

Q1 FY18 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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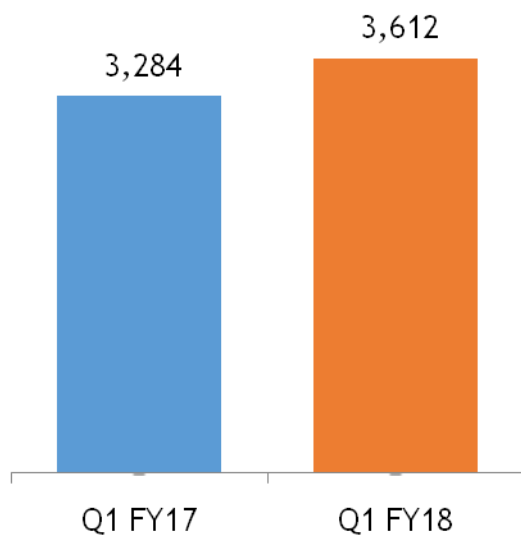
4 Annexure

Q1FY18 – Consolidated Financial Performance



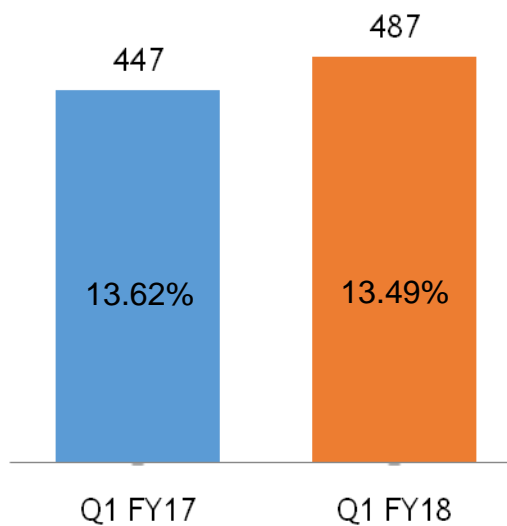
Revenue

INR in million



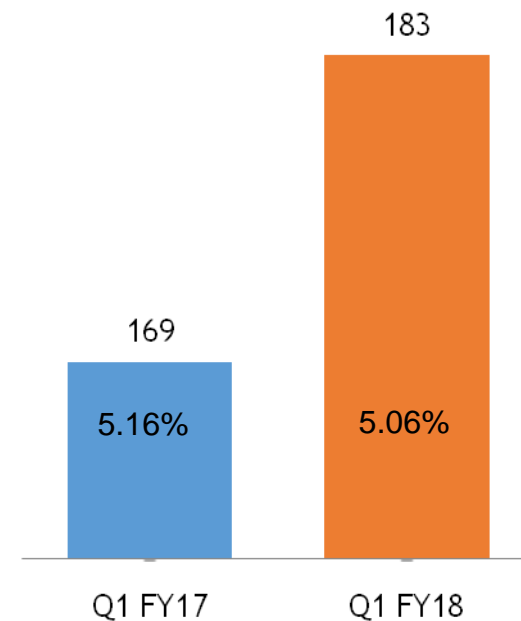
EBIDTA

INR in million



PAT

INR in million

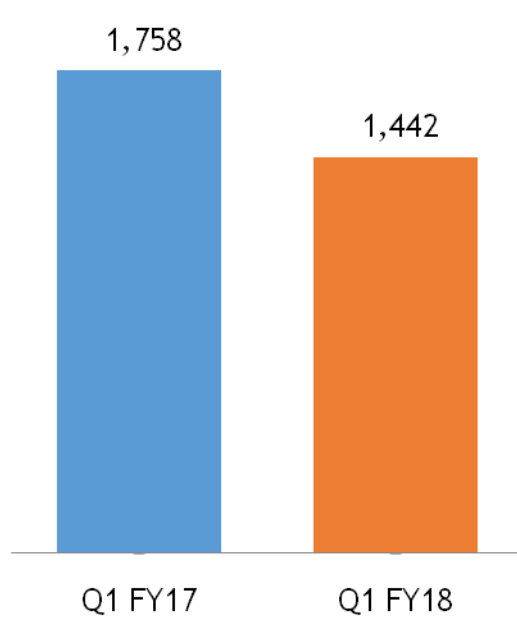


Q1FY18 – Consolidated Segmental Performance



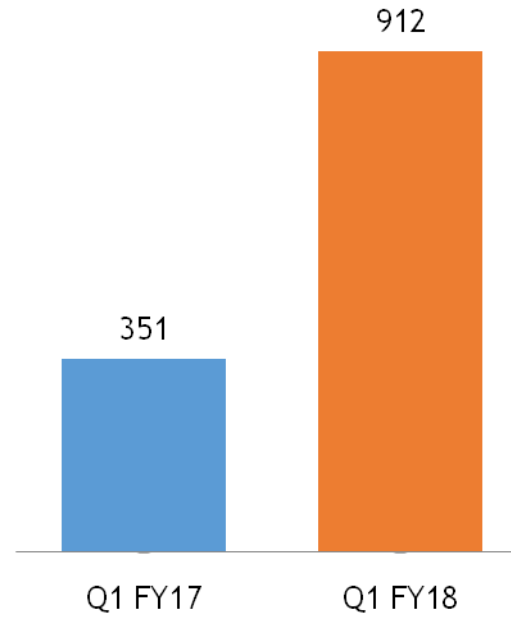
ETC

INR in million



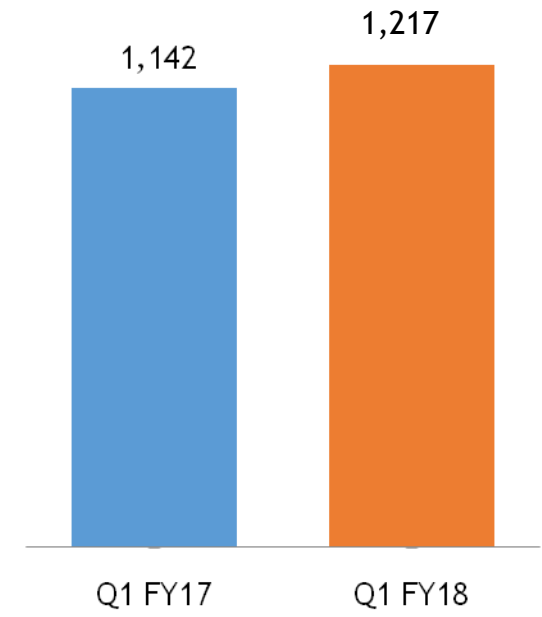
Civil and other works

INR in million



O&M

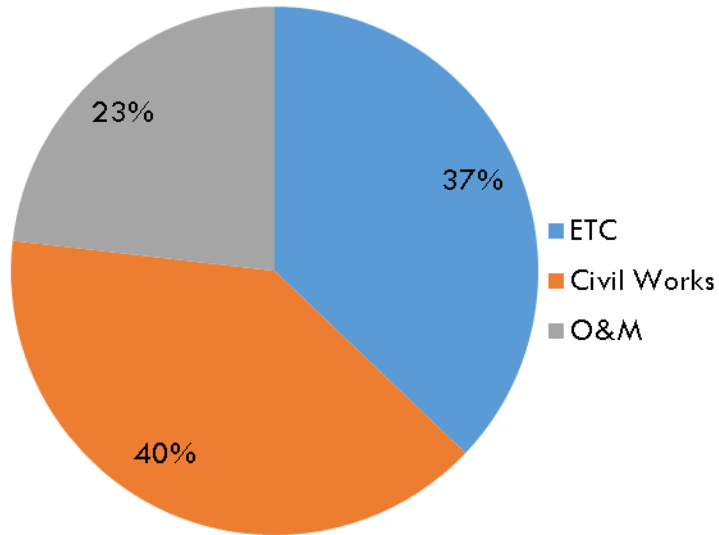
INR in million



Consolidated Order Book



FY 17 Order Inflow Rs. 17,950 Mn



Segment	Key Projects	Location	Value Mn
ETC	ETC of NTPC Barh Project	Barh	1,870
	ETC of Boiler Package	Harduaganj	1,073
	Piping Installation in Power Block - Boiler #1 & FGD #1	HHI-Shuqaiq	374
Civil Works	Construction of Civil, Structural and Architectural works	North Chennai	2,470
	Balancing of leveling and grading of entire plant area	North Karanpur	1,260
	Supply and Service Contract for electrification works	Bhopal	780
O&M	O&M Services for 2*660MW power plant	Singareni	840
	O&M of internal and external coal handling plant	Mundra	362
	Maintenance and assistance in field operations	Jhabua	330

Key Updates during the Quarter



- Mr. N. Bhupesh Chaudhary appointed as CEO of the Company

- He has 25 years of Industrial and Business Development experience in variety of sectors. Served some of the largest Conglomerate companies since 1991 such as Adani Group, L&T, JSW etc.
- Worked across continents including countries like Chile, Indonesia, Japan, China etc. In diverse sectors of Ports, Energy Project Managements, Agro Projects, Mining & Trading
- A rank holder and graduated in Industrial and Production Engineering from Shivaji University, has a Post-Graduation Diploma in Business Administration from Annamalai University and completed Advanced Management Program from George Washington University, USA

- Orders received worth Rs. 6,240 Mn from International Market

- Rs. 4,910 Mn order from Dangote Oil Refining Company, Lagos, Nigeria for Piping, Civil, Electrical and I & C works
- Rs. 1,330 Mn order from the Kingdom of Bahrain, for installation works for 1800MW Alba Power Plant

Established Track Record

Integrated power infrastructure services company in India



Track record of ~18 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.**

2,69,232

MT of aggregate tonnage of the erection works executed by us in fiscal 2017

46735

MW, the aggregate unit capacity of the AMCs we are engaged in as of June, 2017

52670

MW, engaged on ETC-BTG and BOP Works when the thermal power plant capacity addition in India was 136534 MW during fiscal 2007 through FY17.

520

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

326

Number of Cranes, as of 30th June, 2017, ranging from 10 tonne to 300 tonne in capacity enabling the Company to quickly and effectively mobilize project works.

39

Number of AMC services for power plants across India

17

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

2

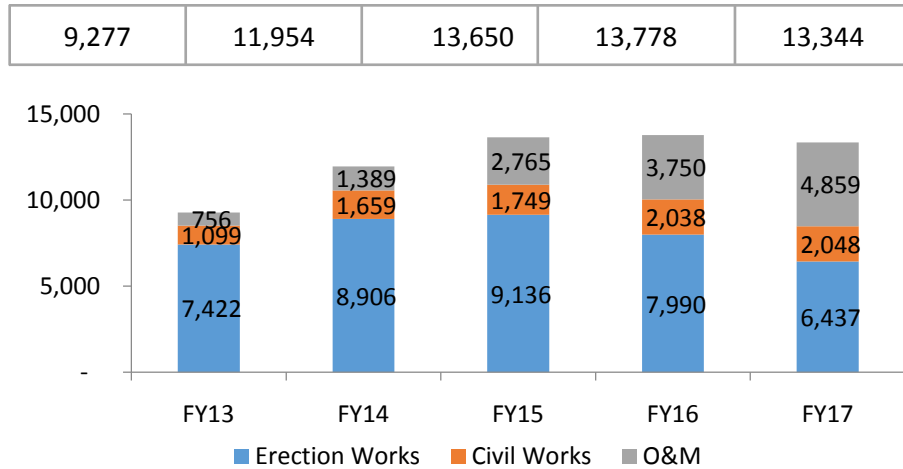
We executed ETC-BTG for both first 2 UMPPs in India

FY17 Financial Performance (consolidated)



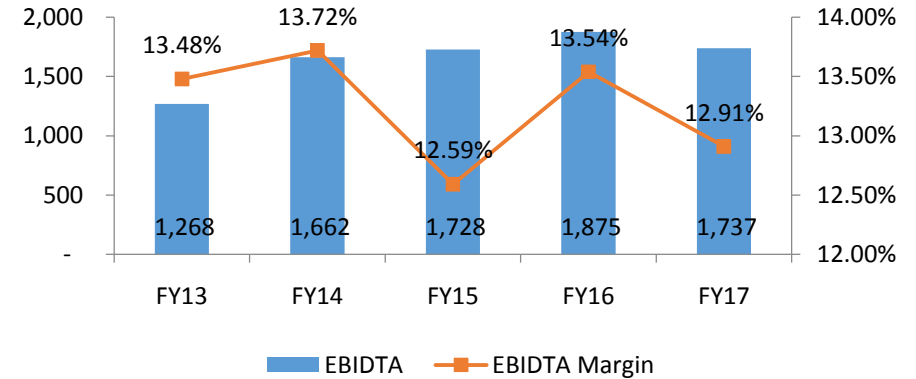
Contract Revenue

INR in million



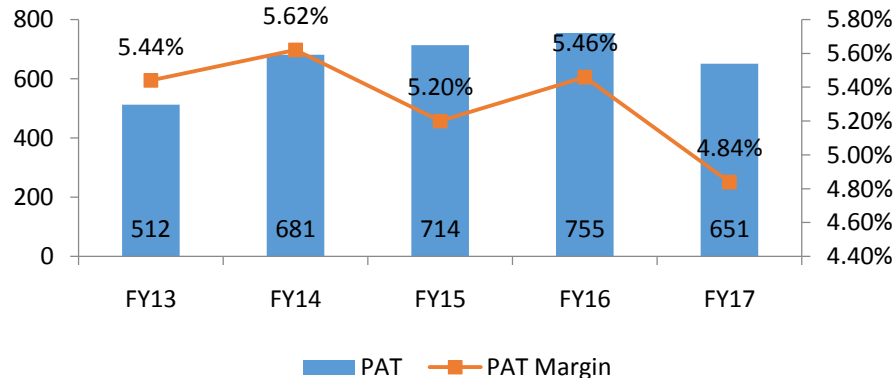
EBITDA Margins continue to remain healthy...

INR in million



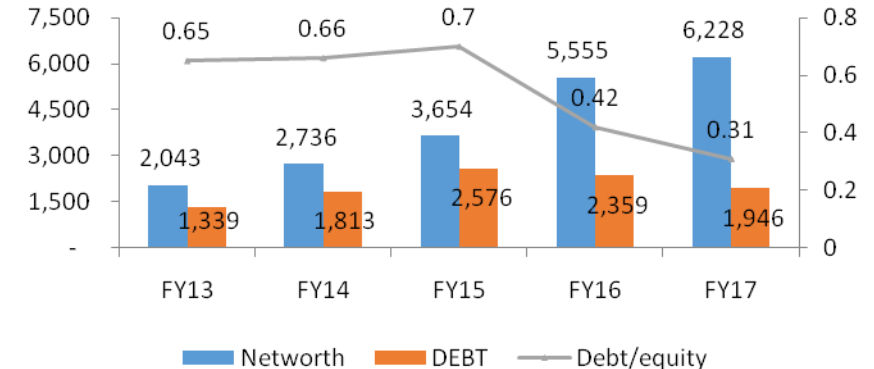
... sustaining the PAT Growth

INR in million



Healthy debt equity ratio provides significant headroom for growth

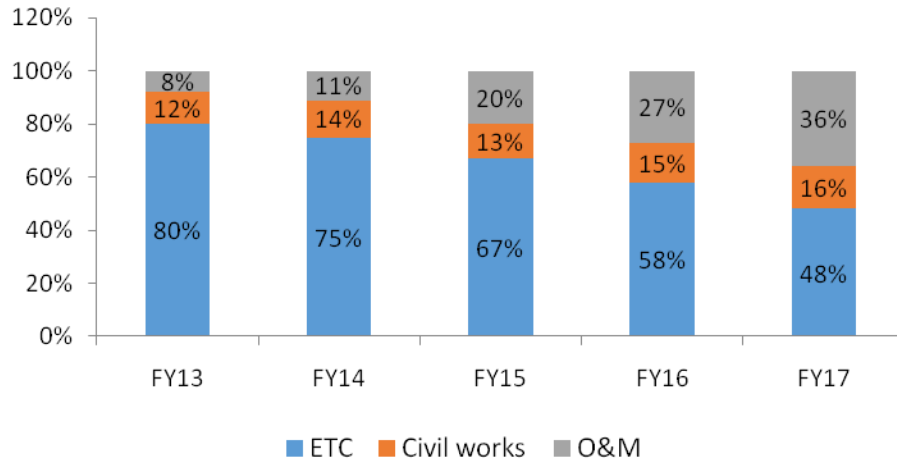
INR in million



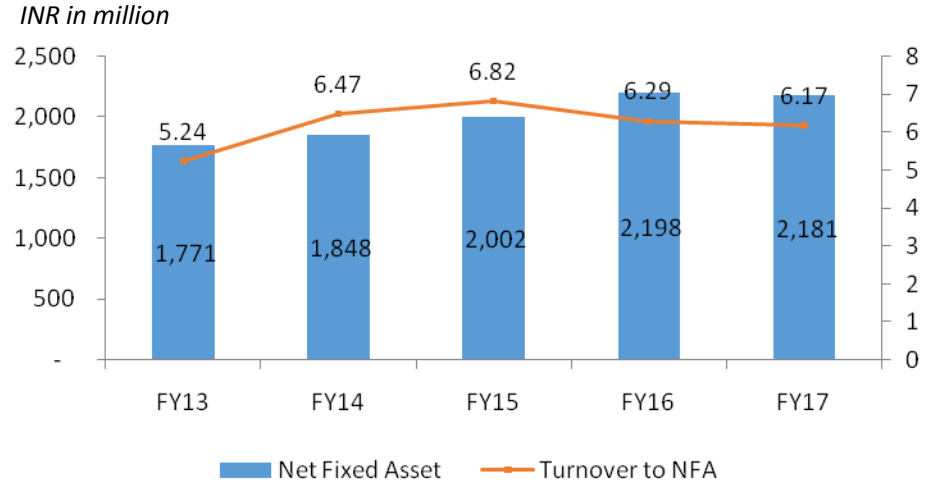
FY17 Financial Performance (consolidated)



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

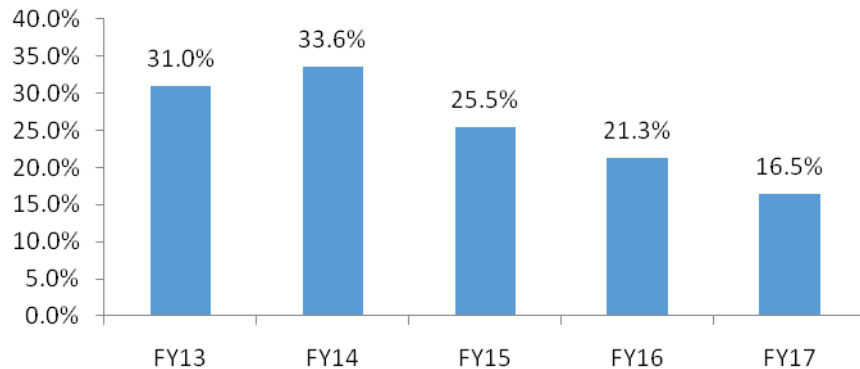


High Asset Turnover ... testament to higher efficiency

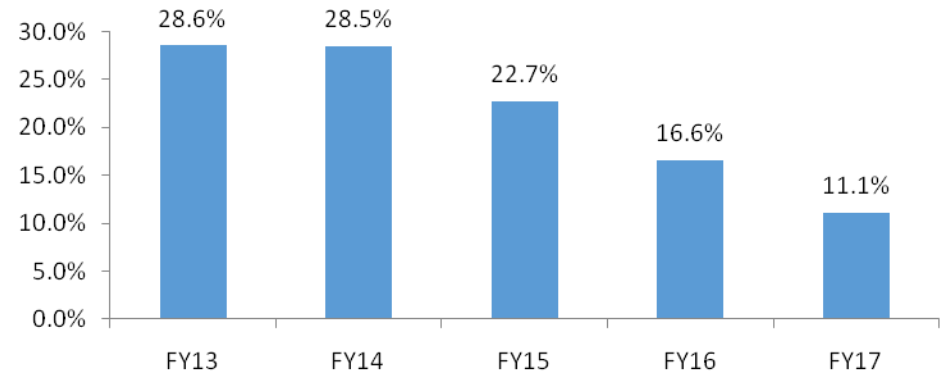


Healthy Return Ratios in a challenging environment

Return on Capital Employed



Return on Network

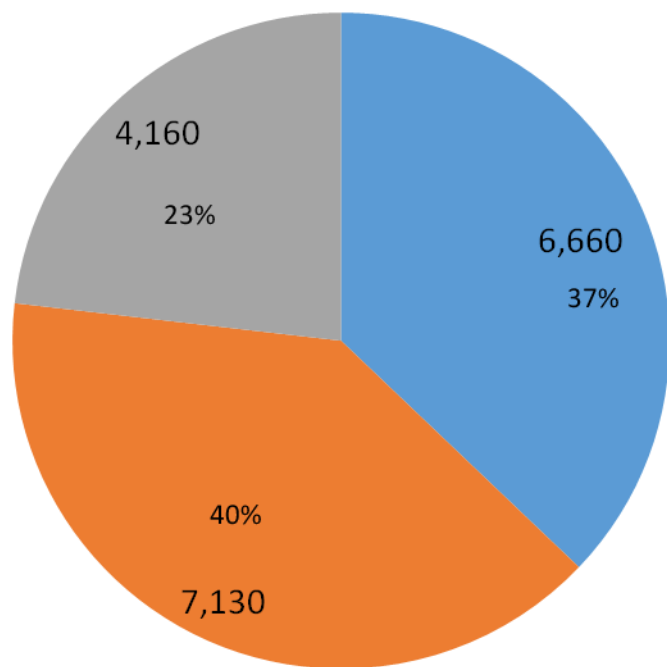


Segmental Breakup of Orders – FY17 & Q1 FY18(Consolidated)



FY17 - Order Inflow INR 17,950 million

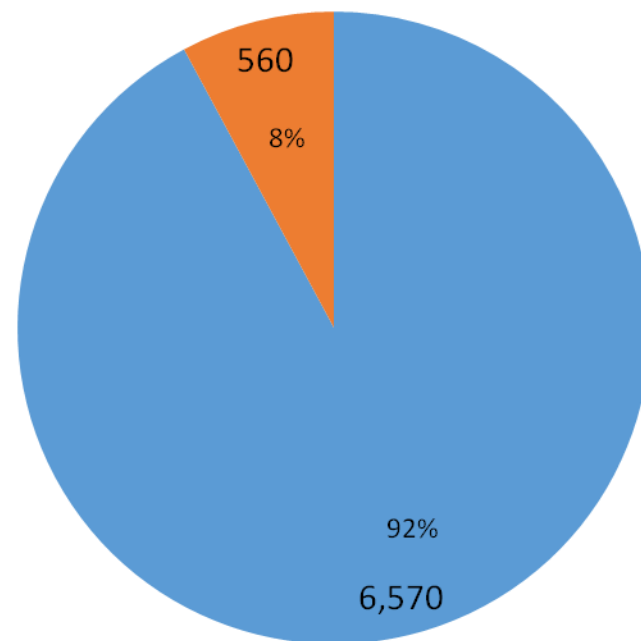
Figures in INR million



■ Erection Works ■ Civil Works ■ O&M

Q1 FY18 - Order Inflow INR 7130 million

Figures in INR million

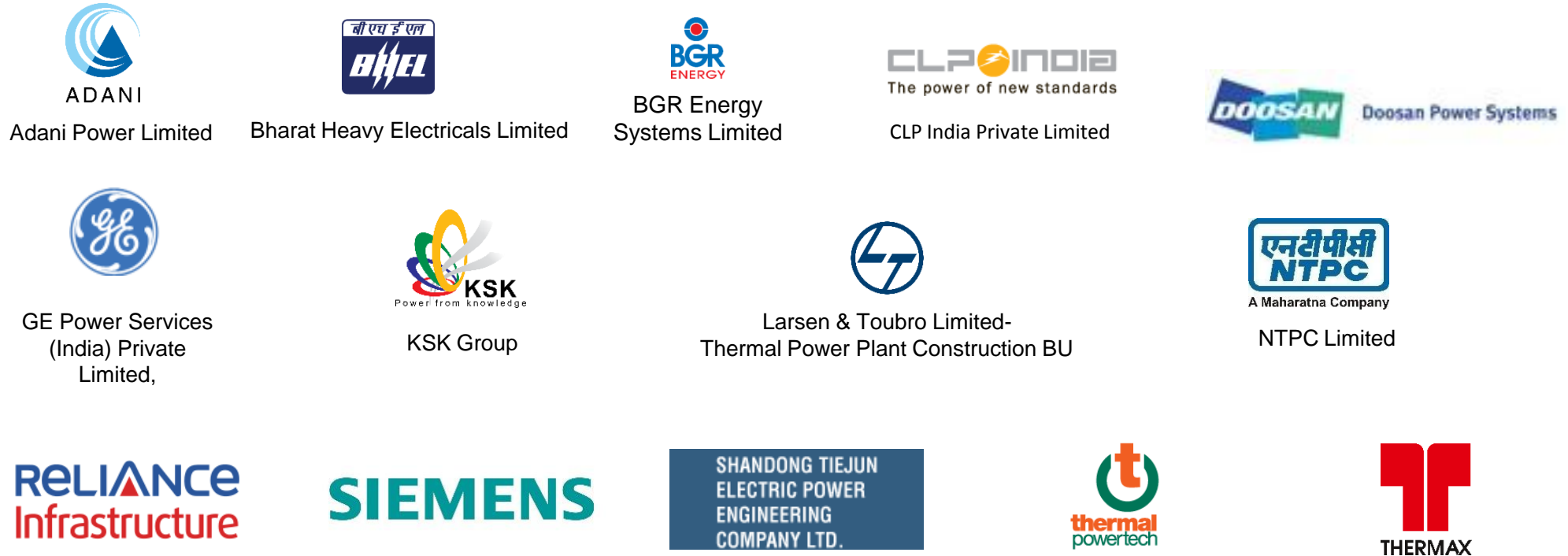


■ Erection Works ■ O&M

Order Book as on 30th June, 2017 is Rs. 40,620 Mn.

Established Relationships with Clients

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



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

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



Sajja Lakshmi, Non Executive Director

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



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



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



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



N. Bhupesh Chowdary, CEO

He graduated in Industrial and Production Engineering from Shivaji University, PG Diploma in Business Administration from Annamalai University and Advanced Management Program from George Washington University, USA.

He has almost 25 years of Industrial and Business Development experience in variety of sectors and worked with some of the largest conglomerate companies in India and Abroad.



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



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, Gol



M. Rajendran, COO

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



J Satish, CFO

CA, MBA(exec), with 18 years of experience in finance & accounts and has worked at Indu Projects, Emaar MGF, Kerzner & PWC



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

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

New Developments and Strategy for future operations

- 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
- Exploring new opportunities in non-power related infra sector on selective basis with high margin projects
- Exploring petro chemicals, railways and piping and electrical work projects where the company can exploit its expertise
- Focusing on international market and to strengthen its presence by providing quality services in ETC and & O&M verticals.
- Improve the cash flow of the company by early realization of final bills.
- Increase in the productivity of the Noida workshop and securing orders in Hydro-Power sector through its subsidiary Hydro Magus Private Limited.
- Focusing on other industrial services business

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**

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



Annexures Follow

Annexure 1

Financial Snapshot | Income Statement & Balance Sheet



Income Statement (Consolidated)

All figures in INR million

Particulars	FY13	FY14	FY15	FY16*	FY17*
Revenue from operations	9,357.95	12,002.71	13,662.23	13,782.13	13,382.02
Other Income	46.17	108.12	57.61	55.39	77.02
	9,404.12	12,110.83	13,719.84	13,837.52	13,459.04
Cost of materials	646.77	790.15	770.04	1,144.77	1,244.54
Change in inventories	1.24	(12.91)	7.58	4.60	(28.96)
Contract execution exp.	6,722.92	8,434.09	9,800.15	8,988.66	7,927.65
Personnel Cost	668.31	1,091.89	1,201.76	1,549.28	2,265.28
Other expenses	96.84	145.74	212.69	275.28	313.24
Sub-total	8,136.10	10,449.00	11,992.20	11,962.59	11,721.75
EBIDTA	1,268.04	1,661.87	1,727.62	1,874.93	1,737.29
Finance costs	167.92	266.14	294.30	328.96	329.26
Depreciation and amort.	335.80	328.40	367.80	390.03	410.34
Share of profit from JV's	-	-	-	2.77	5.56
PBT	764.32	1,067.33	1,065.53	1,158.71	1,003.25
PAT (with OCI & before MI)	-	-	715.75	757.02	650.59
Minority Interest	-	1.04	1.71	1.90	(0.25)
Restated PAT (with OCI & after MI)	511.66	680.95	714.04	755.12	650.84
PAT Margin	5.44%	5.62%	5.20%	5.46%	4.84%

Balance Sheet (Consolidated)

All figures in INR million

Particulars	FY13	FY14	FY15	FY16	FY17
Assets					
Fixed Assets	1,699.01	1,780.63	1,832.14	1,977.84	2,061.73
CWIP (incl. unallocated capex)	72.27	67.85	170.33	219.96	119.29
Non-current investments	0.15	0.16	0.20	0.20	9.10
Other Non Current Assets	981.42	1,730.63	1,643.23	1,872.09	1,935.78
Total Current Assets	4,333.33	5,292.26	6,158.01	8,305.20	8,696.80
Less: Current Liab. & Prov.	4,432.26	5,533.75	5,876.40	6,342.87	6,272.66
Net Current Assets	(98.93)	(241.49)	281.61	1,962.33	2,424.14
Cash & bank	567.22	688.42	678.29	685.69	804.69
Total	3,221.14	4,026.20	4,605.80	6,718.11	7,354.73
Liabilities					
Long Term Borrowings	280.40	274.19	365.75	213.54	154.97
Deferred Tax Liabilities	68.06	78.37	47.21	42.22	21.47
Other Non Current Liabilities	829.01	936.04	643.18	909.58	949.84
Minority Interest	0.49	1.53	2.49	4.39	21.09
Shareholder's Fund	2,043.18	2,736.07	3,547.17	5,548.38	6,207.36
Total	3,221.14	4,026.20	4,605.80	6,718.11	7,354.73

* Restated as per IND-AS reporting format

Thank You



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