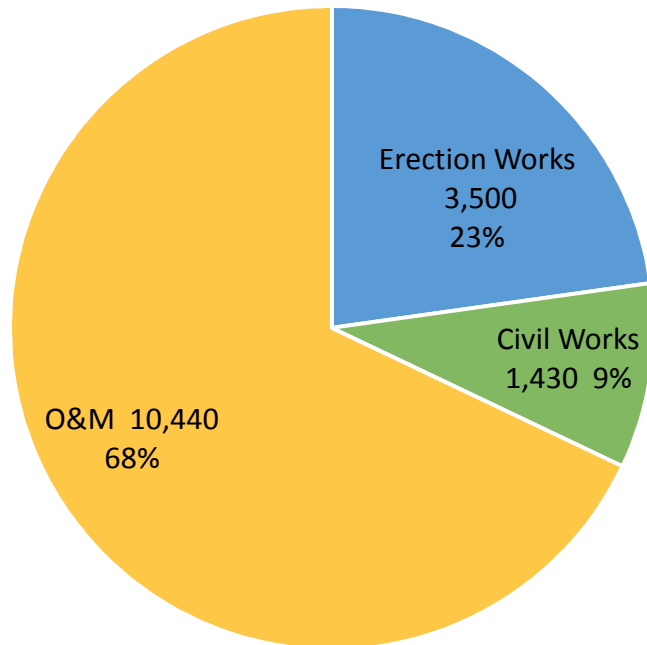




Segmental Breakup of Orders – FY16 & H1 FY17

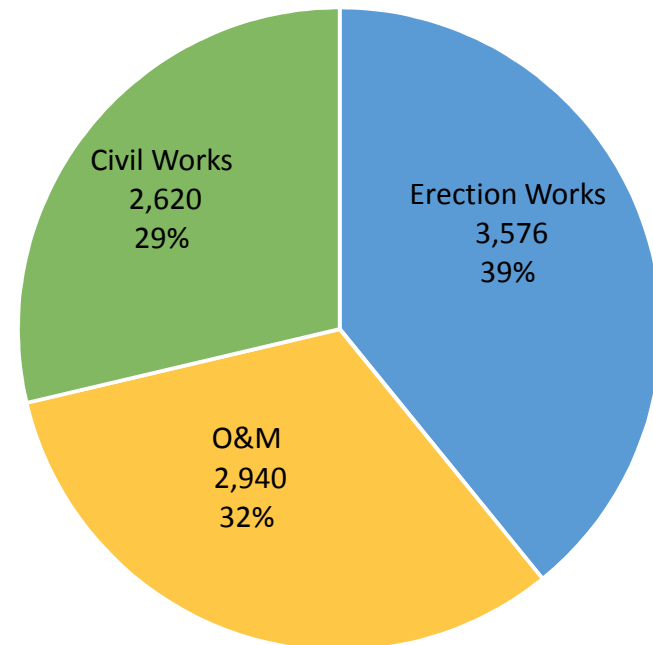
FY16 - Order Inflow INR 15,370 million

Figures in INR million



H1FY17 - Order Inflow INR 9,136 million

Figures in INR million

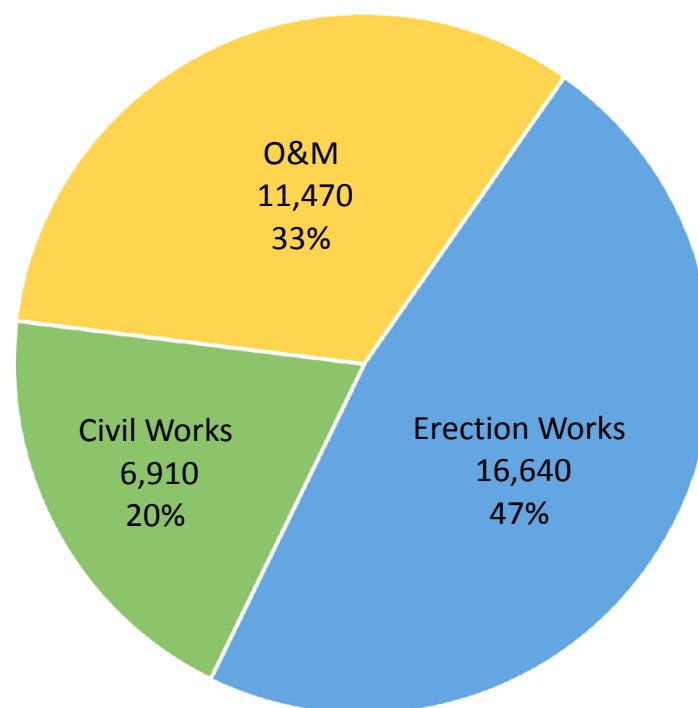


Comfortable Order Book



Order Book break up by Business Segment (as of September 30, 2016 is INR 35,026 million)*

Figures in INR million



* Includes Rs. 744 million of estimated order book related to suspended projects

Order Backlog as of September 30, 2016 is INR 35,026 Mn providing a visibility of 24-30 months



Major Orders secured upto H1 FY17

Segment	Project Location	Description	EPC Player	Value in INR mn	State
ETC	Barh	ETC of NTPC Barh Project	Doosan	1870	Bihar
ETC	Harduaganj	ETC of Boiler Package	Doosan	1073	Uttarpradesh
O&M	Singareni	O&M Services for 2*660MW power plant	Steag	840	Telangana
IO	HHI- Shuqaiq	Piping Installation in Power Block - Boiler #1 & FGD #1	HHI-MMAL	374	Saudi
O&M	Mundra	O&M of internal and external coal handling plant	-	362	Gujrat
O&M	Korba	Maintenance and Housekeeping of BTG	-	244	Chhattisgarh
O&M	Vindhyachal	Mechanical & Electrical & Commissioning Works	-	170	Uttarpradesh
ETC	Solapur	Piping Works	Alstom	89	Maharastra
ETC	Pipava Port	Providing Manpower Services for Dismantling & Erection of Structural Steel Plates and Pipes in SLMP and SPCON	Reliance Defence and Engineering Limited	34	Gujrat



Established Relationships with Clients

Long term relationships with various public sector and private sector clients in India



ADANI

Adani Power Limited



Bharat Heavy Electricals Limited



BGR Energy
Systems Limited



CLP India Private Limited



GE Power Services
(India) Private Limited,



KSK Group



Larsen & Toubro Limited-
Thermal Power Plant Construction BU



A Maharatna Company

NTPC Limited



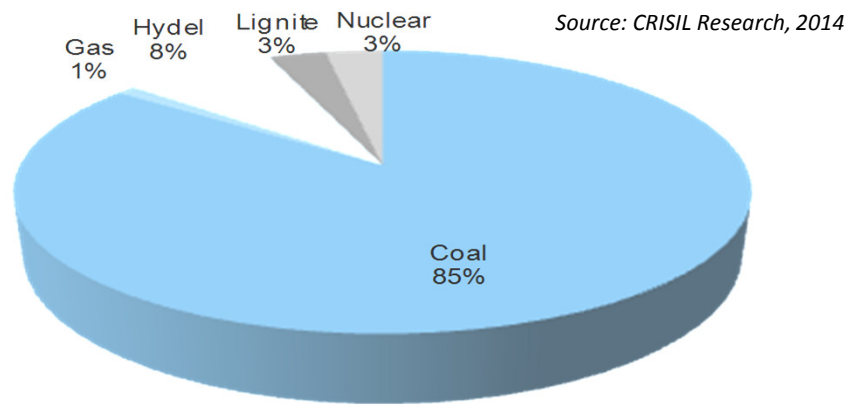
Our long term relationships help in a better understanding of our clients' requirements and better evaluation of the scope of work and risks involved in a project we bid for, as well as address changing demands in our target markets

Benefits from power project capacity addition in India and its maintenance

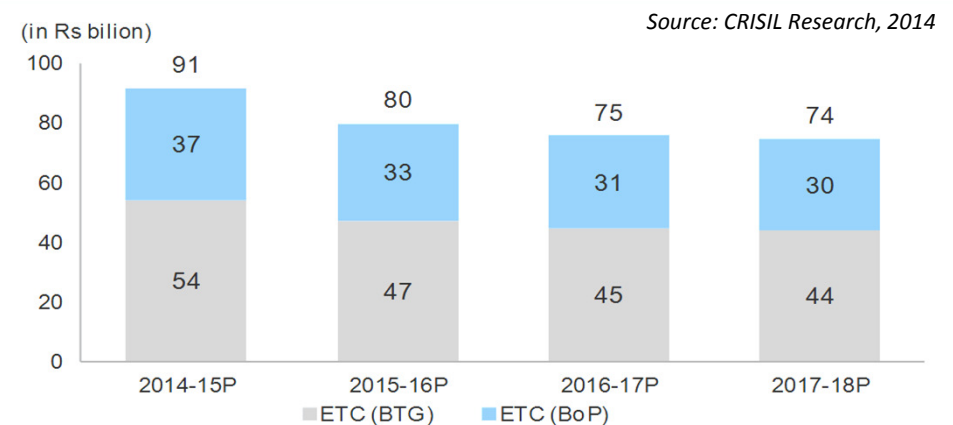
Ancillary and Auxiliary sectors to drive growth for Power Infrastructure Companies



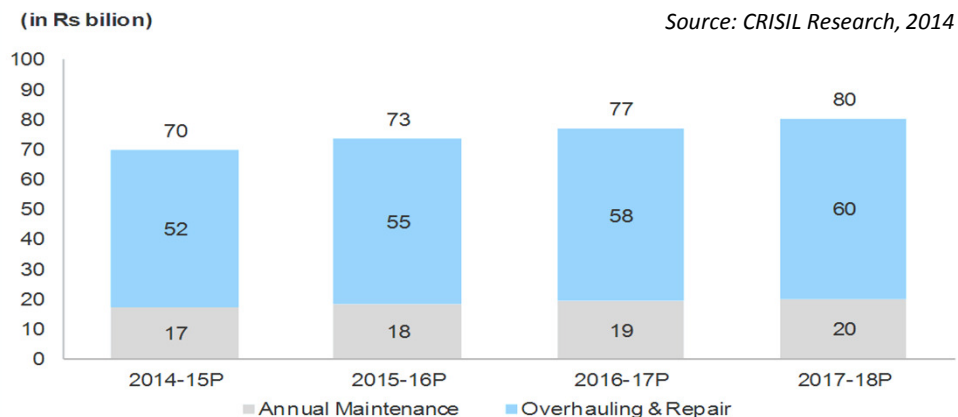
51GW of Capacity likely to be commissioned over 2014 to 2018



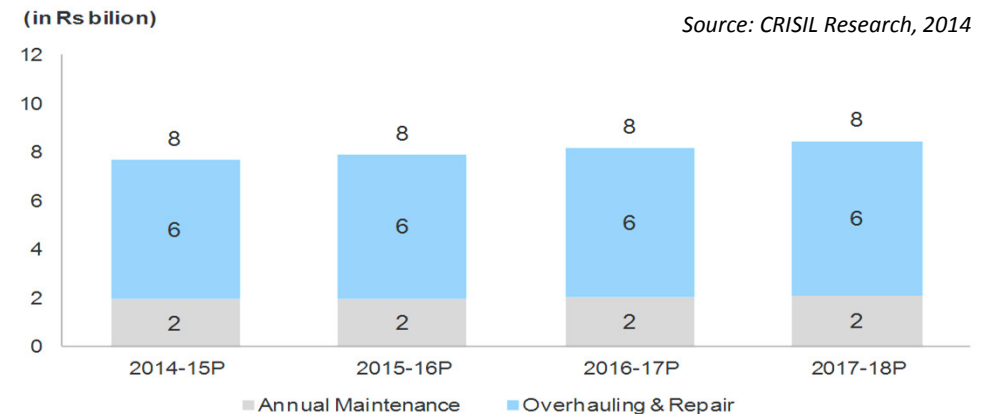
... with ETC(BOP) and ETC(BTG) players being direct beneficiaries



Existing capacity, plus new capacity will continue to provide significant opportunities for R&M activities in the Thermal Sector, estimated at ~ INR299 bn over 2014-2018



...identified potential for the overhauling and AMC in the hydro power, estimated at INR 11.9 bn over 2014-2018



Qualified Management & Experienced Team

Wide experience across sectors in Board with able KMPs at the helm of operations



Board of Directors & Key Managers



Sajja Kishore Babu, CMD

B.Tech and first generation entrepreneur with several years of experience in power projects and O&M activities



M. Rajendran, COO & Director

B.E(Civil) with Power Mech since 2002, has more than 30 years of experience in construction engineering



Sajja Lakshmi, Non Executive Director

B.Sc, is responsible for office expansion, human resources and structural modernization of the Company



T. Sankaralingam, Independent

B.E(Elec), around 40 years of experience in the power sector, served as CMD of NTPC and MD of BGR Energy in the past. Also worked at BHEL



Vivek Paranjpe, Independent

B. Sc (Honors), post graduated from XLRI, over 40 years of experience, served as Group President of RIL. Currently Strategic HR advisor to RIL and Independent Director, Motilal Oswal Fin. Services



M Rajiv Kumar, Non Executive Director

Graduate in electrical engineering, he spent his entire career of 38 years in BHEL, rising to the level of Executive Director, Power Sector, Eastern Region



GDV Prasada Rao, Independent

M.E(Chem), retired as a GM in Andhra Bank after ~28 years, currently VP of HEAL, an NGO working with orphans & poor children



Sutanu Behuria, Independent

Masters and Doctorate in Economics, a former Indian Administrative Service (IAS) officer, 1976 batch, had career spanning 38 years before he retired as Secretary, GoI



J Satish, CFO

CA, MBA(exec), with 16 years of experience in finance & accounts and has worked at Indu Projects, Emaar MGF, Kerzner & PWC



G. Srinivasulu, ED – Corp Affairs

B.E. (Mech) has 15 years of experience in power industry looks at project like Bokaro, Jamnagar, Mauda, Paradeep, Sagardighi etc.



Sanjay Bhattacharya, Director – O&M

M.E. (Mech), over 30 years of experience in Power Sector. Has worked with Tata Power and Jindal Thermal power.



K Ajay Kumar, VP – O&M

B.E.(Mech) with several years of experience in the Energy Sector. Been with Power Mech since Nov,1999



S Rohit, VP - Operations

B.E. (Mech) and M.E (USC, California), responsible for execution and coordination of global operations

Business Strategy

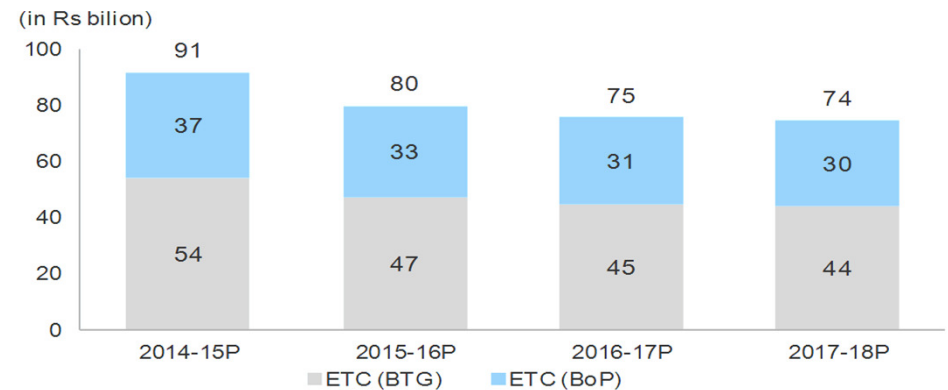
Leveraging technical expertise to target higher margin contracts



Capitalize and consolidate on leadership position

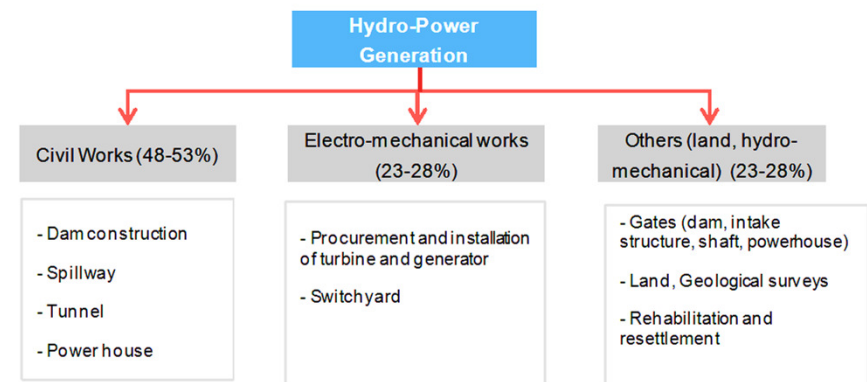
- **Strategically expanding our service offerings and targeting higher margin thermal and hydropower projects**
- Focus on potential projects and service offerings, including longer term AMC contracts, where we believe we can be competitive and improve profitability
- Further strengthening our technical capabilities and know how will also enable us to provide a wider service offering and offer comprehensive solutions
- Focus on O&M, particularly AMC business that are likely to garner higher margins and will result in a higher share of revenues going forward
- We believe the above will allow us to take advantage of the opportunities in the Thermal and Hydro Power Segment, according to CRISIL Research 2014, during 2014 to 2018 which are:
 - Opportunities in the Civil works and electro-mechanical segment of the hydro-power segment is expected to cumulatively sum up to INR 195 billion and INR 85.1 billion, respectively
 - Opportunities in the ETC for BTG and ETC for BOP is expected to be around INR 189 billion and INR 131 billion respectively

Future Investment potential in thermal power segment is around ~ INR 320bn



ETC in thermal power segment, (Source: CRISIL Research, 2014)

Future Investment potential in Hydro Power Segment is around INR 31.8bn



Business Strategy

Expand our Business, Backward Integrate and Focus on Higher Margin Businesses



Offer comprehensive O&M solutions to the power sector

- We believe that there is **significant potential for backward integration in our operations**
- We intend to **improve our engineering, machining and repair facilities** for general engineering components and non-critical equipment used in power projects including spare parts
- We have set up **a large heavy engineering facility** at Noida for non-critical equipment and spare parts
- Have entered into a **Cooperation Agreement** with Shanghai Electric Power Generation Service Co. with **respect to repair and overhauling contracts**
- Have entered in to a **JV agreement** with **GTA Engineering Nigeria Limited (SkipperSeil group)** to jointly undertake activities of repair of Steam/Gas Turbine, engineering services, component repair services and related repair services in Africa

Develop integrated O&M solutions for our clients and thereby seek to achieve economies of scale as well as higher operating margins from our O&M business

Expand our International Business

- Increase our operations internationally, particularly in the Middle East, North Africa and South Asia
- To focus on identifying opportunities to bid and win international projects including through strategic partnerships
- Recently bid for ETC-BTG projects in Oman & Bangladesh and bid for O&M projects in Libya, Nigeria and the Middle East

Working on advanced project execution methodologies

- Enhance our construction and related capabilities in order to provide effective and comprehensive solutions
- Further strengthening our technical capabilities and know how will also enable us to provide a wider service offering
- continue to evaluate opportunities to acquire and implement advanced engineering technology capabilities through strategic partnerships and acquisitions

New Developments

- **AMC of renewable power plants.** Received a letter of intent for maintenance of CSP Solar Power Project near Pokaran, Rajasthan for a total contract price of INR 25 mn for a period of one year
- Deliberation with Chinese players to collaborate in order to capture the business opportunities in **Flue-gas desulfurization (FGD) and DeNOx projects for thermal power plants** in India
- In the process of incorporating a subsidiary in Oman to **capture ETC market in Oman**

New Subsidiaries, JVs and MOUs

To capture international opportunities



Power Mech Projects Limited LLC

- 70% subsidiary incorporated for exploring local opportunities in Oman
- The balance 30% is held by local partners as required by the local laws

GTA Power Mech Nigeria Ltd.

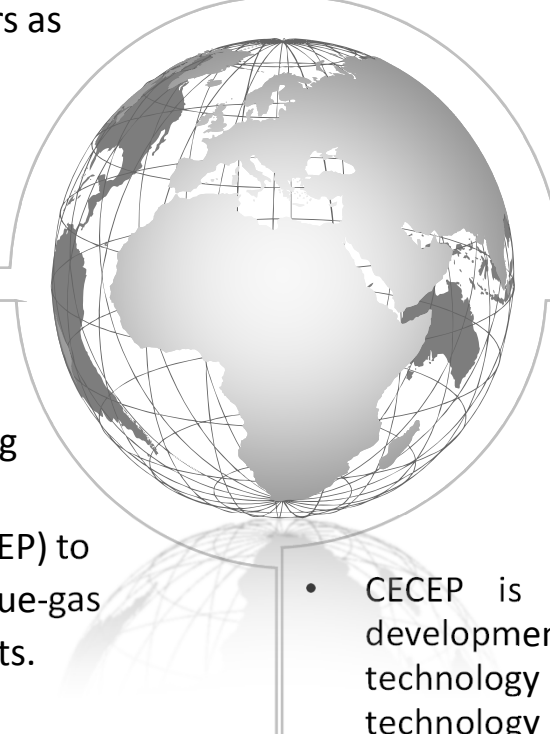
- Formed a Joint Venture in Nigeria with Skipper T&D (Dubai group company of SkipperSeil), to explore opportunities in African region

- Entered into two MOUs with M/s. China Datang Technologies & Engineering Co., Ltd., (CDTE) & CECEP LiuHe Talroad Environmental Technology Co., Ltd (CECEP) to capture the business opportunities in Flue-gas desulfurization (FGD) and DeNOx projects.

CDTE is the leading EPC player engaged in the business of thermal plants FGD, DeNOx projects planning, engineering & design, providing service with technical support

- CECEP is engaged in the business of technology development, technical consulting, technology services, technology transfer; environmental science and technology research & experimental development etc.

MOUs with CDTE & CECEP





Annexures Follow

Annexure 1

Financial Snapshot | Income Statement & Balance Sheet



Income Statement (Consolidated)

All figures in INR million

Particulars	FY12	FY13	FY14	FY15	FY16
Revenue from operations	7,050.54	9,357.95	12,002.71	13,662.23	13,837.60
Other Income	40.80	46.17	108.12	57.61	55.03
	7,091.34	9,404.12	12,110.83	13,719.84	13,892.63
Cost of materials	547.27	646.77	790.15	770.04	1,196.77
Change in inventories	7.33	1.24	(12.91)	7.58	4.60
Contract execution exp.	4,794.79	6,722.92	8,434.09	9,800.15	8,988.66
Personnel Cost	498.22	668.31	1,091.89	1,201.76	1,545.40
Other expenses	68.46	96.84	145.74	212.69	275.47
Sub-total	5,916.10	8,136.10	10,449.00	11,992.20	12,010.90
EBIDTA	1,175.27	1,268.04	1,661.87	1,727.62	1,881.73
Finance costs	130.20	167.92	266.14	294.30	328.96
Depreciation and amort.	386.40	335.80	328.40	367.80	390.03
Adjustments	123.64	-	-	-	-
PBT	782.31	764.32	1,067.33	1,065.53	1,162.74
PAT (before MI)	-	-	-	715.75	757.20
Minority Interest	-	-	1.04	1.71	1.90
Restated PAT (after MI)	524.10	511.66	680.95	714.04	755.30
PAT Margin	7.39%	5.44%	5.62%	5.20%	5.44%

Balance Sheet (Consolidated)

All figures in INR million

Particulars	FY12	FY13	FY14	FY15	FY16
Assets					
Fixed Assets	1,696.68	1,699.01	1,780.63	1,832.14	1,977.84
CWIP (incl. unallocated capex)	35.62	72.27	67.85	170.33	219.96
Non-current investments	0.16	0.15	0.16	0.20	0.20
Other Non Current Assets	788.48	981.42	1,730.63	1,643.23	1,872.09
Total Current Assets	2,778.78	4,333.33	5,292.26	6,158.01	8,305.20
Less: Current Liab. & Prov.	2,669.10	4,432.26	5,533.75	5,876.40	6,342.87
Net Current Assets	109.68	(98.93)	(241.49)	281.61	1,962.33
Cash & bank	420.42	567.22	688.42	678.29	685.69
Total	3,051.04	3,221.14	4,026.20	4,605.80	6,718.11
Liabilities					
Long Term Borrowings	575.05	280.40	274.19	365.75	213.54
Deferred Tax Liabilities	65.15	68.06	78.37	47.21	42.22
Other Non Current Liabilities	866.49	829.01	936.04	643.18	909.58
Minority Interest	-	0.49	1.53	2.49	4.39
Shareholder's Fund	1,544.35	2,043.18	2,736.07	3,547.17	5,548.38
Total	3,051.04	3,221.14	4,026.20	4,605.80	6,718.11

Annexure 2

Awards & Accreditations



Awards

Year	Company/Project	Award
2015	Dhariwal Infrastructure Limited	Best AMC – safety practice award from
2014	Sasan Power Limited, Ultra Mega Power Project	Certificate of appreciation for 30 million safe man hours award
2013	Gujarat State Electricity Corporation Limited, Sikka	Zero fatal accident and maximum safety working man hours of 1.68 million hours
2012	SEPCO III at Jharsuguda	3 million accident free man hours award
2012	Adani Power Maharashtra Limited at Tiroda	Best safety conscious agency
2011	CLP India Private Limited, Paguthan	Best safety health and environment (SHE) award

Accreditations

Certifying authority	Certification details	Certificate	Validity
Absolute Quality Certification Private Limited	OHSAS 18001:2007	1014/O/004	January 17, 2017
Absolute Quality Certification Private Limited	ISO 14001:2004 for environmental management system	1014/E/004	January 17, 2017
Absolute Quality Certification Private Limited	ISO 14001:2004 for environmental management system	1014EA49	April 15, 2017
Absolute Quality Certification Private Limited	ISO 9001:2008 for quality management system	1014QR46	April 15, 2017

Thank You



Mr. Mohit Gurjar – Company Secretary

Power Mech Projects Limited

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