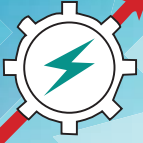


POWER MECH™



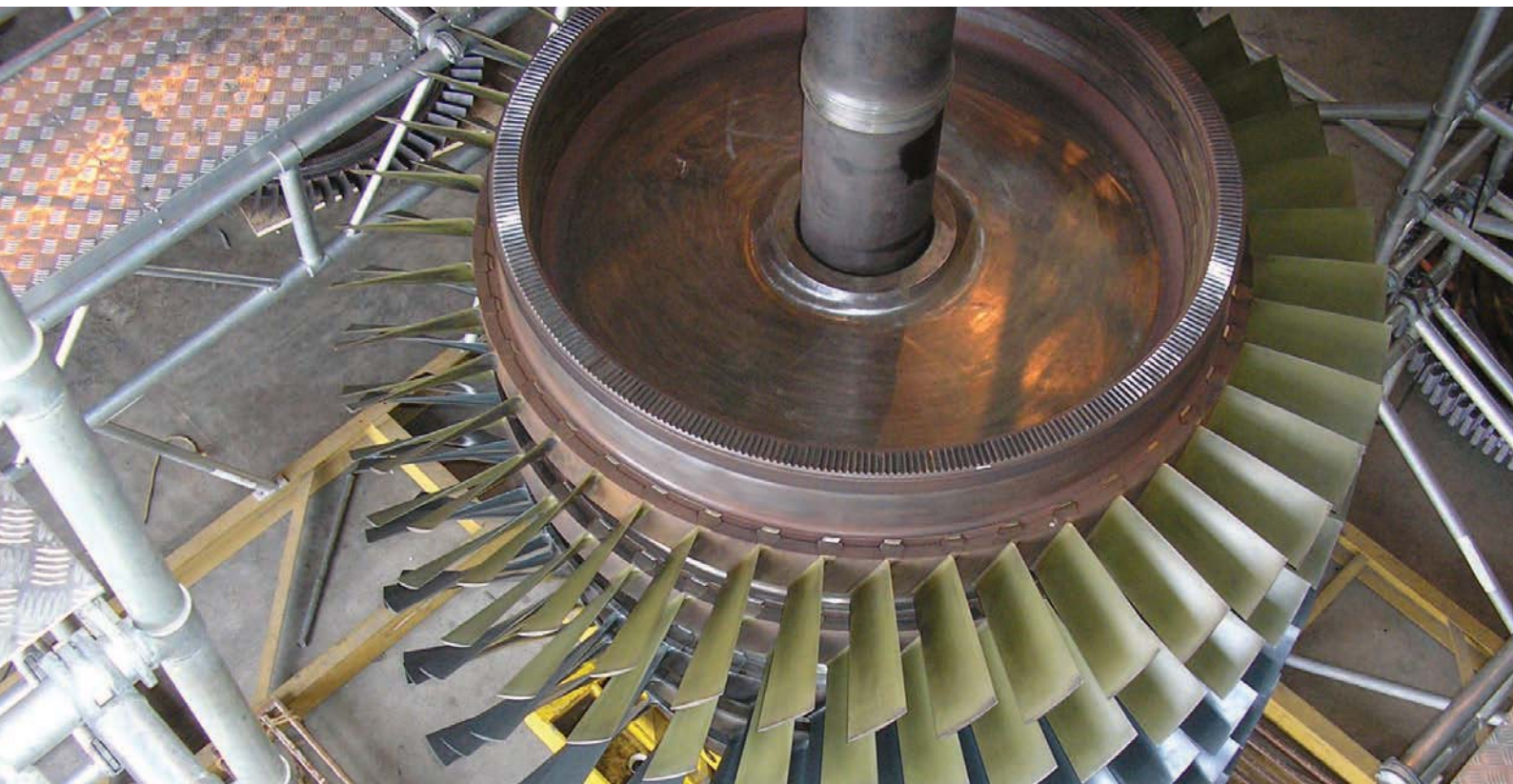
Growth Unlimited

POWER MECH PROJECTS LIMITED

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CORPORATE INFORMATION

Board of Directors



Mr S Kishore Babu
Chairman & Managing Director



Mr M Rajendran
COO & Director



Mrs S Lakshmi
Director



Mr Rakesh Sony
Director



Mr Thaigrajan Sankarlingam
Independent Director



Mr GDV Prasada Rao
Independent Director



Mr Amitabha Guha
Independent Director



Mr Mukul Lal Sah
Independent Director

Management Committee

Mr G Srinivasulu
Executive Director

Mr S Amarnath
Vice President

Mr K Ajay Kumar
Vice President

Mr S Rohit
Vice President (Global Operations)

Mr BVG Reddy
Associate Vice President

Mr G Naveen Babu
Associate Vice President

Mr K Sekhar Babu
Associate Vice President

Mr VK Choudhary
Associate Vice President

Mr G Babu
General Manager

Mr T Ramesh
General Manager

Mr DS Rao
General Manager

Mr M Vijay Kumar
General Manager

Mr K Suresh
Dy. General Manager

COMPANY SECRETARY
Mr Mohit Gurjar

REGISTERED OFFICE & CORPORATE OFFICE
Plot No.77, Jubilee Enclave, Madhapur
Hyderabad - 500 081, Telangana

STATUTORY AUDITORS
M/s Brahmayya & 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
Standard Chartered Bank
State Bank of India
Axis Bank
Citi Bank
ICICI Bank

CORPORATE CONSULTANTS
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

MOVING FORWARD

Power Mech Projects Limited was founded by Mr. Sajja Kishore Babu and registered in the year 1999 that should eventually become one of the leading companies in power sector. Today it is one of the pioneering companies undertaking works in all the regions of India and also abroad as a comprehensive and highly dependable service provider. The company provides service in Erection, Testing and commissioning, Overhauling, Maintenance, Renovation, Modernisation and Annual Maintenance of Power plants and Civil and Architecture.

The Company is engaged in more than 100 Erection Works projects (completed and ongoing projects) across India and in three international jurisdictions, including 2 ultra-mega power projects (UMPPs) and 16 super-critical power projects with unit capacities ranging from 150 MW up to 800 MW.

6 x 660 MW Sasan, Madhya Pradesh



2 x 600 MW Kalisindh TPP, Rajasthan



SERVICE PORTFOLIO

Boiler, Turbine & Generators

- Steam generators & Auxiliaries
- Steam Turbine Generators and TG Auxiliaries
- Critical Piping, LP & HP piping
- ESP, Ducts
- Hydro Turbine, Penstock & Pressure shaft
- HRSG
- CFBC
- WHRB

Structure Fabrication &Erection

- Power House structures
- BOP Structures
- Structures for Industry & Infrastructure Sectors

Operation & Maintenance

- Overhauling and maintenance of Boiler and turbine and auxiliaries
- Renovation and modernization of power plant
- Repair, modification and rehabilitation of boiler
- HP and LP piping works

Balance of plant

- Coal handling plant
- Cooling water system
- Fuel oil handling system
- DM water system
- Ash handling system

Civil and Architecture

- Mass excavation and area grading
- Land Development
- Bored cast and driven cast piling

- Steam Turbine foundation
- Gas turbine foundation
- Foundation for all auxiliaries like Mills, Fans, TDBFP, BFP, CWP and other equipments
- BTG foundation
- Enabling works

Annual Maintenance of power plants

- Mechanical
- Electrical
- Control and Instrumentation

Process Plants, Petroleum, Steel & Cement Sectors

- Industrial Drives & Auxiliaries
- Civil & Architectural
- Structural Fabrication & Erection
- LP & Cooling Water Piping
- Oil Handling System
- Tankages
- Material Handling
- DM Plant Systems

CMD'S MESSAGE



Dear Shareholders,

I present you the Annual Report of another significant year in the history of your Company. Despite continued challenges in the Power Sector, your company has been able to achieve both in terms of top line and bottom line. The Company continued to strengthen and consolidate its position in businesses that it is present in.

Development being the biggest agenda in focus for the new government, Power Industry is expected to play a larger role in this development agenda. As the fortunes of Power Mech are significantly linked to the power sector, any further improvement in the sector will only benefit your Company.

The company continued its healthy growth trajectory with revenues and profits growing at 27% and 36% from ₹933 Crores in FY 13 to ₹1187 Crores in FY 14 and ₹50 Crores in FY 13 to ₹68 Crores in FY 14 respectively. The Company's revenues have grown at an impressive CAGR of 30.04% since FY 10. The order book position continued to remain strong at ₹2775 CR as on 31st March 2014, with an order inflow of ₹1402 CR during the financial year 2013-14. Out of total order book, O&M constitute ~16% of our order book (as against 5.4% in FY13) reflective of the increasing share of more stable and value added business. The Company's basic Earnings per share grew 35.50% from ₹ 46.61 in FY 13 to ₹ 63.15 in FY 14. The Company continues to provide strong returns to its shareholders with return on equity (ROE) and pre-tax return

on capital employed (ROCE) of 25% and 30.46% in FY 14 respectively. Your Company also continues to demonstrate its solid strength of operations with cash flow from operations growing at 21% from ₹22 Crores in FY 13 to ₹26 Crores in FY 14.

The performances of your company in all the three important segments were encouraging. The O&M business grew 66% during the year while Civil and Mechanical grew 55% and 20% respectively. Our continuous focus on the O&M business helped us to remain the largest non O&E player in the Power Plant maintenance business in India with almost 20,000 MW being serviced by us annually.

We remain focused on elevating the Corporate Governance standards of your company. We are extremely honored to invite Mr. T. Sankarlingam, Ex-CMD of NTPC and Mr. Amitabha Guha, Non-executive Chairman of South Indian Bank Ltd and Ex MD of State Bank of Hyderabad to join the Board of your Company as Independent Directors. This will help create a sounding Board and the company will benefit from the wisdom of their experiences. To further improve HR systems, Company has implemented the HR module of SAP during the year.

I would attribute the achievement of your company to multiple factors including

- The company's ability to sustain in the market in spite of challenging conditions

- The company's adaptability to changing scenario and
- Updating skill and modernizing resources.

Acknowledgement: The change in the general environment and improvement in general economic indicators gives hope for the future and I envisage better growth of your company.

It is time to acknowledge all those who supported and contributed to the growth of the company. I thank all the Shareholders, Investors, Banks and Financial Institutions for their continuous support and encouragements throughout the financial year. I extend my gratitude to the state and Union Governments and other statutory bodies for their cooperation.

I sincerely express my gratitude to all my colleagues in the Board for their untiring contribution and leadership and all my employees. I am also thankful to the Directors and employees of the subsidiary companies for their contribution in the growth and cooperation. I thank one and all!

With best wishes,

S Kishore Babu
Chairman

DEDICATION



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.



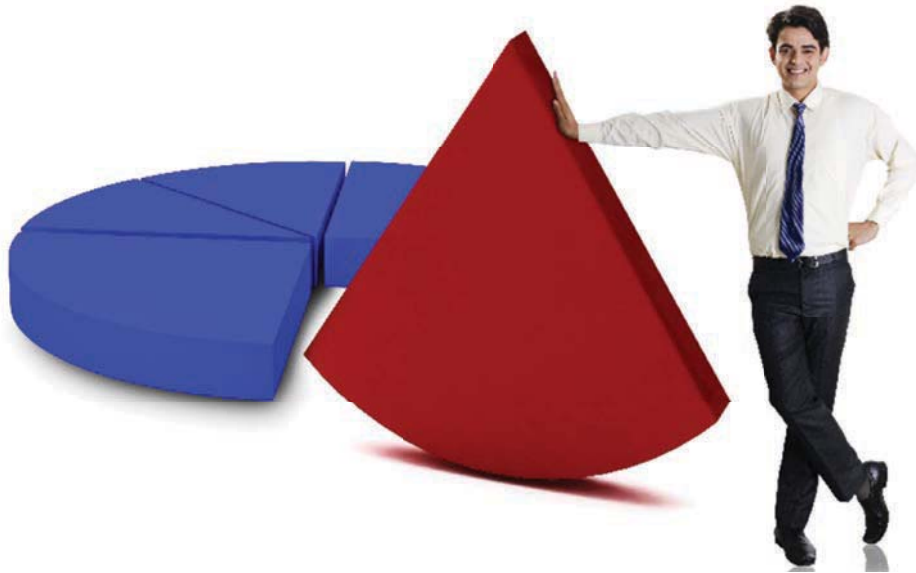
3 x 800 MW Kudgi TPP, Karnataka

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'.

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.



1. Successfully implemented SAP HR Module to achieve real time information, cost control & efficient reporting.
2. A new subsidiary company, Power Mech Industri Pvt Ltd, was taken over.
3. Our EBITDA, calculated as our net profit before tax & extraordinary items before depreciation and amortization and finance cost was ₹1661.87 Million in fiscal 2014 compare to 1268.04 Million in fiscal 2013.
4. The Net Profit of Power Mech of 2013-14 stands at ₹683.12 mn which is 36.31% higher than that of the previous year.



AT A GLANCE



ORDER BOOK CONTINUES TO GROW

ETC Orders Secured in 2013-14

S. No.	Site Name	State	Capacity	Package	Customer
1	Singhitarai TPP	Chattisgarh	2 x 600 MW	STG WORK - 02 Units	ABIR
2	Singhitarai TPP	Chattisgarh	2 x 600 MW	CHP WORK	ABIR
3	Sagardighi STPP	West Bengal	2 x 500 MW	STG - 02 Units	BHEL-PSER
4	Solapur STPP	Maharashtra	2 x 660 MW	BOILER - 02 Units	BGR
5	Solapur STPP	Maharashtra	2 x 660 MW	ESP - 01 Unit	BHEL-PSWR
6	Jindal STPP - Tamnar	Chattisgarh	4 x 600 MW	STG - 01 Unit	BHEL-PSWR
7	Yermarus TPP	Karnataka	2 x 800 MW	TG & its auxiliaries	BHEL-PSSR
8	Dahej - Reliance Utilities & Power Pvt Ltd	Gujarat	4 x 500 TPH	CFBC Boilers	THERMAX
9	Bellary TPS	Karnataka	1 x 700 MW	TG Package	BHEL-PSSR
10	Suratgarh SCTPS	Rajasthan	2 x 660 MW	Package#4, Unit#8 - Civil, Structural & Architectural Works	SEW
12	GMR-CTPP	Chhattisgarh	2 x 685 MW	U#1,2 - ESP	DOOSAN
13	Singareni TPP	Telangana	2 x 600 MW	Boiler, ESP & Auxiliaries	BHEL-PSER
14	Sasan UMPP	Madhya Pradesh	6 x 660MW	COD of Boiler U#3	R-INFRA



3 x 800 MW Kudgi TPP, Karnataka



2 x 600 MW Singareni TPP, Telangana



2 x 96 MW Dahej, Gujarat

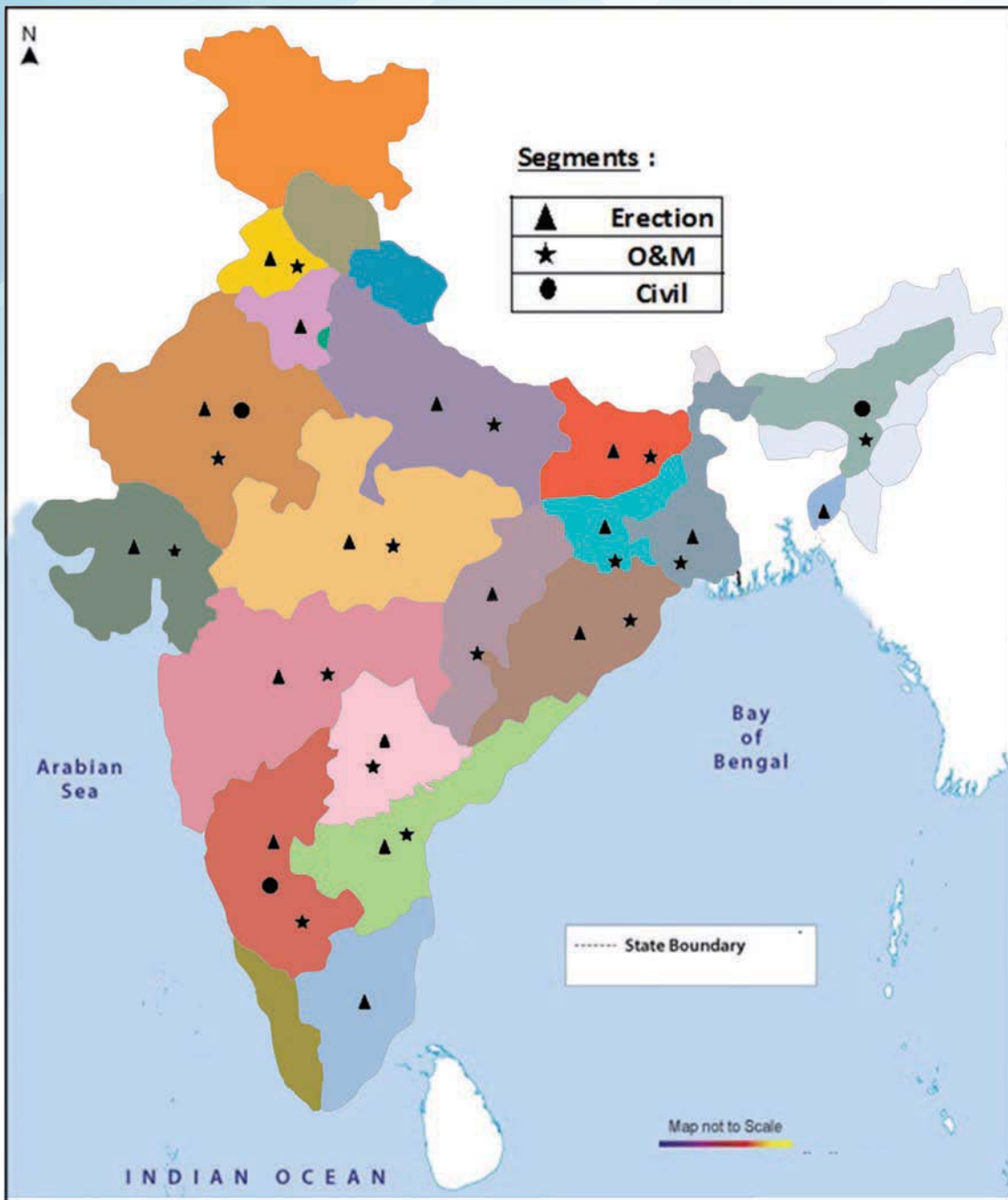


2 x 250 MW Chandrapura, Jarkhand



2 x 600 MW Annupur, Madhya Pradesh

NETWORK



CLIENTELE



Note: All brand names, logos and trademarks displayed are property of their respective owners

HSE - PART OF OUR BUSINESS

We are committed to globally accepted best practices and comply with applicable health, safety and environmental legislation and other requirements in our operations. In order to ensure effective implementation of our practices, at every project all hazards are identified at the commencement of our work, and associated execution risks are evaluated and controls and methods are implemented and monitored. We believe that we comply in all material respects with applicable occupational health and safety laws, regulations and other contractual requirements relevant to health and safety of employees and sub-contractors at our operational and project sites.

We believe that accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to stake holders, employees, subcontractors and communities. Our employees work constantly and proactively towards eliminating or minimizing the impact of hazards to people and the environment. We maintain an occupational health and safety management system that defines guiding principles and standards for occupational health and safety performance. We have set up health and safety procedures at all operational sites with participation of all levels of employees. Appropriate safety equipment is provided to all employees, contractors and visitors to project sites. Our project sites are regularly examined to ensure compliance for areas in which they operate, as well as for compliance with safety management systems. Health and safety incidents are investigated and preventive and corrective actions developed. In addition, there are regular reports to management on our health and safety performance.

We have also demonstrated our commitment to protecting the environment by minimizing pollution, waste and optimizing fuel consumption towards continual improvement of environmental performance.





CONNECTING TO THE SOCIETY



CSR Activities

Power Mech Foundation

Power Mech foundation was formed by us to focus on our CSR activities. In order to ensure that our operations are conducted efficiently and in a manner that meets governmental environmental standards, we are committed to ensuring that the communities we operate also benefit and develop together with us. Some of the CSR projects undertaken include: education assistance, community development, distribution of basic amenities and organization of cancer awareness camps, eye camps and providing medical aid. We intend to constantly participate in the development of the communities where our projects are located, and contribute to social stability in the areas where we operate.



CIVIL



Casting of Gas Turbine #7 at Yemen



Casting of Gas Turbine #6 at Yemen



Cooling Water Pump House work at YTPS, Raichur



Turbine Generator Deck (TG Deck) staging arrangement at HNPIL, Vizag



Cooling Water Pump House work at YTPS, Raichur

Civil & Architecture

The division Civil Architecture and Structural Works is headed by highly experienced Engineers who have worked with reputed organizations in the past and resourced with modern equipments and appliances. Has solid support base with planning engineers, administrators, and executioners to provide Comprehensive Service in Civil, Architectural and Structural Works.

Our Civil Works business was commenced in fiscal 2011 and provides various civil and construction jobs for the main plant and BOP requirements including excavation, piling, concreting, architectural and building works.

The following table sets forth certain information for significant projects for which we have been engaged to execute civil and structural works:

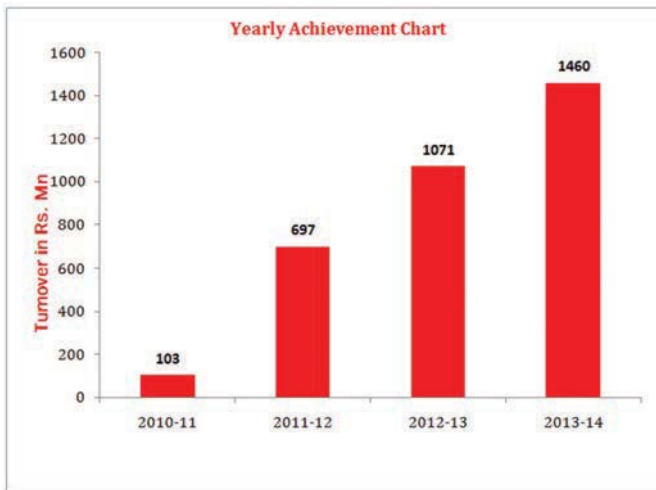
Key Civil Projects

Description of Project / Contract	Customer	Owner
Marib – Yemen	Bharat Heavy Electricals Limited – PSNR	Public Electricity Corporation, Yemen
Suratgarh P3 Thermal Power Plant	Bharat Heavy Electricals Limited – PSER	Rajasthan Rajya Vidyut Utpadan Nigam Limited

The following table sets forth certain information relating to some significant contracts Hydro Magus has undertaken in the past:

Customer Name	Nature of Work
GVK – Alakananda Hydro Electric Power Corporation Limited	Total rehabilitation work for unit I, unit II and unit III of 330 MW Srinagar hydro electric project of three 82.5 francis turbine based turbine generator sets and other associated equipment.
Jammu and Kashmir State Power Development corporation	Rehabilitation of unit 1 at Upper Sindh stage II hydro electric power project
North Eastern Electric Power Corporation Limited	Major overhauling and repair of underwater parts of 1x25 MW Kopili stage II unit
Uttarakhand Jal Vidyut Nigam Limited	Rehabilitation of unit 2 at Dhakrani hydro electric power project

CIVIL

**Structural Portfolio**

- Mass excavation, back filling, compacting, area grading and levelling using heavy duty field machinery equipment and large manpower;
- Piling including *in situ* piling up to any diameter using piling rigs and hydraulic drilling machines;
- Foundation for rotating parts, power house building structures, raft foundation for turbine generators, cooling water pump houses, boiler, coal mills and other auxiliary buildings including structural and architectural works;
- Turbine generator deck castings and gas turbine generator foundation;
- Comprehensive civil works package for boilers, turbines and generators;
- Power house structures, bunker bay structures, ESP structures including fabrication, assembly and erection and providing concrete structural works at higher elevation;
- Mass concrete structural works using batching plants, concrete mixtures, concrete pumps, boom placers and transit mixtures;



Casting of GT #4 at Yemen



Casting of GT #7 at Yemen



Casting of GT #5 at Yemen

- Civil works for service buildings, staff quarters, labour colony as well as internal service roads;
- Pipe racks structures; and
- Architectural works required for power plants and control rooms including cladding, flooring, painting, water proofing, false ceiling, doors and window works.

Key Events, Milestones and Achievements

Year	Key Events, Milestones and Achievements
1999	<ul style="list-style-type: none"> Incorporation of our Company Undertook works in overhauling and maintenance of gas turbines
2002	<ul style="list-style-type: none"> First boiler erection work of capacity 1 X 63 tph and 2 X 165 tph AFBC boilers and ETC of 20.85 MW and 55 MW steam turbine generators.
2004	<ul style="list-style-type: none"> Fist AMC of 655 MW combined cycle dual fuel based power plant
2007	<ul style="list-style-type: none"> First ETC of 1 X 500 MW boiler and auxiliaries including ESP
2008	<ul style="list-style-type: none"> Major ETC work of 2 units of thermal power plant of capacity 2 X 600 MW Erection of structural steel, steam generator and auxiliaries works for 3 boilers for 4000 MW (5X800 MW coal based power plant). This was the first 800 MW power plant in India.
2009	<ul style="list-style-type: none"> Raising of capital in the form of equity and compulsorily convertible preference shares. First international work in Libya – erection of 2 gas turbines.
2011	<ul style="list-style-type: none"> Commenced civil and gas turbine erection work at Yemen, Marib worth USD 61 million
2012	<ul style="list-style-type: none"> Hydro Magus, our subsidiary was incorporated to undertake EPC works of hydro projects.



Anti-termite treatment at Yemen site

OPERATION & MAINTENANCE

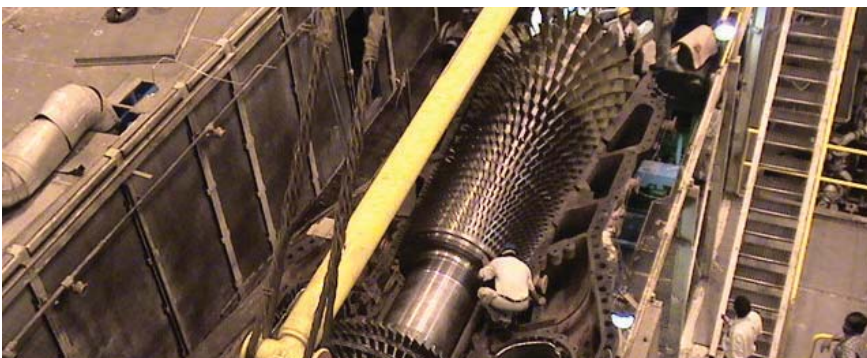
Power Mech is one of the few Companies in India who are capable of undertaking Operation and Maintenance works comprehensively. We have our root and strength in O&M works because of our very existence in this field for 15 Years from inception. We have successfully carried out overhauling, refurbishing, modernization and maintenance of all types of BTG up to a capacity of 800 MW. A simple cursory of our execution of works in innumerable plants would reveal our capability, efficiency, delivery and quality of service. We have executed overhauling and maintenance works in quickest possible time line.

The very concept of Annual Maintenance of power plants is rather new to Indian scenario and Power Mech is pioneer in undertaking Annual Maintenance of major power plants.

At present we are taking care of 19 plants under O&M services and some of which came as repeat orders. We have in our care **Paguthan Power Plant** continuously for the past 10 Years under uninterrupted O&M services.

Further grow our O&M services offerings and focus on higher margin AMC services

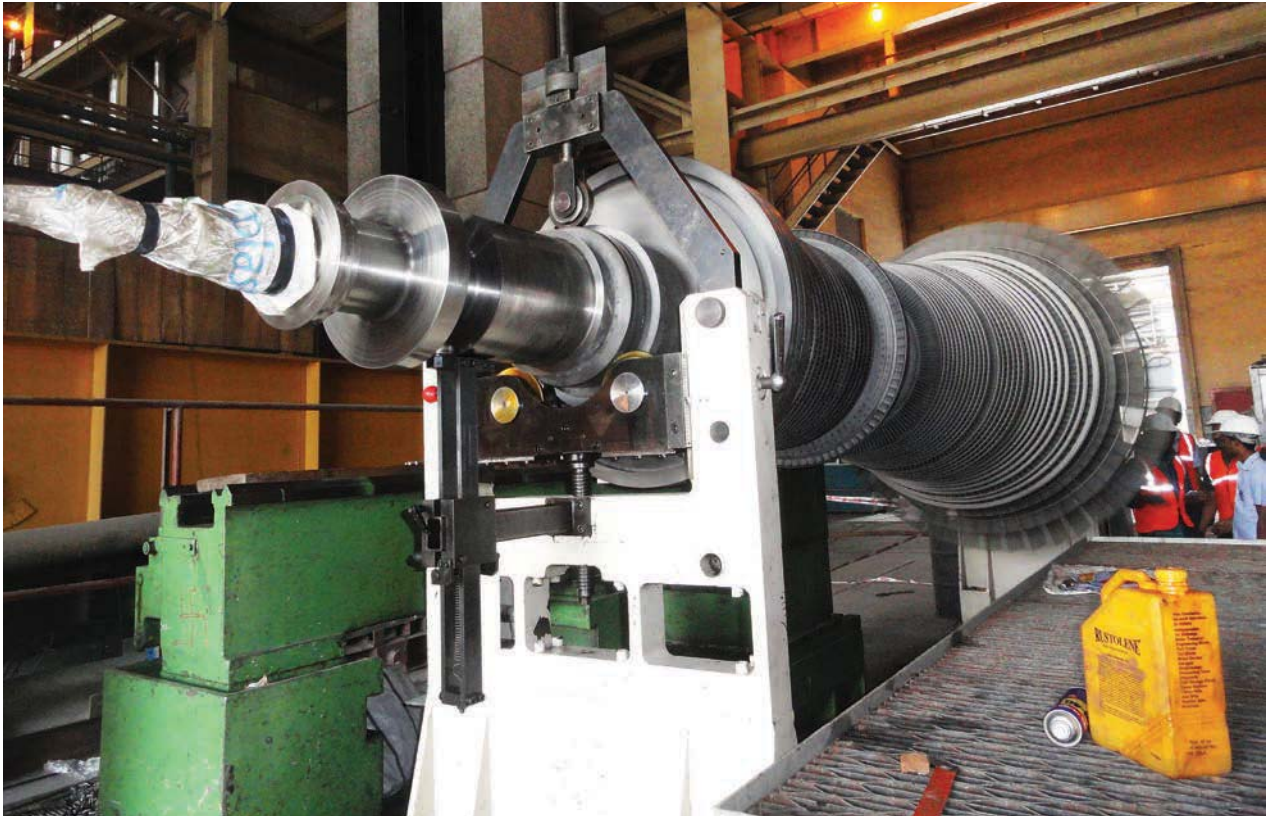
We believe that the significant increase in capacity addition of IPP projects in India and the aging of several large power plants in India will result in a significant increase in demand for our O&M Services business, particularly opportunities for AMCs as well as contracts for repairs, renovation and modernisation, residual life assessment, scheduled shutdowns, retro-fits, overhauling, maintenance and upgradation services for power plants. Revenue from our O&M Services business was ₹424.37 million, ₹756.34 million, and ₹1,388.71 million on in fiscal 2012, 2013, and 2014, representing 6.02%, 8.08%, and 11.57%, respectively, of our total revenue from operations in these periods. We have experienced a significant growth in our O&M Services business in recent years which grew at a CAGR of 57.11% between fiscal 2010 and fiscal 2014. We expect the relative proportion of revenue from O&M Services to increase in the future. In addition, the level of competition for O&M contracts are relatively lower than the Erection Works projects we bid for as large EPC contractors do not typically bid for such contracts and smaller engineering construction companies that compete with us have limited technical and financial resources. Further we carried out our first AMC project in 2004 and our revenue from AMC services was ₹47.93 million, ₹208.53 million, and ₹595.16 million in fiscal 2012, 2013, and 2014, respectively.



NTPC, Jhanor



HPGCL, Yamunanagar



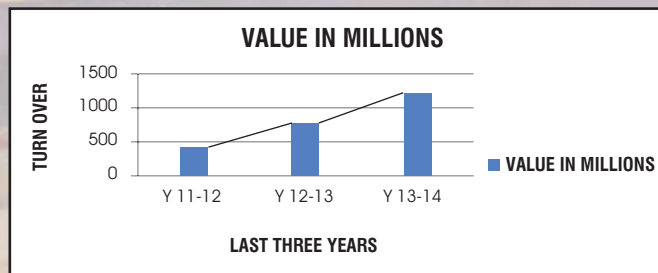
TATA-Jojobera U#1



A total of 19 Projects

Revenue status for last Three Financial Years (O&M Vertical)

YEAR	VALUE (₹ in Millions)
2011-2012	423.50
2012-2013	789.00
2013-2014	1233.10



HPGCL, Yamunanagar



Baranu TPS Boiler V#6



SIGNIFICANT AMC SITES

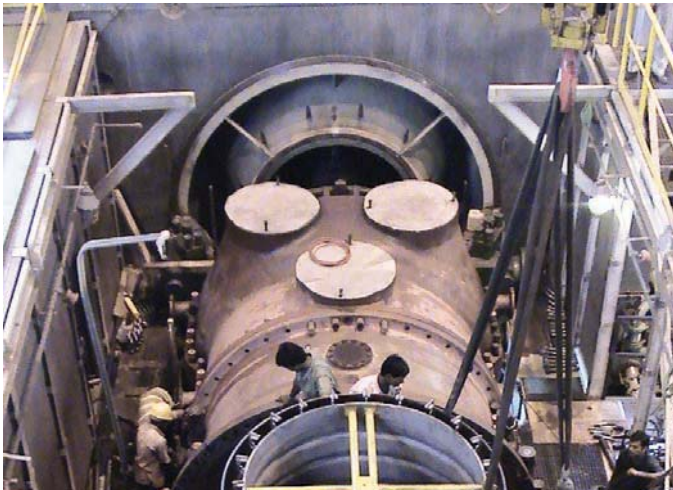
- Mechanical Maintenance at 655MW CCPP, Paguthan, Gujarat
- Maintenance of BTG for 4000 MW Ultra Mega power Project at Mundra, Gujarat
- Maintenance of BTG, AHP with Electrical and C&I at 4X330 MW and 5X660 MW, at APL, Mundra, Gujarat
- Mechanical Maintenance of TG & BOP of 5X660 MW at APML, Tiroda, Maharashtra
- Mechanical Maintenance Contract of BTG&BOP of 2X660MW at APRL, Kawai, Rajasthan
- Maintenance (M+E+I) of BTG & BOP of 2x700MW at NPL, Rajpura, Punjab
- Mechanical maintenance of BTG at 6X660MW at SPL, Sasan, MP



VSLP, Bikaner



Reliance, Sasan



NTPC, Jharor



TATA I MEPL, Nellore



Adani, Tiroda



MPL, Maithon



L&T, Rahpura

Notice

Notice is hereby given that the Fifteenth Annual General Meeting of the members of M/s **Power Mech Projects Limited** will be held on Tuesday, the 30th September, 2014 at 11.00 AM at the Registered Office of the Company at, Plot No.77, Jubilee Enclave, Opposite To Hitex, Madhapur, Hyderabad – 500081, Telangana to transact the following items of Business:

Ordinary Business

- 1) To receive, consider and adopt the financial statements of the Company for the financial year ended 31st March, 2014, including the audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.
- 2) To declare Final dividend on Equity Shares.
- 3) To appoint a director in place of Smt. S. Lakshmi (DIN: 00068991), Director, who retires by rotation and being eligible, offers herself for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the fifth consecutive Annual General meeting and to authorize the Board of Directors to fix their remuneration and pass the following resolution thereof:

“**RESOLVED THAT** pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules made there under, and pursuant to the recommendation of the Audit Committee of the Board of Directors, M/s. Brahmayya & Co., Chartered Accountants, be and are hereby re-appointed as auditors of the company, to hold office from the conclusion of this AGM to the conclusion of 20th AGM to be held in the year 2019 (subject to the ratification of the appointment by the members at every AGM held after this AGM) and the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors.”

Special Business

- 5) **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointing Sri G.D.V. Prasada Rao (DIN: 02754904) as an Independent Director of the Company:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, Sri G.D.V. Prasada Rao (DIN: 02754904), who was earlier appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri G.D.V. Prasada Rao (DIN: 02754904), as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 30th September 2014 upto 29th September 2019.

- 6) **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointing Sri Mukul Lal Sah (DIN: 03494357) as an Independent Director of the Company:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with Schedule IV to the Companies Act, 2013, Sri Mukul Lal Sah (DIN: 03494357), who was earlier appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri Mukul Lal Sah (DIN: 03494357), as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 30th September 2014 upto 29th September 2019.

- 7) **To appoint Sri Thiagarajan Sankaralingam (DIN:00015954) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013, and the rules framed thereunder read with Schedule IV to the Companies Act, 2013, Sri Thiagarajan Sankaralingam (DIN:00015954), who was appointed as an Additional Director) of the Company by the Board of Directors with effect from

26th June 2014, and who holds office up to the date of this AGM and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri Thiagarajan Sankaralingam (DIN:00015954) as a candidate for the office of director of the Company, be and is hereby appointed as a Independent Director of the company with effect from 26th June, 2014 to 25th June, 2019, whose period of office shall not be liable to retire by rotation.”

8) To appoint Sri Amitabha Guha (DIN: 02836707) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 all other applicable provisions of the Companies Act, 2013, and the rules framed thereunder read with Schedule IV to the Companies Act, 2013, Sri Amitabha Guha (DIN: 02836707), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 26th June 2014, and who holds office up to the date of this AGM and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri Amitabha Guha (DIN: 02836707) as a candidate for the office of director of the Company, be and is hereby appointed as a Independent Director of the Company with effect from 26th June, 2014 to 25th June, 2019, whose period of office shall not be liable to retire by rotation.”

By Order of the Board of Directors

Sd/-

Mohit Gurjar

Company Secretary

Date : 26.06.2014
Camp: Hyderabad

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself on a poll and such proxy need not be a member of the company.
2. Proxies in order to be effective must be received at the Registered Office of the Company at Plot No.77, Jublee Enclave, Opposite To Hitex, Madhapur, Hyderabad – 500081, Telangana not less than 48 hours before the commencement of the meeting.
3. An explanatory statement, pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of item No. 5-8 of the notice, is annexed hereto.

Statement pursuant to Section 102(1) of the Companies Act, 2013

Item No. 5 & 6

With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every Public Company which attracts clause 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, to appoint 'Independent Directors' as defined in section 149 of the Act who are not liable to retire by rotation and shall hold office for a term up to 5 (five) consecutive years.

Accordingly, it is proposed to appoint Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah as Independent Directors under Section 149 of the Act office for a term of 5(five) consecutive years from the ensuing AGM. The Company has received declarations from Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah that they meet with criteria of Independence as prescribed under sub-section (6) of Section 149 of the Act.

The Company has received notices in writing under Section 160 of the Act, proposing the candidature of each of Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah for the office of Independent Director of the Company.

The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah fulfills the conditions specified in the Act and the Rules made there under relating to eligibility to be appointed as Independent Director and that they are independent of the management of the Company.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah. Copy of the draft letters for respective appointments of Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah are interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice with regard to their respective appointments.

None of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

Accordingly, the Board recommends the ordinary resolution set out at Item Nos.5 and 6 of the Notice, for appointment of Sri G.D.V. Prasada Rao & Sri Mukul Lal Sah as an Independent Director for the approval by the shareholders of the Company

Item No. 7 & 8

The Board of Directors of the Company, pursuant to the provisions of Section 149 and 161(1) of the Act and the Articles of Association of the Company, appointed Sri Thiagarajan Sankaralingam & Sri Amitabha Guha as Additional Director of the Company who shall hold office for a term up to 5 (five) consecutive years with effect from 26th June, 2014, subject to their election as a Director by the members at this Annual General Meeting. In terms of the provisions of Section 161(1) of the Act, Sri Thiagarajan Sankaralingam & Sri Amitabha Guha would hold office up to the date of the ensuing Annual General Meeting. Accordingly it is proposed to appoint Sri Thiagarajan Sankaralingam & Sri Amitabha Guha as Independent Directors under Section 149 of the Act to hold office for a term of 5 (five) years from 26th June, 2014 upto 25th June 2019. The Company has received notices in writing under Section 160 of the Act, proposing the candidature of each of Sri Thiagarajan Sankaralingam & Sri Amitabha Guha for the office of Independent Director of the Company.

The Company has also received declarations from Sri Thiagarajan Sankaralingam & Sri Amitabha Guha that they meets with criteria of Independence as prescribed under sub-section (6) of Section 149 of the Act.

The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Sri Thiagarajan Sankaralingam & Sri Amitabha Guha fulfills the conditions specified in the Act and the Rules made there under relating to eligibility to be appointed as Independent Director and that they are independent of the management of the Company.

The Board considers that keeping in view of the vast expertise and knowledge, it will be in the interest of the Company that Sri Thiagarajan Sankaralingam & Sri Amitabha Guha are appointed as an Independent Directors.

Copy of the letter of appointments of Sri Thiagarajan Sankaralingam & Sri Amitabha Guha as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Sri Thiagarajan Sankaralingam & Sri Amitabha Guha being appointees are interested in the resolutions set out respectively at Item No.7 & 8 of the Notice with regard to their appointments.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Accordingly, the Board recommends the ordinary resolution set out at Item Nos. 7 and 8 of the Notice, for appointment of Sri Thiagarajan Sankaralingam & Sri Amitabha Guha as an Independent Director for the approval by the shareholders of the Company

By Order of the Board of Directors

Sd/-

Mohit Gurjar

Company Secretary

Date : 26.06.2014

Camp : Hyderabad

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 15th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2014.

Financial Performance

Your company has achieved a total income of ₹119,877 Lakhs during the financial year 2013-14 as against previous year's total income of ₹93757 Lakhs, accounting for a topline growth of 27.86% and the growth of key parameters like EBIDTA and PAT as 30.85% and 36.31% respectively.

Financial Results

The financial performance of the company during the year ended 31st March, 2014 as compared with the previous financial year ended 31st March, 2013 are summarized below:

(Rupees in Lakhs)

PARTICULARS	2013-2014	2012-2013
Gross Revenue	119877.56	93757.78
Total Expenditure	103654.70	81360.44
Profit before Interest, Depreciation and Taxation	16222.86	12397.34
Less: Interest	2258.27	1512.09
Depreciation	3274.10	3347
Profit / (Loss) before Taxation	10690.49	7538.24
Less: Provision for Income Tax	3756.35	2497.77
Deferred Tax Liability / (Asset)	103.04	29.12
Profit / (Loss) after Tax	6831.10	5011.35
Add: Balance brought forward from previous year	13576.66	8891.11
Profit available for appropriation	20407.76	13902.46
Appropriation		
Transfer to General Reserve	350.00	200.00
Proposed Dividend on Equity	164.10	107.52
Provision for Tax on distributed profits (On Equity shares)	14.87	18.27
Balance of Profit carried forward to next year	19878.79	13576.66

Dividend

The Directors are pleased to recommend for the approval of the members, a dividend at the rate of 15% being ₹ 1.5/- per equity share on paid up value of ₹ 10/- per equity share for the FY 2013-14

Transfer To Reserves

The Company proposes to transfer ₹350.00 lakhs to the General Reserve out of the amount available for appropriations and an amount of ₹19878.79 lakhs is proposed to be retained in the Profit and Loss account.

Operational Performance

India is the fourth largest economy in the world and has a total installed capacity (excluding renewable energy) of 212 GW in fiscal 2014 an increase of 70GW from fiscal 2010, representing a CAGR of around 10%. This is in addition of around 43,300 MW of captive power capacity that is also connected to the grid, as on March 2013. An estimated ₹6.6 trillion of investments are projected to be made in power sector over the next 5 years (2013-14 to 2017-18).

Power Mech has executed an aggregate tonnage of approximately 3,50,000 metric tons in the fiscal year 2014 and were engaged in Erection Works contracts in fiscal year 2012 through fiscal 2014 for boilers aggregating 8,290 MW & turbines 15,790 MW. At present the company is providing AMC services to 19 power plants with an aggregate unit capacity of 24,465 MW. The civil division is executing projects in India & Yemen and maintaining a sustainable growth.

The overall performance of the company is the outcome of collective and dedicated service rendered by staff, management, associates, customers & financial institutions.

Changes In Share Capital

The company during the year had issued and allotted 187,500 (One Lakh Eighty Seven Thousand Five Hundred) Equity Shares of ₹ 10/- (Rupees Ten) each at a premium of ₹ 190/- (Rupees One Hundred and Ninety) per share on 26th November, 2013 to IL&FS Trust Company Limited acting in its capacity as trustees of Business Excellence Trust - India Business Excellence Fund pursuant to the exercise of conversion option vide their notice dated 25.11.2013 for conversion of 375 *Compulsorily Convertible Debentures ('CCD')* of face value of ₹ 100,000 (Rupees One Lac only).

Further in view of exceptional growth in the last decade and completion of 15 years, the board in their meeting held on 13th May, 2014, proposed to reward the share holders for their long standing relation with the company by issuing bonus shares in the ratio of 10:1.2 (i.e. 1.2 Shares for every 10 Shares held) by capitalizing the Reserves of the Company.

Accordingly the board in their meeting held on 26th June, 2014 issued and allotted 10,80,000 Bonus Shares by capitalizing the reserves of the company.

The capital structure of the company after taking into allotments stand as follows:

Authorized Capital	₹ 260,000,000
Issued / subscribed / called-up & Paid-up	₹ 120,202,640

Directors

Smt. S. Lakshmi, Director, retires at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Sri G.D.V. Prasad Rao & Sri Mukul Lal Sah, Independent Directors of the Company, are proposed to be appointed as Independent Directors not liable to retire by rotation for a term of 5 years as provided under section 149 of the Act.

Sri Thiagarajan Sankaralingam & Sri Amitabha Guha were appointed as Additional Directors (Independent Directors) of the company with effect from 26.06.2014 and as such their term ceases at the ensuing AGM. The Company received a notice in writing from the members respectively under section 160 of the Companies Act, 2013 proposing their candidature for the directorship of the company for a period of 5 years with effect from 26.06.2014.

The relevant resolutions proposing the above appointments for the approval of the shareholders forms part of the notice of the AGM.

Sri G. Srinivasulu, Sri M. Jagan Mohan & Sri A.R.N Rao, have resigned from the board with effect from 26.06.2014. The Board conveys its deep sense of appreciation for the services rendered by them during their tenure as directors of the company.

Alteration to the Articles of Association of the Company

The Articles of Association of the Company were altered twice during the year on 5th July, 2013 and 22nd January, 2014 in order to bring them in line with the amendments to subscription and shareholders agreement dated 19th November, 2009.

Subsidiaries

- **Hydro Magus Private Limited:** Your Company holds 51% equity in Hydro Magus Private Limited. During the year under review the Company commenced its operations and achieved a gross turnover of ₹ 6.17 Crores and profit after tax ₹ 21.27 lakhs. The Company has some inherent advantages being a subsidiary of Power Mech Projects Limited (PMPL) in getting projects as well as in completion with the support of PMPL.
- **Power Mech Industri Private Limited:** Your Company acquired complete control of this company by acquiring 100% shares pursuant to the takeover agreement dated 17.10.2013. The Company is in the process of commencing its commercial operations.

- **Power Mech Projects Limited FZE:** The subsidiary was closed during the year under review. Till the date of its operations, the Company generated revenue of 5,095,158 AED and paid a dividend of ₹ 163.02 Lakhs.

Information pursuant to section 212 of the Companies Act, 1956, relating to the subsidiary company, is annexed to this report. A copy of the subsidiary's accounts together with the Directors Report and Auditors Report are also attached to the Company's Balance Sheet.

Fixed Deposits

The Company has neither accepted nor renewed any deposits falling within the purview of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of deposits) Rules, 1975 from the public during the year under review.

Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of two Non-Executive Independent Directors and one Non-Executive non-independent director in accordance with the provisions of the Companies Act.

S.No	Name	Designation
1	GDV Prasada Rao	Chairman
2	Rakesh Sony	Member
3#	Amitabha Guha	Member

Appointed as member w.e.f 26.06.2014

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of two Independent Non-Executive Directors and one Non-Executive non-independent director. Pursuant to change in the composition of the board the Nomination and Remuneration committee was reconstituted w.e.f 26.06.2014. The composition of the Remuneration Committee is as follows:

S.No	Name	Designation
1#	T. Sankaralingam	Chairman
2	Rakesh Sony	Member
3	GDV Prasada Rao	Member

Appointed as Chairman of the committee w.e.f 26.06.2014

The Nomination and Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Executives in the top level Management of the Company and gives its recommendation to the Board and acts in terms of reference of the Board from time to time.

Stakeholders Relationship Committee

The Board of Directors constituted w.e.f 26.06.2014, Stakeholders Relationship Committee to look into Shareholders grievances:

S.No.	Name	Designation
1	GDV Prasada Rao	Chairman
2	Sajja Lakshmi	Member
3	Mukul Lal Sah	Member

Corporate Social Responsibility Committee

The Board of Directors had at its meeting held on 26.06.2014 constituted the CSR Committee in accordance with the provisions of Section 135 of the Act.

The composition of the CSR Committee is given hereunder:

S.No	Name	Designation
1	Sajja Kishore Babu	Chairman
2	GDV Prasada Rao	Member
3	Sajja Lakshmi	Member

Auditors

M/s. Brahmayya & Co, Chartered Accountants the Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting & being eligible, offer themselves for re-appointment for a term of five years in accordance with Section 139 of the Companies Act, 2013. The Board recommends their re-appointment.

Directors' Responsibility Statement

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that,

- 1) In the preparation of annual accounts for the Financial Year ended 31st March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and of the profit of the Company for the year ended on that date;
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 4) The Directors have prepared the annual accounts of the company on a 'going concern' basis.

Particulars of Employees

The particulars to be mentioned as per section 217(2A) of the Companies Act, 1956 read with Companies Act (Particulars of Employees) Rules, 1975 is annexed as **Annexure 1** to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given as **Annexure 2** and forms part of this report.

Corporate Social Responsibility

Power Mech Foundation was initiated as part of corporate Social Responsibility to Power Mech Projects Ltd, by the founder of the company Mr. S. Kishore Babu. The foundation is committed to inclusive and sustainable socio-economic development with greater thrust on:

- Education
- Community Development
- Health Management & Medical Aids
- Social Welfare
- Orphanages & Old-Age Homes
- Environment Protection
- Disaster / Calamity Management
- Empowerment & Livelihoods

Acknowledgement

Your Directors acknowledge the tremendous services rendered by the employees of the company at all the levels toward its overall success. Your Directors also express their grateful appreciation for the support and co-operation received from Banks, Government authorities, Customers, Vendors and members.

The Board also acknowledges with thanks the contribution of contractors and consultants in the implementation of various projects of the company and also wishes to place on record their appreciation for the valuable and constructive suggestions received from the auditors.

For and on behalf of the Board of Directors

Sd/-

S. Kishore Babu

Chairman & Managing Director

Date : 26.06.2014

Camp : Hyderabad

Annexure – I

Name, Age and Qualification	Designation and nature of duties	Date of commencement of employment	Experience in Years	No of Equity Shares held	Remuneration (₹ in Lacs)	Last Employment
S. Kishore Babu 51 Years Mechanical Engineer	Chairman & Managing Director Responsible for managing the overall affairs of the Company	22.07.1999	30	3601080	565.30	Joint Managing Director Indwell Construction Limited

The particulars of employees as required to be furnished under Section 217(2A) of the Companies Act, 1956:

- Remuneration includes Salary, Perquisites, Allowances & Commission.
- The conditions of employment of S. Kishore Babu are contractual and other terms and conditions are as per Company's rules.

Annexure – 2

Particulars in Respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is hereunder:

A) Conservation of Energy

- a) Energy conservation measures taken: The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources and constantly evaluates new technologies and invests to make its infrastructure more energy-efficient.
- b) Additional investments and proposals, if, any, being implemented for reduction of conservation of energy: NIL
- c) Impact of the clause (1) and (2) above the reduction of energy consumption and consequent impact on the production of goods: N.A

B) Technology Absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company	NIL
2. Benefits derived as a result of the above R&D	NIL
3. Future plans of action	NIL
4. Expenditure on R&D	
Capital	NIL
Recurring	NIL
Total	NIL
Total R&D Expenditure as % of total turnover	NIL

Technology Absorption, Adaptation and Innovation

1. Efforts made towards technology absorption Adaptation and innovation	NIL
2. Benefits derived as a result of above efforts	NIL
3. Information about imported technology	NIL
a. Technology imported	
b. Year of Import	
c. Whether Technology fully absorbed	
d. If not fully absorbed, areas and reasons for future plans actions	

C) Foreign Exchange Earnings and Outgo

1. Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans.

The Company plans to explore and tap overseas markets. The Company also proposes to bring in new products and services which shall be first launched in the domestic markets and then shall be introduced in the overseas markets.

2. Foreign exchange earnings and outgo (₹ in Lacs)

	2013-14	2012-13
A. Earnings	7534.98	259.32
B. Outgo	6693.86	239.06

Statement pursuant to Section 212 of the Companies Act 1956

1	Name of the Subsidiary Company	Hydro Magus Private Limited, Hyderabad	Power Mech Industri Private Limited (w.e.f 17.10.2013)
2	The Financial Year of the subsidiary company ended on:	31.03.2014	31.03.2014
3	Number of shares in the subsidiary company held by Holding Company at the above date:		
	- Equity shares	51000 shares of ₹ 10/- each	18937 shares of ₹ 10/- each
	- Equity holding (%)	51.00%	100%
4	The net aggregate of profits(losses) of the subsidiary company for its financial year so far as they concern the members of Holding company -		
	- Dealt with the accounts of Holding Company	NIL	NIL
	- Not dealt with the accounts of Holding Company	10,85,154.54	NIL
5	The net aggregate of profits(losses) of the subsidiary company for its previous financial years so far as they concern the members of Holding company		
	- Dealt with the accounts of Holding Company	NIL	NIL
	- Not dealt with the accounts of Holding Company	1085154.54	NIL
6	Changes in the interest of Holding Company between the end of the last financial year and 31.03.2014	NIL	The Company acquired 100% control wef 17.10.2013.
7	Material Changes between the end of the last financial year and 31.03.2014	NIL	NIL

For and on behalf of the Board of Directors

Sd/

S. Kishore Babu

Chairman & Managing Director

Date : 26.06.2014

Camp : Hyderabad

Management Discussion and Analysis

Over view

Power Mech is one of the leading integrated power and infrastructure Companies in India providing comprehensive service in erection, testing and commissioning of boilers, turbines and generators ('ETC-BTG') and balance of plant ('BOP'), civil works. The other core activities include operation and maintenance (O&M) services. Our operations include three principal business lines: (i) Erection Works; (ii) Operation & Maintenance (O&M) Services; and (iii) Civil Works.

The company was able to accomplish many prestigious and major power projects in Erection, Testing, Commissioning, Maintenance and Overhauling, AMC and Civil Works in India and abroad. The company also entered its operations in steel and petro-chemical industries and making horizontal expansion. This analysis underscores to discuss the opportunities ahead, the challenges to be met, the strength we inherit and the road-map to be followed.

Business Opportunities

India is the fourth largest economy in the world and is estimated to have registered a growth rate of 4.7% in 2013-14 (in terms of GDP at factor cost at constant prices). A moderate recovery of the Indian economy is expected to set in during 2014-2015 broadly in line with the Reserve Bank of India's (RBI) indicated projections in January, 2014. However, there is consensus that infrastructure inadequacies, including insufficient power generation, would constitute a significant constraint in realising the development potential of India. While power demand expanded at a compounded annual growth rate (CAGR) of 6 percent between fiscal 2006 and fiscal 2014, India's GDP augmented at a CAGR of 7.8 percent during the period. The similarity between India's GDP growth and power demand underlines a healthy relation between them.

Risks, Threats

It is true that the opportunity is there in the power sector with proactive development, and ever increasing power demand but it is not without risks and threats. Power Mech being an ETC Contractor, and service provider faces problems like any other Company at the receiving end.

There are some major challenges such as local labour issues, delay in land acquisition, import of materials, and clearances from various agencies which need to be addressed vigorously and effectively. The availability of finance for power industry still remains in uncomfortable zone and sooner it is addressed the better. The bankers and financial institutions are yet to open-up their windows for power industry and we are hopeful for a break through very early.

The continuing concern for the industry is shortage of skilled and semi-skilled labour. As the demand for power generation keep increasing which is only expected and construction activities getting spurred up, the gap between the supply and demand for skilled and semi skilled labour may widen further. But again this is a matter of concern for not only the power sector industry but to entire industry as well.

SWOT Analysis

Strengths

- ✓ Better connectivity and wider network to remain a 'comprehensive Service Provider'.
- ✓ 15 years of experience with proven records and achievements.
- ✓ Incredible crane bank capable of handling and erecting more than **3,50,000 MT** per annum.
- ✓ Man power strength **with 3878 direct employees and 30,000 indirect employees.**
- ✓ Excellent relationship with all power majors operating in India.
- ✓ Qualified Engineers and experienced Technicians to meet any demand and challenge.

Weakness

- ❖ Unorganized market space with unforeseen competition.
- ❖ Insufficiency in the availability of employable engineers in the present market.
- ❖ General slow down due to inadequate support from Financial Institutions and bankers.

Opportunities

- Change expected in investments through Govt intervention and due to market growth.
- The concept on annual maintenance contracts has gained momentum in power sector.
- Exploring opportunities in International Market for maintenance and overhauling works.

Threats

- * Competition from unorganized and under organized companies for critical works where price plays primary role.
- Short supply of erection materials from manufacturers due to crunch financial assistance from financial Institutions and bankers.
- Shortage of indigenous coal and undue escalation in price of imported coal against demand.

Human Resource Management

Being a labour oriented company, Power Mech derives its strength from the work force. The company has a manpower strength of 3878 **direct employees as on 31-03-2014 which includes** qualified Engineers. Further there is huge roll of indirect employees engaged through our Associates, which at present **stands at more than 30,000**. The company has a separate wing for each Department at sites and at corporate office with the independent heads. Periodical meetings of heads with senior officers, planned visits to sites and branch offices by Directors and other officials keep the monitoring system in place.

Internal Control System

Power Mech has an inbuilt checking and balance mechanism to safeguard its interests and to protect it from loss, pilferages, and misuse of resources. With the SAP system in place all transactions are made transparent and are to be duly appended by authorized persons. The company is following proper procedures for accounting and book keeping. It has an in-house auditing department along with external auditors and is meeting its statutory needs meticulously. Periodical and surprise visits at sites and branches are made by the internal audit team and a detailed audit is conducted. The management and the audit committee of the Board periodically review the audit reports.

Independent Auditors' Report

To
The Members of
POWER MECH PROJECTS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of POWER MECH PROJECTS LIMITED ('the Company') which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
3. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
5. On the basis of written representations received from the directors, as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn. No. 000513S

Date : 26.06.2014
Camp : Hyderabad

Karumanchi Rajaj
Partner
ICAI Membership No.202309

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of **POWER MECH PROJECTS LIMITED** ('the Company') for the year ended 31st March, 2014, we report that:

1. In respect of its fixed assets;
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) According to the information and explanations furnished to us, the Company has not physically verified its fixed assets during the year. However, the Company has adopted a phased programme of verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
 - c) According to the information and explanations furnished to us, the Company has not disposed off a substantial part of its fixed assets during the year and therefore do not affect the going concern assumption.
2. In respect of its Inventories;
 - a) According to the information and explanations furnished to us, the Company has physically verified its inventories during the year. In our opinion, the frequency of such verification to the extent carried out is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) According to the information furnished to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
3. The company has neither granted nor taken any loans secured or unsecured to/and from parties covered in the register maintained under section 301 of the Companies Act, 1956 at the beginning of the year or during the year and consequently reporting under sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause 4(iii) of the Order does not arise during the year under report.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in section 301 of the Act:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the register maintained under section 301 of the Act and exceeding the value of ₹.5 lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company and other terms of business with such parties, at the relevant time.
6. The company has not accepted any deposits from the Public. Hence the reporting requirements with reference to compliance with the provisions of sections 58A and 58AA or any other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public does not arise during the year. Further, according to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for noncompliance with the provisions of sections 58A and 58AA of the Act.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed audit of the same.
9.
 - a) According to the information furnished and records produced before us, the Company made delays in remittance of Service tax, TDS and PF but is regular in depositing the undisputed statutory dues including Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Customs duty, Excise duty, Cess and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable except sales tax to the extent of ₹ 9.54 lakhs. However, the said amount was remitted before the date of our report.
 - b) According to the information furnished to us and records of the Company examined by us, at the date of Balance Sheet, there were no amounts of Wealth-tax, Sales tax, Customs duty, Excise duty, Cess and Service tax that were disputed and not remitted by the Company.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the Company, there were no defaults in repayment of dues to banks and debenture holders. However the company has not borrowed any amounts from financial institutions.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations furnished to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society and hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company during the year under report.
14. According to the information furnished to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company applied as Co-borrower in respect of loans availed from Axis bank by its Subsidiary company Hydro Magus Pvt. Limited. Further the company provided bank guarantees to the banks on behalf of said subsidiary company. However the terms and conditions of such guarantees/term loans were not prejudicial to the interest of the company.
16. According to the information and explanations given to us, the term loans obtained by the Company during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that considering the internal accruals of the Company during the year under report that funds raised on short-term basis have not been used for long-term investment or other investments during the year.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.

19. The Company has not issued any debentures during the year under report.
20. The Company has not raised any money through public issues during the year. Accordingly, the provisions of clause (xx) of paragraph 4 of the Order are not applicable to the Company during the year under report.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn. No. 000513S

Date : 26.06.2014
Camp : Hyderabad

Karumanchi Rajaj
Partner
ICAI Membership No.202309

Note No 1: Statement on Accounting Policies and Notes on Accounts

1. Corporate Information

Power Mech Projects Limited is incorporated in the year 1999 and is engaged in the business of providing ETC and O&M services for power projects. The company is associated with all power majors in India and Overseas for Public and Private sector power utilities apart from multi national companies. Power Mech is now engaged in several power projects ranging from 135MW to 800MW, besides many projects in lower segment also. Thus, Power Mech is proud to be a vital part of India's Power generation capacity augmentation.

2. Statement on Accounting Policies

a. Basis of Accounting and preparation

The Company has prepared the financial statements under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India. The financial statements are prepared to comply in all material respects with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, the pronouncements of ICAI and the relevant provisions of Companies act, 1956.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Use of Estimates

The preparation of financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The judgments, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an ongoing basis. However, future results could differ from these estimates. Any revision to these accounting estimates is recognised prospectively in the current and future periods.

b. Tangible fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties and taxes, borrowing costs, if any, on specific borrowings utilised for financing the assets upto the date of commissioning, the cost of installation/erection and other incidental expenses incurred to bring the asset to its present location and condition but exclusive of duties and taxes that are subsequently recoverable from taxing authorities.

Capital Work-in-progress are stated at the amount expended up to the date of balance sheet.

c. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. All costs, including borrowing costs, if any, on specific borrowings utilised for financing the assets till commencement of commercial production are capitalized

d. Depreciation and Amortization

The depreciation has provided under Straight-line method using the rates arrived at based on the useful lives estimated by the management. The following are the rates of depreciation adopted to provide depreciation.

Name of the asset	Rate of depreciation
Office buildings	5%
Plant and machinery	20%
Furniture and fixtures	20%
Computers	25%
Office equipments	20%
Vehicles	20%
Cranes	8%
Mobile Phones	100%

Individual assets costing up to ₹5,000/- each are fully depreciated in the year of purchase.

Depreciation on assets added/sold during the year is provided on pro-rata basis from the date of acquisition or up to the date of sale, as the case may be.

Intangible assets, comprising of expenditure on computer software, incurred are amortised on a straight line method over a period of five years.

e. Impairment of Assets

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

f. Borrowing Costs

Borrowing Costs, that are directly attributable to the acquisition or construction of assets, that necessarily take a substantial period of time to get ready for its intended use, are capitalised as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

g. Investments

Non-current investments are stated at cost and income thereon is accounted for on accrual. Provision towards decline in the value of long term investments is made only when such decline is other than temporary.

h. Inventories

- a) Stores and consumables are valued at lower of cost or Net realizable value.
- b) Work-in-progress:
Contracts in progress and not due for billing to the customer as on date of balance sheet are valued at agreed contract price.
- c) Contracts awarded to the company and not commenced as on date of balance sheet, the cost incurred in securing the contract and related expenses incurred are shown as asset as per the requirements of AS-7.

i. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

The company undertakes erection and maintenance contracts and revenue from these contracts is recognized by following the percentage of completion method and is measured with reference to actual completion of physical proportion of the work to the extent of work certified by the customer. The portion of the work which was completed, but pending for certification by the customer, is also recognized as revenue by treating the same as unbilled / uncertified revenue. Any claims, variations and incentives is recognized as revenue only when the customer accepts the same. Provision for expected loss is recognized immediately when it is probable that the total estimated cost will exceed total contract revenue.

The contracts receipts are exclusive of service tax.

Revenue from sale of products is recognised when the risks and rewards of ownership are transferred to the buyer under the terms of the contract usually on the dispatch of goods to the customer.

Interest on investments and deposits is booked on a time proportion basis taking into account the amounts invested and the rate of interest when no significant uncertainty as to measurability or collectability exists. Revenue from sale of assets are recognised upon delivery, which is when title passes to the customer.

Dividend income is accounted for in the year in which the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

j. Employee Benefits

i) Defined Contribution Plans

Company's contribution to Employees Provident Fund and Employees State Insurance are made under a defined contribution plan, and are accounted for at actual cost in the year of accrual.

ii) Defined Benefit Plans

- Company's liability to Gratuity on retirement of its eligible employees is funded and is being administered by the Life Insurance Corporation of India Limited. Cost of providing these benefits is determined on the basis of actuarial valuation at the end of each year and the incremental expense thereon is recognised and charged to Profit and Loss Account in the year in which the employee has rendered service.
- The liability towards leave encashment, being short term employee benefit and which is unfunded is provided based on actual liability computed at the end of each year.
- Gains / Losses arrived at in the above actuarial valuations are charged to Profit and Loss Account.

k. Foreign Currency Transactions

i) The reporting currency of the Company is Indian Rupees.

ii) Transactions in foreign currency are initially recorded in the reporting currency at the exchange rate prevailing on the date of transaction, and charged or credited to revenue with the difference in rate of exchange arising on actual receipt/payment during the year.

iii) At each Balance Sheet date

- Foreign currency monetary items are reported using the rate of exchange on that date.
- Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized.

l. Income-Taxes

Income tax expense comprises current and deferred taxes.

i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

ii) Deferred tax is recognised under the liability method, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods, at the rate of tax enacted or substantively enacted by the balance sheet date.

m. Provisions, Contingent Liabilities and Contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The company does not recognise contingent liabilities but the same are disclosed in the Notes.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

n. Dividends

Provision for dividends payable (including income tax thereon) is accounted in the books of account as proposed by the Directors, pending approval of share holders at the Annual General Meeting

o. Earnings per share

Earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars		Note No.	As at 31.03.2014	As at 31.03.2013
I.	EQUITY AND LIABILITIES			
(1)	Shareholders' funds			
	(a) Share capital	2	109,402,640	107,527,640
	(b) Reserves and surplus	3	2,625,582,777	1,924,744,221
			2,734,985,417	2,032,271,861
(2)	Non-current liabilities			
	(a) Long-term borrowings	4	272,777,563	279,052,067
	(b) Deferred tax Liability (Net)	5	78,367,773	68,063,981
	(c) Other Long term liabilities	6	936,041,053	829,011,366
			1,287,186,389	1,176,127,413
(3)	Current liabilities			
	(a) Short-term borrowings	7	1,393,986,580	871,644,453
	(b) Trade payables	8	1,869,697,883	1,458,324,320
	(c) Other current liabilities	9	1,353,619,838	1,332,823,531
	(d) Short-term provisions	10	894,341,829	765,645,871
			5,511,646,130	4,428,438,175
	Total		9,533,817,937	7,636,837,449
II.	ASSETS			
(1)	Non-current assets			
	(a) Fixed assets	11		
	(i) Tangible assets		1,719,061,938	1,681,006,549
	(ii) Intangible assets		13,051,138	11,989,909
	(iii) Capital work-in-progress		66,002,010	68,965,267
			1,798,115,086	1,761,961,725
	(b) Non-current investments	12	53,755,207	2,574,116
	(c) Long-term loans and advances	13	41,049,213	31,738,879
	(d) Other non-current assets	14	1,688,476,415	949,661,336
			1,783,280,835	983,974,331
(2)	Current assets			
	(a) Inventories	15	242,858,807	192,492,963
	(b) Trade receivables	16	1,481,942,769	1,741,965,527
	(c) Cash and cash equivalents	17	687,315,260	565,773,643
	(d) Short-term loans and advances	13	1,934,635,677	1,299,814,226
	(e) Other current assets	14	1,605,669,502	1,090,855,034
			5,952,422,015	4,890,901,393
	Total		9,533,817,937	7,636,837,449
	Significant accounting policies	1		
	Notes to Accounts	27- 41		

As per our report of even date

For and on behalf of the Board

for **BRAHMAYYA & CO.**

Firm's Registration Number: 000513S
Chartered Accountants

S. Kishore Babu
Chairman and Managing Director

Karumanchi Rajaj
Partner
Membership Number: 202 309

Rakesh Sony
Director

Mohit Gurjar
Company Secretary

Date : 26.06.2014
Camp : Hyderabad

Statement of Profit and Loss for the Year Ended 31st March, 2014

(Amount in ₹)

Particulars	Note No.	Year ended 31.3.2014	Year ended 31.3.2013
Continuing Operations			
Revenue			
Revenue from Operations	18	11,871,956,311	9,329,612,728
Other income	19	115,800,007	46,165,101
Total Revenue		11,987,756,318	9,375,777,829
Expenses			
Cost of materials consumed	20	755,374,322	642,167,578
Changes in inventories of work-in-progress	21	(12,908,526)	1,244,368
Contract execution expenses	22	8,384,491,502	6,716,903,110
Employee benefits expenses	23	1,067,230,641	667,585,381
Finance costs	24	263,477,207	167,733,498
Depreciation and amortization expense	25	327,410,062	334,700,479
Other expenses	26	133,631,293	91,619,288
Total expenses		10,918,706,501	8,621,953,702
Profit before tax		1,069,049,817	753,824,127
Tax expense:			
Less: Current tax		375,635,197	249,777,311
Deferred tax liability		10,303,792	2,912,074
Profit after tax for the year		683,110,828	501,134,742
Earnings per equity share			
Basic		63.15	46.61
Diluted		59.44	43.62
Significant accounting policies	1		
Notes to Accounts	27-41		

As per our report of even date

For and on behalf of the Board

for BRAHMAYYA & CO.Firm's Registration Number: 000513S
Chartered Accountants**S. Kishore Babu**
Chairman and Managing DirectorKarumanchi Rajaj
Partner
Membership Number: 202 309**Rakesh Sony**
Director**Mohit Gurjar**
Company SecretaryDate : 26-06-2014
Camp : Hyderabad

Cash Flow Statement for the Year Ended 31st March, 2014

(Amount in ₹)

PARTICULARS		2013-14	2012-13
I.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	1,069,049,817	753,824,127
	Add/Less: Adjustments for :		
	Depreciation	327,410,062	334,700,479
	Interest and Finance charges	225,826,806	151,208,902
	Loss on sale of assets	234,663	-
	Interest income	(64,882,667)	(42,229,735)
	Dividend Income	(7,661,491)	(10)
	Profit on sale of assets	(1,215,453)	(3,900,561)
	Provision for diminution in value of investments	(6,718)	12,328
	Foreign exchange fluctuations	37,650,401	16,524,595
	Operating profit before working capital changes	1,586,405,419	1,210,140,125
	Add/Less: Adjustments for working capital		
	Increase in Inventories	(50,365,845)	(81,933,194)
	Increase in Trade and other receivables	(1,562,235,141)	(1,398,982,092)
	Increase in Trade payables	618,681,541	745,332,400
	Cash generated from operations	592,485,976	474,557,240
	Less: Direct taxes paid	(331,290,244)	(258,701,565)
	Net cash from Operating activities (A)	261,195,732	215,855,675
II.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets/Capital works-under progress	(366,081,933)	(380,051,672)
	Proceeds from sale of fixed assets	3,499,300	17,626,019
	Investment in Subsidiary company / securities	(53,090,413)	(510,000)
	Margin money deposits with banks	(106,690,854)	(69,285,840)
	Repatriation of Overseas Investments	1,916,040	-
	Interest received	64,882,667	42,229,735
	Dividend received	7,661,491	10
	Net cash used in Investing activities (B)	(447,903,701)	(389,991,748)
III.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from borrowings	402,465,734	414,141,549
	Increase in Share Capital	1,875,000	-
	Securities Premium	35,625,000	-
	Interest and Finance charges paid	(225,826,806)	(151,208,902)
	Dividends and dividend tax paid	(12,580,196)	(12,497,131)
	Net cash from financing activities (C)	201,558,732	250,435,516
	Net Increase in cash and cash equivalents (A+B+C)	14,850,763	76,299,443
	Cash and cash equivalents at the beginning of the period	94,105,793	17,806,351
	Cash and cash equivalents at the end of the period	108,956,556	94,105,794
	Net Increase in cash and cash equivalents	14,850,763	76,299,443

As per our report of even date

For and on behalf of the Board

for BRAHMAYYA & CO.

Firm's Registration Number: 000513S
Chartered Accountants

S. Kishore Babu

Chairman and Managing Director

Karumanchi Rajaj
Partner
Membership Number: 202 309

Rakesh Sony
Director

Mohit Gurjar
Company Secretary

Date : 26-06-2014
Camp : Hyderabad

Note No. 2

Share Capital

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
Authorised:		
2,60,00,000 Equity Shares of ₹10/- each	260,000,000	260,000,000
Issued, subscribed and paid up:		
1,09,40,264 (1,07,52,764) Equity Shares of ₹10/- each fully paid up	109,402,640	107,527,640
Total	109,402,640	107,527,640

- The company has only one class of Equity shares having a par value of ₹10/- each. Each holder of equity share is entitled to one vote per share on poll and have one vote on show of hands.

The company declares and pays dividends as proposed by the Board of directors and is subject to approval of the shareholders in the ensuing Annual general meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company in proportion to their shareholding after distribution of payments to preferential creditors.

- Details of share holders holding more than 5% of total number of shares.

Name of the Share Holder	As at 31.03.2014		As at 31.03.2013	
	Number of Shares held	% out of total number of shares of the company	Number of Shares held	% out of total number of shares of the company
S. Kishore Babu	3,215,250	29.39%	3,215,250	29.90%
S. Kishore Babu (HUF)	1,200,000	10.97%	1,200,000	11.16%
S. Lakshmi	2,143,350	19.59%	2,143,350	19.93%
S. Rohit	1,402,050	12.82%	1,402,050	13.04%
India Business Excellence Fund - I	1,314,573	12.02%	1,314,573	12.23%
India Business Excellence Fund *	625,691	5.72%	438,191	4.08%
Total	9,900,914	90.50%	9,713,414	90.34%

* As per the terms of the agreement, one of the debenture holders, India Business Excellence Fund exercised their option of conversion of 375 Debentures, Whereby 1,87,500 equity shares of ₹10 each were allotted at a premium of ₹190 each.

- The company is not a subsidiary company to any of the company. The company had 2 subsidiary companies Hydro Magus Pvt. Limited and Power Mech Industri Pvt. Ltd. None of the shares of the company are held by its subsidiary companies. Power Mech Overseas Projects FZE, Sharjah which was a subsidiary company was closed on 9th December, 2013.

4. Reconciliation of number of Shares:

(Amount in ₹)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares		Equity Shares	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the year	10,752,764	107,527,640	10,752,764	107,527,640
Add: Shares Issued during the year on conversion of Debentures	187,500	1,875,000	-	-
	10,940,264	109,402,640	10,752,764	107,527,640
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,940,264	109,402,640	10,752,764	107,527,640

5. Aggregate number of bonus shares issued during the period of 5 years immediately preceding the reporting date:

During the Financial Year 2008-09, the company had allotted 30,00,000 equity shares as fully paid up bonus shares by capitalising part of General Reserves.

Note No. 3

Reserves and Surplus

Particulars	As at 31.03.2014	As at 31.3.2013
Securities Premium Reserve		
Figures as at the end of the previous reporting period	232,473,360	232,473,360
Additions during the year on conversion of Debentures	35,625,000	-
Deductions during the year	-	-
Figures as at the end of current reporting period	268,098,360	232,473,360
General Reserve		
Figures as at the end of the previous reporting period	334,604,955	90,000,000
Additions - Transfer from P&L a/c	35,000,000	20,000,000
Excess depreciation written back consequent to change in method	-	332,477,175
	369,604,955	442,477,175
Deductions - Deferred tax liability on excess depreciation	-	107,872,219
Figures as at the end of current reporting period	369,604,955	334,604,954
Surplus in Profit and Loss Account		
Figures as at the end of the previous reporting period	1,357,665,908	889,111,361
Add: Profit for the year transferred from P&L a/c	683,110,828	501,134,742
	2,040,776,736	1,390,246,103
Less: Proposed dividend - On Equity	16,410,396	10,752,764
: Tax on Proposed dividend *	1,486,878	1,827,432
: Transfer to General reserves	35,000,000	20,000,000
Figures as at the end of current reporting period	1,987,879,462	1,357,665,906
Total of Reserves and Surplus	2,625,582,777	1,924,744,220

- Remittance in foreign currency on account of dividends:

Particulars	Paid in 2013-14	Paid in 2012-13
Year to which it relates	2012-13	2011-12
No. of Non Resident Shareholders	1	1
No. of shares on which remittance was made	1,314,573	1,314,573
Amount paid (₹ in INR)	1,314,573	1,314,573

* The tax on distributed profits is provided after adjusting dividends received from foreign subsidiary company in view of the provisions of Section 115-O (1A)(i) (b).

Note No. 4

Long-Term Borrowings

(Amount in ₹)

Particulars	Non-current Portion		Current Maturities	
	As at 31.03.2014	As at 31.3.2013	As at 31.03.2014	As at 31.3.2013
A. Secured				
i. Term loans				
a) From banks:				
i) Axis bank	78,407,879	41,266,966	67,500,149	55,081,228
ii) State bank of Hyderabad	-	2,300,000	2,355,739	9,200,000
iii) HDFC	9,742,740	14,307,095	12,211,190	24,645,393
iv) ICICI	-	2,001,250	7,646,806	4,513,853
v) Standard Chartered Bank	117,096	10,611,542	10,574,303	46,898,113
vi) Kotak Mahendra bank	-	-	-	4,522,014
vii) State Bank of India	36,645,000	-	16,284,000	-
viii) Standard Chartered Bank (Under Buyers credit)	28,547,405	-	-	-
b) From Companies:				
i) Bajaj Finance	-	5,977,888	5,977,887	18,009,348
ii) L&T Finance	-	-	-	208,606
iii) SREI	6,817,443	27,840,194	21,022,751	23,297,822
Total (a)	160,277,563	104,304,935	143,572,825	186,376,377
B. Unsecured				
a) 1125 (1500) 2% Compulsorily Convertible Debentures of ₹ 1,00,000/- each	112,500,000	150,000,000	-	-
As per the terms of the agreement, one of the Debenture holders, India Business Excellence Fund exercised their option of conversion of 375 Debentures, Whereby 1,87,500 equity shares of ₹ 10 each were allotted at a premium of ₹ 190 each.				
The remaining debentures are to be convertible into 562500 Equity shares of ₹ 10/ each at a premium of ₹ 190/ each at any time at the option of debenture holders within a period of 5 years and shall rank paripassu in all respects and identical with the existing Equity shares of the company with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance and all other provisions provided in agreement to issue.				
b) Deferred payment liabilities				
Due to suppliers on deferred credit basis	-	24,747,132	277,360,577	310,508,514
Total (b)	112,500,000	174,747,132	277,360,577	310,508,514
Total (a + b)	272,777,563	279,052,067	420,933,402	496,884,891

Note:

- The term loans from banks and companies are secured by way of hypothecation of assets funded under the said facility. Further, the loans are guaranteed by Managing Director and a Director in their personal capacities.
- The above loans carries interest varies from 7.5 % to 12.75%
- The above loans are repayable in monthly/quarterly installments.
- The non-current portion of above term loans are repayable in following manner.
Banks: 2015-16 ₹8,85,61,781/- 2016-17 - ₹4,65,44,223/- and 2017-18 ₹1,83,54,117/-
Companies: 2015-16 - ₹68,17,443/-.
- No defaults were made in repayment of above term loans.

Note No. 5

Deferred Tax Liability

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
Opening balance (Asset)/Liability	68,063,981	(42,720,313)
Add/less : Liability provided during the year *	10,303,792	110,784,294
Closing balance - Liability	78,367,773	68,063,981

* Of the amount of ₹110,784,294/- provided during the year 2012-13, an amount of ₹107,872,219/- was adjusted against General Reserve, being liability on excess depreciation provided upto 31.3.2012 and balance was charged against previous year Profits.

Components of Deferred Tax Liability / (Asset)

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
a) Liability:		
- On fixed assets towards depreciation	87,325,483	73,425,385
b) Assets:		
- Loss on Foreign exchange fluctuations disallowed u/s 43A of Income-tax Act	8,957,710	5,361,405
Total	78,367,773	68,063,981

Note No. 6

Other Long-Term Liabilities

(Amount in ₹)

Particulars	Non-current Maturities		Current Maturities	
	As at 31.03.2014	As at 31.3.2013	As at 31.03.2014	As at 31.3.2013
a) Mobilisation advances received from customers	358,683,331	505,779,759	251,001,326	461,065,570
b) Retention Money & Security deposits recovered from Sub Contractors	577,357,722	323,231,607	133,297,704	103,166,736
Total	936,041,053	829,011,366	384,299,030	564,232,306

Note: Current maturities represents amounts to be settled within 12 months after the date of balance sheet.

The segregation of above amounts are made based on the time schedule in execution of projects, probability in completion of works, terms of release of amounts and estimates of the management.

Note No. 7

Short-Term Borrowings

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
A. Secured		
Loans repayable on demand:		
a) Working capital loans from banks		
i) From State Bank of Hyderabad	530,599,235	494,976,216
ii) From Standard Chartered bank	50,000,000	50,000,000
iii) From ICICI bank	50,367,845	50,000,000
iv) From State Bank of India	298,352,663	-
v) Citi bank bill discounting	247,657,829	199,983,800
b) Over Draft from banks:		
i) From State Bank of Hyderabad	92,570,261	50,034,795
ii) From State Bank of India	27,154,562	26,649,642
B. Unsecured		
i) From SIDBI under MSME - Receivable finance scheme	972,84,186	-
Total	1,393,986,580	871,644,453

Note:

- Working capital loans from SBH, Standard Chartered bank, SBI and ICICI bank are secured by way of first charge on entire current assets of the company on pari passu basis. Further these loans are secured by way of first charge on fixed assets both present and future, excluding those assets against which charge was given to equipment financiers.
The said loans are collaterally secured by way of equitable mortgage of immovable properties belonging to the company, Managing Director, Director and a firm.
- Bill Discounting facilities with Citi Bank is secured by way of first charge on pari-passu basis on inventories and book debts of the company.
- Overdraft facility from banks is secured against fixed deposits with banks.
- All the above loans are guaranteed by Managing Director and a director in their personal capacities.

Note No. 8

Trade Payables

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
Dues to: Small and Micro Enterprises (Refer note below)	-	-
: Other than Small and Micro Enterprises	1,869,697,883	1,458,324,320
Total	1,869,697,883	1,458,324,320

Note: The company has no information about the status of its creditors to identify their status under Micro, Small and Medium Enterprises Development Act, 2006. Consequently, the disclosure requirements u/s 22 of the said Act has not been made.

Note No. 9

Other Current Liabilities

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
a) Current maturities of long-term debt (Refer note No.4)	143,572,825	186,376,377
b) Current maturities of deferred credit payment to suppliers (Refer note No.4)	277,360,577	310,508,514
c) Current maturities of Mobilisation advances from customers (Refer note No.6)	251,001,326	461,065,570
d) Current maturities of retention money and security deposits due to sub-contractors (Refer note No.6)	133,297,704	103,166,736
e) Creditors for capital goods	82,604,170	6,350,775
f) Advances received from customers against supplies/works	179,582,186	123,645,239
g) Interest accrued and due on borrowings	772,183	145,200
h) Interest accrued but not due on borrowings	393,315	795,089
i) Unclaimed Dividend*	73,650	119,899
j) Others:		
i) Employee related payments	120,368,136	56,362,321
ii) Statutory liabilities	86,782,066	29,883,715
iii) Other liabilities	77,811,700	54,404,096
Total	1,353,619,838	1,332,823,531

* Represents dividend for the financial year 2010-11, 2011-12 and 2012-13.

Note No. 10

Short Term Provisions

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.3.2013
a) Provision for employee benefits		
- Group gratuity (Net of plan assets)	1,283,665	60,360
- Leave Encashment (Unfunded)	5,035,195	2,728,004
b) Provision for Income-tax	870,125,695	750,277,311
c) Proposed Equity dividend	16,410,396	10,752,764
d) Provision for tax on equity dividend	1,486,878	1,827,432
Total	894,341,829	765,645,871

(Amount in ₹)

Disclosure pursuant to requirements of AS-15 'Employee Benefits'	31.3.2014	31.3.2013
Defined Benefit Plan: Group Gratuity		
Expenses recognised in Profit and Loss Account		
Current service cost	4,970,082	4,048,389
Interest cost	1,500,921	1,165,577
Expected return on plan assets	(1,892,388)	(1,477,816)
Net actuarial (gain) / loss	750,623	(894,726)
Net expense recognised in statement of P&L	5,329,238	2,841,423
Reconciliation of Fair value of plan assets		
Assets at the beginning of the year	18,701,149	12,708,864
Contributions	4,105,934	4,641,911
Actual return on plan assets	1,892,388	1,477,816
Benefits paid	(339,690)	(127,442)
Assets at the end of the year	24,359,781	18,701,149
Reconciliation of changes in present value of defined benefit obligations		
PV of obligation at the beginning of the year	18,761,509	14,569,712
Current service cost	4,970,082	4,048,389
Interest cost	1,500,921	1,165,577
Benefits paid	(339,690)	(127,442)
Actuarial (gain) / loss	750,623	(894,726)
PV of obligation at the end of the year	25,643,446	18,761,509
Net liability recognized in the balance sheet		
PV of obligation at the end of the year	25,643,446	18,761,509
Assets at end of the year	24,359,781	18,701,149
Funded status	1,283,665	60,360
Net liability recognized in balance sheet	1,283,665	60,360
Actuarial assumptions		
Discount rate	8.00	8.00
Salary escalation	7.00	7.00

Note No. 11

Depreciation Statement As On 31-03-2014

(Amount in ₹)

S. No	Name of The Asset	Gross Block			Depreciation			Net Block		
		As on 01.04.2013	Additions	Deletions	As on 31.03.2014	Depreciation for the Year	Deletions	Depr Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
(A)	TANGIBLE ASSETS									
1	Land	24,175,049	1,102,035	-	25,277,084	-	-	-	25,277,084	24,175,049
2	Office Buildings	68,251,342	64,935,062	-	133,186,404	4,006,964	-	10,817,375	122,369,031	61,440,930
3	Plant and Machinery	369,547,228	53,650,930	150,000	423,048,158	62,637,831	3,279	228,995,962	194,052,190	203,185,817
4	Furniture and Fixture	21,124,263	5,786,365	-	26,910,628	5,844,481	-	18,451,438	8,459,190	8,517,305
5	Computers	25,042,095	5,197,074	-	30,239,169	5,323,345	-	17,858,315	12,380,854	12,507,125
6	Office Equipment	46,413,352	13,564,070	-	59,977,422	11,354,316	-	28,960,598	31,016,824	28,807,069
7	Mobiles	2,130,055	411,405	-	2,541,460	296,036	-	2,223,840	317,620	202,251
8	Cars & Jeeps	112,331,449	24,535,528	7,638,841	129,228,134	19,821,467	5,522,154	60,550,928	68,677,207	66,079,834
9	Vehicles	147,369,580	14,248,119	1,265,682	160,352,017	25,266,153	1,010,580	101,979,674	58,372,343	69,645,479
10	Cranes	1,480,760,716	91,172,300	-	1,571,933,016	114,000,943	-	444,831,356	1,127,101,660	1,149,930,303
11	Temporary Sheds	305,070,121	90,577,302	-	395,647,423	76,054,757	-	324,609,487	71,037,936	56,515,391
	Total	2,602,215,250	365,180,190	9,054,523	2,958,340,915	324,606,291	6,536,013	1,239,278,975	1,719,061,939	1,681,006,550
(B)	INTANGIBLE ASSETS									
1	Power Mech Brand	19,000	5,000	-	24,000	4,042	-	12,795	11,205	10,247
2	Computer Software	13,511,083	3,860,000	-	17,371,083	2,799,728	-	4,331,150	13,039,933	11,979,661
	Total	13,530,083	3,865,000	-	17,395,083	2,803,770	-	4,343,945	13,051,138	11,989,909
	Grand Total	2,615,745,332	369,045,190	9,054,523	2,975,735,999	327,410,061	6,536,013	1,243,622,920	1,732,113,077	1,692,996,461
	Previous Year	2,284,315,262	348,887,708	17,457,638	2,615,745,332	334,700,479	3,732,179	922,748,872	1,692,996,461	1,360,057,513

Note No. 12**Non-Current Investments**

Particulars	As at 31.03.2014	As at 31.3.2013
(a) (i) Trade - Quoted		
Investments in Equity Instruments		
a) 24 Equity shares of ₹ 10 each in Reliance Power Limited	6,750	6,750
(Market value ₹ 70.65)		
Total (a)(i)	6,750	6,750
(ii) Non-trade - Quoted		
a) Investments in Equity Instruments		
200 Equity shares of ₹ 10 each in Assam Company Limited	11,301	11,301
(Market value ₹ 4.65)		
b) Investments in mutual funds		
20000 units of SBI Infra structure fund - I - Growth ₹ 10 each	200,000	200,000
(NAV ₹ 7.61)		
Total (a)(ii)	211,301	211,301
Total Quoted (a) (i+ii)	218,051	218,051
Less: Provision for diminution in value of investments	63,257	69,975
	154,794	148,076
(b) (i) Trade - Unquoted		
Investments in Subsidiary company		
a) 1 Share of AED 1,50,000 each in Power Mech Overseas Projects FZE, Sharjah (Company closed and investment repatriated)	-	1,916,040
b) 51000 Equity shares of ₹ 10 each in Hydro Magus Pvt Ltd	510,000	510,000
c) 18937 Equity shares of ₹ 10 each in Power Mech Industri Pvt Ltd.	43,090,413	-
d) 100000 10% Redeemable, Cumulative, Non Participating, Non Convertible Preference shares of ₹ 10 each in HydroMagus Pvt Ltd	10,000,000	-
Total (b)	53,600,413	2,426,040
Total (a+b)	53,755,207	2,574,116
Aggregate amount of : Quoted investments - At cost	218,051	218,051
- Market value	154,794	148,076
Aggregate amount of unquoted investments	53,600,413	2,426,040
Aggregate provision for diminution in value of investments	63,257	69,975

Note No. 13

Loans And Advances

(Amount in ₹)

Particulars	Long-term		Short-term	
	As at 31.03.2014	As at 31.3.2013	As at 31.03.2014	As at 31.3.2013
Unsecured, Considered Good				
a) Advances for Capital goods	2,076,111	3,857,663	-	-
b) Security deposits with Govt. authorities and others	25,638,892	19,436,697	-	-
c) EMD with customers	13,334,211	8,444,519	-	-
d) Advances to creditors against supplies	-	-	180,334,107	178,931,378
e) Advances to sub-contractors against works	-	-	814,025,923	284,658,935
f) Prepaid expenses	-	-	19,543,214	14,685,413
g) Employee related advances	-	-	13,022,698	13,592,139
h) Balances with Statutory Authorities:				
CENVAT credit receivable	-	-	10,040,449	14,025,716
Works contract tax (TDS)	-	-	69,227,365	42,736,420
Sales Tax Refund Receivable	-	-	3,491,903	2,278,965
Advance Income Tax and TDS	-	-	821,285,446	745,782,013
i) Other advances	-	-	3,664,574	3,123,247
Total	41,049,213	31,738,879	1,934,635,677	1,299,814,226

Note No. 14

Other Assets

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31.03.2014	As at 31.3.2013	As at 31.03.2014	As at 31.3.2013
Unsecured, Considered Good				
a) Long term trade receivables				
- Retention Money and Security Deposit with customers	1,652,375,911	911,797,397	231,146,977	426,770,991
b) Mobilisation advances to Sub-Contractors	36,100,504	37,863,939	45,098,164	48,632,299
c) Due from Subsidiary company				
- Power Mech Overseas Projects FZE	-	-	-	22,915,246
- Hydro Magus Pvt Ltd	-	-	12,766,030	2,433,800
- Power Mech Industri Pvt Ltd	-	-	1,967,501	-
d) Uncertified Revenue	-	-	1,314,690,830	590,102,698
Total	1,688,476,415	949,661,336	1,605,669,502	1,090,855,034

Note No. 15**Inventories***(Amount in ₹)*

Particulars	As at 31.03.2014	As at 31.3.2013
a) Stores and spares	229,950,281	192,492,963
b) Work-in-progress	12,908,526	-
Total	242,858,807	192,492,963

Note No. 16**Trade Receivables***(Amount in ₹)*

Particulars	As at 31.03.2014	As at 31.3.2013
Unsecured, Considered Good		
Outstanding for a period exceeding six months	102,537,552	77,539,084
Others	1,379,405,217	1,664,426,443
Total	1,481,942,769	1,741,965,527

Note No. 17**Cash and Cash Equivalents***(Amount in ₹)*

Particulars	As at 31.03.2014	As at 31.3.2013
1. Cash on hand	1,446,741	708,093
2. Cash Equivalents		
i. Balances with banks		
a. Earmarked balances with banks held as margin money against LC and guarantees (Refer note below)	578,358,704	471,667,850
b. Earmarked balances with banks towards unclaimed dividends	49,338	119,899
c. In Current accounts	107,460,477	93,277,801
Total	687,315,260	565,773,643

Note:

- 1) All the above fixed deposits had original maturity period of 12 months and above. Further, of the above, fixed deposits of ₹49,20,59,329/- falls due for maturity within 12 months from the date of balance sheet.
- 2) None of the above fixed deposits had original maturity period of less than 3 months that meet the definition of cash and cash equivalents as defined under AS-3 'Cash flow statements'.

Note No. 18

Revenue from Operations

(Amount in ₹)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Contract receipts		
(Net of Service tax)		
Erection works	8,906,180,945	7,421,347,833
Civil works	1,659,449,528	1,071,028,996
Maintenance	1,257,954,771	756,342,035
Other operating revenue		
Crane hire charges received	48,371,066	80,893,864
TOTAL	1,1871,956,311	9,329,612,729

Note No. 19

Other Income

(Amount in ₹)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Interest from banks and others	64,882,667	42,229,735
Profit on sale of assets	1,215,453	3,900,561
Dividend received	7,661,491	10
(Including ₹76,61,481/- from Foreign subsidiary)		
Difference in foreign exchange fluctuations	42,033,678	34,795
Provision for dimunition in value of investment withdrawn	6,718	-
TOTAL	115,800,007	46,165,100

Note No. 20

Cost of Materials Consumed

(Amount in ₹)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Opening Stock	192,492,963	109,315,401
Add: Purchases of electrodes, gases and other consumables	792,831,640	725,345,140
	985,324,603	834,660,541
Less : Closing Stock	229,950,281	192,492,963
TOTAL	755,374,322	642,167,578

Note No. 21**Changes In Inventories of Work-In-Progress***(Amount in ₹)*

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Opening work-in-progress	-	1,244,368
	-	1,244,368
Closing work-in-progress	12,908,526	-
	12,908,526	-
Increase / (Decrease) in inventories	12,908,526	(1,244,368)

Note No. 22**Contract Execution Expenses***(Amount in ₹)*

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Sub-contract expenses	7,782,223,056	6,219,146,114
Radiography charges	77,638,748	52,354,508
Equipment hire charges	82,939,868	72,213,247
Rent at Project sites	55,564,458	41,689,688
Power and fuel	57,769,899	39,087,226
Insurance	13,878,834	9,026,174
Vehicles movement and other freight expenses	60,070,503	68,007,389
Repairs and maintenance : Plant and machinery	40,363,539	26,900,660
Other assets	11,979,689	12,481,904
Fuel and vehicle maintenance	168,610,780	136,283,796
Travelling expenses at projects	26,452,343	19,904,692
Royalty paid	6,999,784	19,807,712
TOTAL	8,384,491,502	6,716,903,110

Note No. 23**Employee Benefit Expenses***(Amount in ₹)*

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and Wages	779,129,507	429,857,675
Remuneration to managerial personnel	59,830,400	43,025,711
Contribution to provident and other funds	31,653,364	32,965,798
Staff welfare expenses	191,288,132	158,894,774
Contribution towards group gratuity	5,329,238	2,841,423
TOTAL	1,067,230,641	667,585,381

Note No. 24

Finance Costs

(Amount in ₹)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Interest paid to banks and others	188,223,504	120,969,041
Bank charges and BG commission	25,659,971	21,989,443
Loan Processing charges	9,451,376	6,013,691
Interest on Income-tax	1,614,492	1,362,059
Exchange fluctuations on deferred credit payment	37,650,401	16,524,595
Interest on debentures	877,463	874,669
TOTAL	263,477,207	167,733,497

Note No. 25

Depreciation and Amortisation

(Amount in ₹)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Depreciation	324,606,291	333,165,575
Amortisation	2,803,770	1,534,904
TOTAL	327,410,062	334,700,479

Note No. 26

Other Expenses

(Amount in ₹)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Rents - Office	6,096,774	3,703,758
Directors Sitting Fee	120,000	130,000
Donations	7,358,500	5,050,000
Payments to auditors		
Towards Statutory audit	850,000	675,000
Towards tax audit and taxation matters	100,000	75,000
Rates and taxes	33,439,076	14,259,962
Miscellaneous expenses	81,376,109	67,713,239
Loss on sale of assets	234,663	-
Irrecoverable advances written off	4,056,170	-
Provision for diminution in value of investments	-	12,328
TOTAL	133,631,293	91,619,287

Notes to Accounts for the Year 2013-14

(Amount in ₹)

	31.03.2014	31.03.2013
27. Claims against the company not acknowledged as debts		
a) Towards Income-tax	--	10,453,050
b) Counter Guarantees given by the company to the bank in respect of guarantees given to its subsidiary companies – Hydro Magus Private Limited	35,508,963	25,675,000
c) Co-applicant in respect of loans sanctioned to Subsidiary company – Hydro Magus Private Limited	2,539,915	1,952,132
28. Estimated amount of contracts remaining to be Executed on capital account and not provided for	16,033,790	41,342,495
29. Guarantees given by the company's bankers and outstanding. The said guarantees were covered by way of pledge of Fixed Deposit receipts with the bankers.	4,719,855,803	4,213,314,892
30. CIF value of Imports made by the company during the year		
a) Consumables & Spare parts	753,126	233,957
b) Capital goods	--	30,154,229
31. The amount remitted during the year in foreign currencies on account of:		
a) Interest	8,927,812	1,992,238
b) Dividend	1,314,573	1,314,573
32. Earnings in foreign exchange		
a) Contract receipts - Yemen	709,499,600	25,932,227
- Abu Dhabi	27,695,863	--
b) Dividend - FZE	16,302,978	--
33. Expenditure in foreign currency		
a) Expenditure on contracts executed outside India - Yemen	635,788,177	20,390,435
- Abu Dhabi	30,849,256	--
b) Foreign travel - Yemen	1,446,134	208,736
- Abu Dhabi	1,302,260	--

34. Unhedged Foreign Currency Exposure

Sl. No	Amount Payable in foreign currency on account of the following:	Currency	As at March 31, 2014		As at March 31, 2013	
			Foreign Currency Amount	INR Amount	Foreign Currency Amount	INR Amount
i)	Sundry Creditors	USD	5,111,873	307,174,320	86,712	4,716,208
ii)	Sundry Creditors	AED	105,646	1,731,293	--	--
iii)	Advances from Customers	USD	75,583	4,542,535	--	--
iv)	Sundry Debtors	USD	5,350,127	317,479,275	--	--
v)	Sundry Debtors	AED	611,571	10,086,726	--	--
vi)	Advances	USD	239,896	14,374,096	75,037	4,081,200
vii)	Bank Balances	USD	36,146	2,172,366	--	--
viii)	Bank Balances	AED	7,583	123,774	--	--
ix)	Buyers Credit	USD	20,333	901,580	101,667	4,507,900
x)	Foreign Letter of Credit	USD	475,000	28,547,405	--	--
xi)	Foreign Letter of Credit	USD	--	--	475,000	25,834,918
xii)	Foreign Letter of Credit	USD	2,030,000	122,022,594	3,104,000	168,824,387
xiii)	Foreign Letter of Credit	USD	2,585,000	155,357,983	--	--

35. Particulars disclosed pursuant to AS-18 'Related party transactions'

A) i) Key Managerial personnel	S. Kishore Babu, Chairman and Managing director
ii) Relatives of Key Managerial personnel	S. Lakshmi – Director W/o S. Kishore Babu S. Rohit S/o S. Kishore Babu S. Vignatha D/o S. Kishore Babu S. Kishore Babu (HUF)
iii) Companies controlled by KMP / Relatives of KMP	Power Mech Infra Limited
iv) Subsidiary companies	- Power Mech Overseas Projects FZE, Sharjah (Winding up during the year) - Hydro Magus Private Limited, Gaziabad - Power Mech Industri Private Limited, NOIDA

B) Transactions with related parties

Sl No.	Particulars	KMP	Relatives of KMP	Companies controlled by KMP/ Relatives of KMP	Subsidiary Company
i) Rent Paid					
a)	S. Kishore Babu	1,404,000 (954,000)	--	--	--
b)	S. Lakshmi	--	762,000 (114,000)	--	--
c)	S. Kishore Babu (HUF)	--	280,000 (106,500)	--	--
d)	S. Rohit	--	990,000 (900,000)	--	--
ii) Remuneration					
a)	S. Kishore Babu	56,530,400 (39,917,711)	--	--	--
iii) Sub-Contract Expenses					
a)	Power Mech Infra Limited	--	--	514,754,622 (487,069,810)	--
iv) Sub-Contract Revenue					
a)	Hydro Magus Private Limited	--	--	--	10,099,910
v) Interest					
a)	Hydro Magus Private Limited	--	--	--	1,657,561
vi) Rent					
a)	Hydro Magus Private Limited	--	--	--	168,000
vii) Purchase of Fixed Assets					
a)	S Lakshmi	--	-- (4,000,000)	--	--
b)	S Kishore Babu (HUF)	--	-- (5,000,000)	--	--

C) Balances outstanding as on 31.03.2014

SI No.	Particulars	KMP	Relatives of KMP	Companies controlled by KMP/ Relatives of KMP	Subsidiary Company
i)	Investment in Power Mech Overseas Projects FZE	--	--	--	-- (1,916,040)
ii)	Investment in Hydro Magus Private Limited	--	--	--	10,510,000 (510,000)
iii)	Investment in Power Mech Industri Private Limited	--	--	--	43,090,413
iv)	Due to Power Mech Infra Ltd	--	--	147,215,422 (93,986,746)	--
v)	Remuneration payable	15,367,573 (9,680,580)	--	--	--
vi)	Due from Power Mech Overseas Projects (FZE)	--	--	--	-- (3,446,576)
vii)	Due from Power Mech Industri Private Limited	--	--	--	1,967,501
viii)	Due from Hydro Magus Private Limited	--	--	--	13,172,662 (2,433,800)
ix)	Advance given for Purchase of Flat from Mrs Lakshmi	--	-- (1,000,000)	--	--

36. In the opinion of the management, current assets, loans and advances have a value on realization in the ordinary course of business equal to the value at which they are stated. Balances in some of the parties account are subject to confirmation and reconciliation.

37. The company has claimed an amount of ₹ 6,92,27,365/- (Previous Year ₹ 4,27,36,420/-) being the Works contract tax deducted by the customers and outstanding as on 31.03.14 in respect of works carried out in some of the states. The company's management is of opinion that there is no sales tax liability in respect of the said works carried out and hence claimed as refund due and grouped under loans and advances. Sales tax liability, if any has arisen, on completion of assessments will be charged to Profit and Loss account.

38. Segment reporting

During the financial year 2013-14, the company operates only in one segment i.e in construction activities. This, in the context of Accounting standard-17 'Segment reporting' as specified in the Companies

(Accounting Standards) Rules, 2006 is considered to constitute one single primary segment. The company carried out overseas operations and they do not qualify as reportable segment as operations does not exceeded the thresh hold limit of 10% specified in paragraph no.27 of AS-17.

39. Calculation of Earnings per Share

1)	Particulars	2013-14	2012-13
	Basic Earning per share		
	No. of shares at the beginning of the year	10,752,764	10,752,764
	Issue of shares on conversion on 26/11/2013	187,500	----
	Weighted average number of shares	10,817,490	10,752,764
	Profit after tax	683,110,828	501,134,742
	Basic Earnings per share	63.15	46.61
2)	Diluted Earning per share		
	Profit after tax	683,110,828	501,134,742
	Add: Interest paid to debenture holders (net of tax)	579,213	577,369
	Adjusted Net Profit	683,690,041	501,712,111
	No. of shares at the beginning of the year	10,752,764	10,752,764
	No. of shares resulting from conversion of debentures (including part of debentures already converted)	750,000	750,000
	Total Number shares	11,502,764	11,502,764
	Diluted Earning per share	59.44	43.62

40. Disclosure requirement under AS 7 'Construction Contracts'

	Particulars	31.03.2014	31.03.2013
a)	Contract revenue recognized during the year	11,823,585,245	9,248,718,865
b)	Method used to recognise the revenue	% of Completion Method	% of Completion Method
c)	Method used to determine stage of completion	Physical proportion of work completion	Physical proportion of work completion
d)	Dues from customers	1,481,942,769	1,741,965,527
e)	Retention & SD amounts due from customers	1,883,522,888	1,338,568,388
f)	Due to Sub Contractors	1,526,092,702	1,144,322,096
g)	Retention & SD amount due to Sub Contractors	710,655,426	426,398,343
h)	Mobilisation advances from Customers	609,684,657	966,845,329
i)	Mobilisation advances to Sub Contractors	81,198,668	86,496,238

41) Previous year figures have been regrouped wherever necessary to confirm to current year classification.

As per our report annexed

For and on behalf of the Board

for **BRAHMAYYA & CO.**

Firm's Registration Number: 000513S
Chartered Accountants

S. Kishore Babu

Chairman and Managing Director

Karumanchi Rajaj
Partner
Membership Number: 202 309

Rakesh Sony
Director

Mohit Gurjar
Company Secretary

Date : 26.06.2014
Camp : Hyderabad

Power Mech Overseas Projects (FZE)



Directors' Report

Your Directors have pleasure in placing before you the 4th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2014.

The Directors submit their report together with the audited financial statements for the year ended 31st March 2014 which show the state of affairs of the company. We approve the financial statements and confirm that we are responsible for these including selecting the accounting policies and making the judgments, underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Results and dividends

The company during the year has made a revenue of 5,095,158 AED and a Loss of 240945 AED.

The company during the year filed the winding-up application before the Sharjah Airport International Free Zone Authority and received a letter from them dated 9th December, 2013 consenting for the same.

The Company has been wound up during the year and the balance amount after paying all the liabilities has been paid to the shareholder as dividend.

Directors

The directors who served during the period were as follows:

Mr. S. Kishore Babu

Mr. K. Ajay Kumar

For and on behalf of the Board

Sd/-
S. Kishore Babu
President

Sd/-
K. Ajay Kumar
Vice President

Date : 26.06.2014
Camp : Hyderabad

Independent Auditors' Report to the Shareholders

To
The Shareholders
POWER MECH OVERSEAS PROJECTS (FZE)
PO Box 122893
Sharjah (UAE)

We have audited the accompanying financial statements of **POWER MECH OVERSEAS PROJECTS (FZE)**, Sharjah, UAE, which comprise the statement of financial position as at 31st March, 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, whether due to fraud or error. In making those risk of assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements read along with the enclosed notes to the statements represent fairly, in all material respect, the financial position of **POWER MECH OVERSEAS PROJECTS (FZE)**, Sharjah, UAE as at 31st March, 2014, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We also confirm that in our opinion proper books of account have been kept by the Company and that these financial statements which relate to these financial statements are in agreement with the books of account. We have obtained all information and explanations we required for the purpose of our audit.

Other Matter

Consequent to closing down of the company vide Sharjah Airport International Free Zone Authority letter L&L/L/21323/2013/MB dated 9th December, 2013, the assets and liabilities have been settled and the balance as on the date of the financial statement was NIL.

For Al Needa Auditors & Accountants

Date : 19.05.2014
Camp : Sharjah (UAE)

Statement of Financial Position as at 31st March, 2014

(All figures in AED)

	Notes	2014	2013
ASSETS			
Non-current assets			
Property, Plant & Equipment	4	-	258,394
Current Assets			
Trade receivables	5	-	1,912,420
Advance, Deposits and pre-payments	6	-	251,400
Pre-operative expenses	7	-	100,415
Cash and bank Balances	8	-	94,675
		-	2,358,910
TOTAL ASSETS		-	2,617,304
EQUITY & LIABILITIES			
Equity			
Share capital	9	-	150,000
Retained earnings		-	710,111
Total shareholder's funds		-	860,111
Current Liabilities			
Trade payables	10	-	170,791
Accruals and other payables	11	-	1,586,402
Total Current Liabilities		-	1,757,193
TOTAL EQUITY & LIABILITIES		-	2,617,304

The accompanying notes 1 to 14 form an integral part of the financial statements.

For Independent Auditors' Report

Upon request by the company, the Sharjah Airport International Free Zone Authority has closed the company as per their letter L&L/L/21323/2013/MB dated 9th December, 2013.

Statement of Comprehensive Income for the Year Ended 31st March, 2014

(All figures in AED)

	Notes	2014	2013
Revenue	12	5,095,158	1,912,420
Cost of goods sold	13	(4,035,083)	(702,133)
Gross profit		1,060,075	1,210,287
General and administration expenses	14	(1,301,020)	(427,922)
Depreciation	4	-	(72,254)
Total comprehensive income for the year		(240,945)	710,111

The accompanying notes 1 to 14 form an integral part of the financial statements.
For Independent Auditors' Report

Upon request by the company, the Sharjah Airport International Free Zone Authority has closed the company as per their letter L&L/L/21323/2013/MB dated 9th December, 2013.

Statement of Changes in Equity for the Year Ended 31st March, 2014

(All figures in AED)

	Capital	Retained Earnings	TOTAL
Balance as at 1st April, 2012	150,000	-	150,000
Net movement during the year			-
Net Profit for the year		710,111	710,111
Balance as at 1st April, 2013	150,000	710,111	860,111
Net movement during the year	(150,000)	(469,166)	(619,166)
Net Profit for the year		(240,945)	(240,945)
As at 31st March, 2014	-	-	-

The accompanying notes 1 to 14 form an integral part of the financial statements.
For Independent Auditors' Report

Upon request by the company, the Sharjah Airport International Free Zone Authority has closed the company as per their letter L&L/L/21323/2013/MB dated 9th December, 2013.

Statement of Cash Flows for The Year Ended 31st March, 2014

(All figures in AED)

	2014	2013
Cash from operating activities		
Net Loss / Profit for the year	(240,945)	710,111
Adjustments for:		
Depreciation	-	72,254
Operating cash before changes in working capital	(240,945)	782,365
Increase (-) in receivables	1,912,420	(1,912,420)
Increase (-) in advance, deposits	251,400	(251,400)
Increase (+) in trade payables	(170,791)	170,791
Increase (+) in accruals & other payables	(1,586,402)	1,302,914
Cash (used in) / generated from Operations	165,682	92,250
Cash flows from investing activities		
Increase in pre-operative expenses	100,415	25,000
Fixed assets	258,394	(38,600)
Net cash (used in) investing activities	358,809	(13,600)
Cash flows from financing activities		
Capital	(150,000)	-
Distribution of profit	(469,166)	
Net cash generated from Financing activities	(619,166)	-
Net (decrease) / increase in cash & cash equivalents	(94,675)	78,650
Opening Cash and cash equivalents	94,675	16,025
Cash and cash equivalents at end of year	-	94,675

The accompanying notes 1 to 14 form an integral part of the financial statements.

The Report of the Auditors

Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2014

1. Status and Activity

- 1.1 Power Mech Overseas Projects (FZE) was a Free Zone limited liability establishment which carried activities through trade license no. 08185 issued on 26th May, 2010 by Sharjah Airport International Free Zone Authority in the Emirate of Sharjah.
- 1.2 The Establishment was closed down upon its request by the SAIF Zone Authority vide their letter ref. L&L/L/21323/2013/MB dated 9th December, 2013. The bank account was closed on 30th March, 2014 after settling all assets and liabilities of the Establishment.
- 1.3 The registered address of the company was Executive Suite C3 – 11/05, Post Box 122893, SAIF Zone, Sharjah, UAE.
- 1.4 The management and control were vested with Mr. Kishore Babu Sajja who was mentioned as manager in the establishment's trade license.
- 1.5 The principal activity of the company as per trade license was providing business consultancy services.

2. Capital

Consequent to closing down of the company vide SAIF Zone Authority letter L&L/L/21323/2013/MB dated 9th December, 2013, the capital of the company as at 31st March, 2014 is NIL.

3. Closure of Establishment

Consequent to closing down of the company vide SAIF Zone Authority letter L&L/L/21323/2013/MB dated 9th December, 2013, the assets and liabilities have been settled and the balance as on the date of the financial statement is NIL.

The bank account was kept open to settle the assets and liabilities and to settle the shareholders and closed only on 30th March, 2014.

4. Fixed Assets

(All figures in AED)

Particulars	Furniture & fixtures	Office Equipments	Vehicles	TOTAL
Cost				
As at 01/04/2012	-	-	357,610	357,610
Additions during the year	5,350	33,250	-	38,600
Cost as at 01/04/2013	5,350	33,250	357,610	396,210
Deductions	(5,350)	(33,250)	(357,610)	(396,210)
Cost as at 31/03/2014	-	-	-	-
Depreciation				
As at 01/04/2012	-	-	65,562	65,562
Charges for the year	178	554	71,522	72,254
Deprn as at 01/04/2013	178	554	137,084	137,816
Deductions	(178)	(554)	(137,084)	(137,816)
Deprn as at 31/03/2014	-	-	-	-
Net Value as at 31/03/2014	-	-	-	-
Net Value as at 31/03/2013	5,172	32,696	220,526	258,394

*(All figures in AED)***5. Trade Receivables**

	2014	2013
Trade receivables	-	1,912,420
	-	1,912,420

6. Pre-Operative Expenses

	2014	2013
Opening balance	-	125,415
Expenses during the year	-	-
Charged to Profit & loss account	-	(25,000)
	-	100,415

7. Advance, Deposits And Pre-Payments

	2014	2013
Loans & advances	-	400
Deposits	-	6,250
Advance to suppliers	-	244,750
	-	251,400

8. Cash & Bank

	2014	2013
Cash in hand	-	90,407
Current account with banks	-	4,268
	-	94,675

(All figures in AED)

9. Capital

	2014	2013
Share capital	-	150,000
	-	150,000

10. Trade Payables

	2014	2013
Trade payables	-	170,791
	-	170,791

11. Accruals and Other Payables

	2014	2013
Accrued expenses	-	13,012
Other payables	-	1,573,390
	-	1,586,402

12. Revenue

	2014	2013
Revenue from services	5,095,158	1,912,420
	5,095,158	1,912,420

*(All figures in AED)***13. Cost of Sales**

	2014	2013
Cost of goods	1,912,420	-
Sub contract expenses	2,064,775	391,600
Direct expenses	57,888	310,533
	4,035,083	702,133

14. General & Administrative Expenses

	2014	2013
Salary & allowances	298,816	49,227
Telephone / Fax / Internet	24,718	15,611
Visa expenses	77,058	73,195
Medical expenses	16,239	2,432
Rent	73,978	106,836
Travelling expenses	121,649	21,588
Printing & Stationery	3,686	481
Audit fees	-	7,000
License & Renewals	12,700	44,336
Repairs & maintenance	1,566	12,029
Vehicle maintenance	44,657	2,651
Office Expenses	21,512	1,464
Sales & marketing expenses	10,179	54,286
Pre-operative expenses	100,415	25,000
Consultancy charges	14,685	-
Other Deductions	39,258	-
Interest on Loan	388,929	-
Foreign Gain / Loss	46,165	-
Bank charges	4,810	11,786
	1,301,020	427,922

Upon request by the company, the Sharjah Airport International Free Zone Authority has closed the company as per their letter L&L/L/21323/2013/MB dated 9th December, 2013.

Hydro Magus Private Limited



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the **Second** Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2014.

Financial Highlights

The Financial results of the Company are as follows:

Particulars	Year Ended 31.3.2014
Income from Operations	6,17,26,658
Other Income	22,644
Expenses	5,86,18,780
Profit Before Tax (PBT)	31,30,522
Provision for Tax	10,02,768
Profit After Tax (PAT)	21,27,754

Review of Operations

During the year under review the Company commenced its operations and achieved a gross turnover of ₹ 6.17 Crores and profit after tax ₹ 21.27 lakhs. The Company has some inherent advantages being a subsidiary of Power Mech Projects Limited (PMPL) in getting projects as well as in completion with the support of PMPL).

The Company has participated in various project tenders and got the position of L-1 and L-2 in more than 60% tenders and is also confident of achieving more than 70% of the tenders where it stood as L-1 and L-2. This would definitely improve the business position during the current financial year.

Dividend

The Board of Directors did not recommend any dividend for the year.

Share Capital

The authorized share capital of the Company was increased from ₹ 20,00,000/- (Rupees Twenty Lakhs Only) consisting of 2,00,000 equity shares of ₹ 10/- each to ₹ 2,00,00,000/- (Rupees Two Crores Only) consisting of 5,00,000 equity shares of ₹ 10/- each and 15,00,000 preference shares of ₹ 10/- each

The Company has issued and allotted 10,00,000 10% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 10/- each during the year.

Fixed Deposits

During the financial year 2013-14, your Company has not accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time.

Directors Responsibility Statement

In pursuance of Section 217(2AA) of the Companies Act, 1956 the Directors of your Company confirm that:

- (i) That in the preparation of Annual Accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed except for retirement benefits which is being accounted for on cash basis along with the proper explanation relating to material departures, if any, there from;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31st March, 2014 and of the profit and loss of the company for that period:

- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) That the directors have prepared the annual accounts on a going concern basis for the financial year 2013-14.

Directors

The board is duly constituted. There are five directors on the Board of the Company. Mr. Arbind Kumar Koul and Mr. Jitendra Kumar would retire at the ensuing annual general meeting and being eligible offer themselves for reappointment.

Auditors

M/s. Brahmayya & CO., Chartered Accountants, retire at the conclusion of the ensuing AGM and being eligible offer themselves for reappointment.

Compliance Certificate

The Compliance Certificate received from M/s. P. S. Rao & Associates, Practicing Company Secretaries in accordance with the provisions of Section 383A read with the Companies (Compliance Certificate) Rules, 2001 is annexed to the Directors' Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

As required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is given as hereunder:

A. Conservation of Energy – Not Applicable

B. Technology Absorption - Not Applicable

C. Foreign Exchange Earnings & Outgo: (₹)

	2013-14	2012-13
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	66,935	Nil

Particulars of Employees

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, no employee of your Company is in receipt of remuneration exceeding ₹ 5,00,000/- per month or ₹ 60,00,000/- per annum during the financial year.

Acknowledgements

Your Directors place on record their appreciation for the support extended by the Central Government, State government, employees, bankers and confidence reposed by the shareholders and look forward for the same in future.

BY ORDER OF THE BOARD
for Hydro Magus Private Limited
S. Kishore Babu
Chairman & Director

Date : 21.06.2014
Camp : Hyderabad

FORM
(See Rule 3)
COMPLIANCE CERTIFICATE

Reg. No. of the Company : 083246
Authorized Capital : ₹ 20,000,000/-
Paid-up Capital : ₹ 11,000,000/-

To
The Members,
HYDRO MAGUS PRIVATE LIMITED
PLOT NO. 77, JUBILEE ENCLAVE
MADHAPUR, HYDERABAD - 500081
TELANGANA

We have examined the registers, records, books and papers of **HYDRO MAGUS PRIVATE LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, and its officers, we certify that in respect of the aforesaid financial period:

1. The Company has kept and maintained all registers as stated in **Annexure A** to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in **Annexure B** to this certificate, with the Registrar of Companies, Andhra Pradesh
3. The Company being a Private Limited Company has the minimum prescribed paid up capital and its maximum number of members as on the date of this report were seven (7) members as per the Register of Members of the Company. The company during the financial period under review:
 - i. Has not invited public to subscribe for its shares or debentures; and
 - ii. Has not invited or accepted any deposits.
4. The Board of Directors met eight (8) times on 15.05.2013, 24.06.2013, 05.07.2013, 10.08.2013, 05.11.2013, 26.12.2013, 19.01.2014 & 27.03.2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members during the financial period under review.
6. The 1st Annual General Meeting of the company for the period ended 31st March, 2013 was held on 02.12.2013.
7. Two Extra Ordinary General Meetings were held on 11th June, 2013 and 1st September 2013 during the financial period under review.
8. The Company has not given/extended any loans/guarantees which attract the provisions of Section 185 of the Companies Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial period under review.
10. The Company has made necessary entries in the register maintained under Section 301(3) of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, during the financial period under review, the Company was not required to obtain any approval from the Board of Directors, members and previous approval of the Central Government.
12. The Company has not issued duplicate share certificates during the financial period under review;

13. The Company has:
 - a. The Company has allotted 10,00,000 10% redeemable preference shares of ₹ 10/- each during the period under review
 - b. Not declared any dividend including interim dividend during financial period under review.
 - c. Not paid/posted warrants for dividends during the period under review.
 - d. Since the company was incorporated in the FY 2012-13, the maturity period of minimum seven years is yet to expire and as such reporting under this para is Not Applicable
 - e. The Company has complied with requirements of Section 217 of the Act.
14. The Board of Directors is duly constituted. There were no instances of appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial period under review,
15. During the period under review there is no fresh appointment of Managing Director or Whole-Time Director.
16. The Company has not appointed any sole-selling agents during the financial period under review.
17. There were no instances wherein the Company was required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities, under the various provisions of the Act during the financial period under review.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under during the period under review.
19. The Company during the period under review has issued and allotted 10,00,000, 10% Redeemable Preference shares of ₹ 10/- to M/s. Power Mech Infra Limited.
20. The Company has not bought back any shares during the financial period under review.
21. There was no redemption of preference shares/debentures during the period under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial period under review.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the financial period under review.
24. The borrowings of the Company are within the purview of section 180(1) (c) of the Act.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate; hence no entries have been made in any register.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another or within the state during the financial period under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the financial period under review.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during financial year period review.
29. The Company has altered the provisions of the memorandum to increase the authorized share capital from ₹ 20,00,000/- to ₹ 20,00,000/- during the financial period under review.
30. The Company has altered its Articles of Association to increase the authorized capital of the Company.

31. As per the information given by the Directors, there were no prosecutions initiated against or show cause notices received by the company during the financial period for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The provisions of Section 418 of the Companies Act, 1956 are not applicable to the Company.

Date :21.06.2014
Camp :Hyderabad

For **P S Rao & Associates**
Company Secretaries

N. VANITHA
Company Secretary
C.P. No.:10573

ANNEXURE A

Statutory Registers as Maintained by the Company

1. Register of Directors' U/s 303
2. Register of Directors' Shareholdings U/s 307
3. Register of Members U/s 150
4. Minutes of Board Meetings U/s 193
5. Minutes of Annual and Extra-Ordinary General Meetings U/s 193
6. Register of contracts, firms and Companies in which Directors are interested U/s 301(3).
7. Register of Fixed Assets.
8. Register of Directors Attendance U/s 287

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Hyderabad, Telangana during the financial period ending on 31st March, 2014.

Sl. No	Forms / Returns	Section	Purpose
1	Form-25C	269	Return of Appointment of Managing Director
2	Form-23	192	Registration of Resolutions
3	Form-2	75(1)	Return of Allotment
4	Form-23	192	Registration of Resolutions
5	Form-23	192	Appointment of Whole-time Director
6	Form-23	192	Registration of Resolution
7	Form-5	97	Increase in Authorized capital of the company
8	Form-23AA	209(1)	Notice of address at which books of accounts are maintained
9	Form-23	192	Registration of Resolution
10	Form-23AC	220	Balance Sheet for the period ended 31 st March, 2013
11	Form-23ACA	220	Profit & Loss for the period ended 31 st March, 2013
12	Form-20B	159	Annual Return
13	Form-66	383A	Compliance Certificate

Date : 21.06.2014
Camp : Hyderabad

For **P S Rao & Associates**
Company Secretaries

N. VANITHA
Company Secretary
C.P. No.: 10573

Independent Auditors' Report

To
The Members of
HYDRO MAGUS PRIVATE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **HYDRO MAGUS PRIVATE LIMITED** ('the Company') which comprise the Balance Sheet as at 31st March, 2014, Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
3. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
5. On the basis of written representations received from the directors, as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn. No. 000513S

Date : 21.06.2014
Camp: Hyderabad

Karumanchi Rajaj
Partner
ICAI Membership No. 202309

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of **HYDRO MAGUS PRIVATE LIMITED** ('the Company') for the year ended 31st March, 2014, we report that:

1. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) According to the information and explanations furnished to us, the Company has physically verified its fixed assets during the year.
 - c) According to the information and explanations furnished to us, the Company has not disposed off a substantial part of its fixed assets during the year and therefore do not affect the going concern assumption.
2. In respect of its Inventories:
 - a) According to the information and explanations furnished to us, the Company has physically verified its inventories during the year. In our opinion, the frequency of such verification to the extent carried out is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) According to the information furnished to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
3. The company has neither granted nor taken any loans secured or unsecured to/and from parties covered in the register maintained under section 301 of the Companies Act, 1956 at the beginning of the year or during the year and consequently reporting under sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause 4(iii) of the Order does not arise during the year under report.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in section 301 of the Act:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the register maintained under section 301 of the Act and exceeding the value of ₹5 lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company and other terms of business with such parties, at the relevant time.
6. The company has not accepted any deposits from the Public. Hence the reporting requirements with reference to compliance with the provisions of sections 58A and 58AA or any other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public does not arise during the year. Further, according to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for noncompliance with the provisions of sections 58A and 58AA of the Act.
7. The requirements of having an Internal audit system does not arise during the year under report.
8. The requirements of maintaining cost records under section 209(1)(d) of the Act does not arise during the year under report.
9. a) According to the information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues wherever applicable and there were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.

- b) According to the information furnished to us and records of the Company examined by us, at the date of Balance Sheet, there were no amounts of Wealth-tax, Sales tax, Customs duty, Excise duty, Cess and Service tax that were disputed by the Company and hence were not remitted to the concerned authorities.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit.
 11. The company has not borrowed any term loans during the year except funds borrowed for acquisition of vehicle and the company made no default in repayment of instalments due as on date of balance sheet.
 12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion and according to the information and explanations furnished to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society and hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company during the year under report.
 14. According to the information furnished to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
 15. According to the information and explanations given to us, the Company has not given any guarantees to the banks in respect of loans taken by others.
 16. According to the information and explanations given to us, no term loans were obtained by the Company during the year except loans borrowed for acquisition of vehicles.
 17. The company has not raised any funds for short term purposes during the year under report and hence the question of reporting regarding end use of funds does not arise during the year under report.
 18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act except preference shares and the price and terms and conditions of which are not prejudicial to the interests of the company.
 19. The Company has not issued any debentures during the year under report.
 20. The Company has not raised any money through public issues during the year. Accordingly, the provisions of clause (xx) of paragraph 4 of the Order are not applicable to the Company during the year under report.
 21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn. No. 000513S

Date : 21.06.2014
Camp : Hyderabad

Karumanchi Rajaj
Partner
ICAI Membership No.202309

Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	11,000,000	1,000,000
(b) Reserves and surplus	3	2,127,754	-
		13,127,754	1,000,000
(2) Non-current liabilities			
(a) Long-term borrowings	4	1,410,296	1,345,631
(b) Deferred Tax Liability (Net)	5	2,768	-
(c) Other Long term liabilities	6	-	-
		1,413,064	1,345,631
(3) Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	7	15,868,904	-
(c) Other current liabilities	8	27,006,731	3,538,117
(d) Short-term provisions	9	1,000,000	-
		43,875,636	3,538,117
Total		58,416,454	5,883,748
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	5,499,393	2,456,873
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	461,218
		5,499,393	2,918,091
(b) Non-current investments		-	-
(c) Long-term loans and advances	11	591,125	25,000
(d) Other non-current assets	12	-	2,890,133
		591,125	2,915,133
(2) Current assets			
(a) Inventories	13	132,136	-
(b) Trade receivables	14	10,903,595	-
(c) Cash and cash equivalents	15	1,093,385	50,524
(d) Short-term loans and advances	11	7,333,171	-
(e) Other current assets	12	32,863,649	-
		52,325,936	50,524
Total		58,416,454	5,883,748
Significant accounting policies	1		
Notes to accounts	24 to 33		

As per our report of even date

for **BRAHMAYYA & CO.**
Firms' Regd. No: 000513S
Chartered Accountants**Karumanchi Rajaj**
Partner
Memb.No.: 202 309Date : 21.06.2014
Camp: Hyderabad

For and on behalf of the Board

S. Kishore Babu
Chairman and Director**Arbind Kumar Koul**
Whole Time Director**Jitendra Kumar**
Managing Director

Statement of Profit and Loss For the Year Ended 31st March, 2014

Particulars	Note No.	Year ended 31-03-2014
Continuing Operations:		
Revenue		
Revenue from Operations	16	61,726,658
Other Income	17	22,644
Total Revenue		61,749,302
Expenses		
Cost of materials consumed	18	4,181,847
Contract execution expenses	19	22,240,630
Employee benefits expenses	20	19,536,044
Finance costs	21	2,387,538
Depreciation and amortization expense	22	1,023,725
Other expenses	23	9,248,995
Total Expenses		58,618,780
Profit before tax		3,130,522
Tax expense		
Less	Current tax	1,000,000
	Deferred tax liability	2,768
Profit after tax for the year		2,127,754
Earnings per equity share - Basic and Diluted		21.28

Note: Since this is the first year of operations of the business, no previous year figures are furnished.
As per our report of even date

For and on behalf of the Board

for **BRAHMAYYA & CO.**

S. Kishore Babu
Chairman and Director

Firms' Regd. No: 000513S
Chartered Accountants

Karumanchi Rajaj
Partner
Memb.No.: 202 309

Arbind Kumar Koul
Whole Time Director

Jitendra Kumar
Managing Director

Date : 21.06.2014
Camp: Hyderabad

Cash Flow Statement for the Year Ended 31st March 2014

PARTICULARS		2013-14 (₹)
I.	CASH FLOW FROM OPERATING ACTIVITIES	
	Net Profit before tax	3,130,522
	Add/Less: Adjustments for:	
	Depreciation	1,023,725
	Interest and Finance charges	2,387,538
	Interest income	(22,644)
	Operating profit before working capital changes	6,519,142
	Add/Less: Adjustments for working capital	
	Increase in Inventories	(132,136)
	Increase in Trade and other receivables	(47,892,791)
	Increase in Trade payables	38,814,401
	Cash generated from operations	(2,691,386)
	Less: Direct taxes paid	(883,616)
	Net cash used in Operating activities (A)	(3,575,001)
II.	CASH FLOW FROM INVESTING ACTIVITIES	
	Purchase of fixed assets / Capital works-under progress	(3,605,027)
	Interest received	22,644
	Net cash used in Investing activities (B)	(3,582,383)
III.	CASH FLOW FROM FINANCING ACTIVITIES	
	Share Capital Issued	10,000,000
	Proceeds from borrowings	587,783
	Interest and Finance charges paid	(2,387,538)
	Net cash from financing activities (C)	8,200,245
	Net Increase in cash and cash equivalents (A+B+C)	1,042,861
	Cash and cash equivalents at the beginning of the period	50,524
	Cash and cash equivalents at the end of the period	1,093,385
	Net Increase in cash and cash equivalents	1,042,861

As per our report of even date
for **BRAHMAYYA & CO.**
Firms' Regd. No: 000513S
Chartered Accountants

Karumanchi Rajaj
Partner
Memb.No.: 202 309

Date :21.06.2014
Camp :Hyderabad

For and on behalf of the Board

S. Kishore Babu
Chairman and Director

Arbind Kumar Koul
Whole Time Director

Jitendra Kumar
Managing Director

Note No 1: Statement on Accounting Policies and Notes on Accounts

1. Corporate Information

Hydro Magus Private Limited is incorporated in the year 2012 and is a subsidiary company to Power Mech Projects Limited. The company is set up with a vision to support the hydro utility owners in a professional manner to enhance the generation output and viability factor of their power plants by implementing Reliability-centric-Maintenance programs on their hydro generating units in a cost-effective way. The company also envisages achieving this vision of generation enhancement by undertaking renovation, modernization and uprating of old generating sets based upon the recommendations of life extension and uprating studies.

2. Statement on Accounting Policies

a. Basis of Accounting and preparation

The Company has prepared the financial statements under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India. The financial statements are prepared to comply in all material respects with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, the pronouncements of ICAI and the relevant provisions of Companies act, 1956.

Use of Estimates

The preparation of financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The judgments, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an ongoing basis. However, future results could differ from these estimates. Any revision to these accounting estimates is recognised prospectively in the current and future periods.

b. Tangible fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties and taxes, borrowing costs, if any, on specific borrowings utilised for financing the assets upto the date of commissioning, the cost of installation/erection and other incidental expenses incurred to bring the asset to its present location and condition but exclusive of duties and taxes that are subsequently recoverable from taxing authorities.

Capital Work-in-progress are stated at the amount expended up to the date of balance sheet.

c. Depreciation and Amortization

The company has provided depreciation under Straight-line method using the rates arrived at based on the useful lives estimated by the management. The following are the rates of depreciation adopted to provide depreciation.

Name of the asset	Rate of depreciation
Furniture and fixtures	20%
Computers	25%
Office equipments	20%
Vehicles	20%
Mobile Phones	100%

Individual assets costing upto ₹5,000/- each are fully depreciated in the year of purchase.

Depreciation on assets added/sold during the year is provided on pro-rata basis from the date of acquisition or up to the date of sale, as the case may be.

d) Inventories

- a) Stores and consumables are valued at lower of cost or Net realizable value.
- b) Work-in-progress:
Contracts in progress and not due for billing to the customer as on date of balance sheet are valued at agreed contract price.
- c) Contracts awarded to the company and not commenced as on date of balance sheet, the cost incurred in securing the contract and related expenses incurred are shown as asset as per the requirements of AS-7.

e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

The company undertakes overhauling and maintenance contracts and revenue from these contracts is recognized by following the percentage of completion method and is measured with reference to actual completion of physical proportion of the work to the extent of work certified by the customer. The portion of the work which was completed, but pending for certification by the customer, is also recognized as revenue by treating the same as unbilled / uncertified revenue. Any claims, variations and incentives is recognized as revenue only when the customer accepts the same. Provision for expected loss is recognized immediately when it is probable that the total estimated cost will exceed total contract revenue.

The contracts receipts are exclusive of service tax.

f) Employee Benefits

- i) Defined Contribution Plans
Company's contribution to Employees Provident Fund and Employees State Insurance are made under a defined contribution plan, and are accounted for at actual cost in the year of accrual.

g) Income-Taxes

Income tax expense comprises current and deferred taxes.

- i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred tax is recognised under the liability method, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods, at the rate of tax enacted or substantively enacted by the balance sheet date.

h) Provisions, Contingent Liabilities and Contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The company does not recognise contingent liabilities but the same are disclosed in the Notes.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

i) Dividends

Provision for dividends payable (including income tax thereon) is accounted in the books of account as proposed by the Directors, pending approval of share holders at the Annual General Meeting

j) Earnings per share

Earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Note No. 2

Share Capital

Particulars	As at 31.03.2014	As at 31.03.2013
Authorised:		
5,00,000 Equity Shares of ₹ 10/- each	5,000,000	2,000,000
15,00,000 (Pr. Year Nil) Preference Shares of ₹ 10/- each	15,000,000	-
Total	20,000,000	2,000,000
Issued, subscribed and paid up:		
1,00,000 Equity Shares of ₹ 10/- each fully paid up	1,000,000	1,000,000
10,00,000 10% Non convertible, Non-Participating , Redeemable, Cumulative, Preference Shares of ₹ 10/- each fully paid up	10,000,000	-
Total	11,000,000	1,000,000

1. a) The company has Equity shares having a par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share on poll and have one vote on show of hands.

The company declares and pays dividends as proposed by the Board of directors and is subject to approval of the shareholders in the ensuing Annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportion to their shareholding after distribution of payments to preferential creditors.

- b) The preference shares are non-convertible, redeemable at the end of 5 years at one time. They are cumulative and non participating. They carries dividend @10%.

2. Details of share holders holding more than 5% of total number of shares

Name of the Share Holder	As at 31.03.2014		As at 31.03.2013	
	Number of Shares held	% out of total number of shares of the company	Number of Shares held	% out of total number of shares of the company
Equity				
M/s Power Mech Projects Limited	51,000	51.00%	51,000	51.00%
Sajja Kishore Babu	12,500	12.50%	12,500	12.50%
Arbind Kumar Koul	10,000	10.00%	10,000	10.00%
Jitendra Kumar	10,000	10.00%	10,000	10.00%
Sajja Rohit	10,000	10.00%	10,000	10.00%
Ajay Kumar Kantheti	6,500	6.50%	6,500	6.50%
Total	100,000	100.00%	100,000	100.00%
Preference				
Power Mech Projects Limited	1,000,000	100.00%	-	-

3. The company is a subsidiary company to M/s POWER MECH PROJECTS LIMITED and the company does not hold any shares in its holding company

4. Reconciliation of number of Shares:

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year				
Equity	100,000	1,000,000	-	-
Preference	-	-	-	-
Add: Shares Issued during the year			100,000	1,000,000
Equity	-	-	-	-
Preference	1,000,000	10,000,000	-	-
Less: Shares bought back during the year				
Equity	-	-	-	-
Preference	-	-	-	-
Shares outstanding at the end of the year				
Equity	100,000	1,000,000	100,000	1,000,000
Preference	1,000,000	10,000,000	-	-

Note No. 3

Reserves And Surplus

Particulars	As at 31.03.2014	As at 31.03.2013
Surplus in P&L account		
Figures as at the end of the previous reporting period	-	-
Add: Profit for the year transferred from P&L a/c	2,127,754	-
Total	2,127,754	-

Note No. 4

Long-Term Borrowings

Particulars	As at 31.03.2014		As at 31.3.2013	
	Non-current Portion	Current Portion	Non-current Portion	Current Portion
Term loans from Axis bank (Against security of specific asset)	1,410,296	1,129,619	1,345,631	606,501
Total	1,410,296	1,129,619	1,345,631	606,501

Note:

- The term loans from bank was secured by way of hypothecation of assets funded under the said facility. Further POWER MECH PROJECTS LTD (Holding Company) acts as a co applicant for the said loan.
- The above loans carries interest @ 10%
- The above loans are repayable in 36 equal monthly installments.
- No defaults were made in repayment of above term loan.
- The non-current portion of above term loans are repayable in following manner.

Banks: 2015-16 ₹:11,83,361/-; 2016-17 ₹:2,26,935/-

Note No. 5

Deferred Tax Liability

Particulars	As at 31.03.2014	As at 31.03.2013
Opening Balance	-	-
Add: Liability provided during the year (Towards depreciation difference)	2,768	-
Total	2,768	-

Note No. 6

Other Long-Term Liabilities

Particulars	As at 31.03.2014		As at 31.3.2013	
	Non-current Portion	Current Portion	Non-current Portion	Current Portion
a) Mobilisation advances received from customers	-	4,746,521	-	-
b) Retention Money & Security deposits recovered from Sub Contractors	-	215,000	-	-
Total	-	4,961,521	-	-

Note No. 7**Trade Payables**

Particulars	As at 31.03.2014	As at 31.03.2013
Dues to: Small and Micro Enterprises (Refer note below)		
: Other than Small and Micro Enterprises	15,868,904	-
Total	15,868,904	-

Note: The company has no information about the status of its creditors to identify their status under Micro, Small and Medium Enterprises Development Act, 2006. Consequently, the disclosure requirements u/s 22 of the said Act has not been made.

Note No. 8**Other Current Liabilities**

Particulars	As at 31.03.2014	As at 31.3.2013
Current maturities of long-term debt (Refer note no.4)	1,129,619	606,501
Current maturities of Mobilisation advances received from customers (Refer note no.6)	4,746,521	-
Current maturities of retention money and security deposits due to sub-contractors (Refer note no.6)	215,000	-
Creditors for Capital Assets	70,498	114,734
Creditor for others	3,027,276	20,917
Creditors for employees - Directors' remuneration	1,076,884	179,034
Creditors for expenses	236,793	-
Due to Holding company - Power Mech Projects Ltd.	12,766,030	2,433,800
Statutory liabilities	1,669,978	82,581
Employee related payments	2,068,132	100,550
Total	27,006,731	3,538,117

Note No. 9**Short Term Provisions**

Particulars	As at 31.03.2014	As at 31.3.2013
Provision for Income-tax	1,000,000	-
Total	1,000,000	-

Note No: 10**Statement of Fixed Assets and Depreciation As on 31-03-2014**

S. No.	NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 01.04.2013	Additions	Deletions	As on 31.03.2014	As on 31.03.2013	Depreciation for the Year	Deletions	Depr Up to 31.03.2014	As on 31.03.2014	As on 31.03.2013
	TANGIBLE ASSETS										
1	Plant and Machinery	-	189,131	-	189,131	-	22,190	-	22,190	166,941	-
2	Furniture and Fixtures	76,380	555,420	-	631,800	5,646	157,543	-	163,188	468,611	70,734
3	Computers	205,718	519,819	-	725,536	18,368	118,424	-	136,792	588,744	187,350
4	Office Equipment	14,093	489,566	-	503,660	4,474	62,443	-	66,917	436,743	9,620
5	Mobiles	37,538	-	-	37,538	14,809	22,728	-	37,537	1	22,729
6	Cars & Jeeps	2,212,509	2,312,310	-	4,524,819	46,069	640,399	-	686,467	3,838,352	2,166,440
	Total	2,546,237	4,066,246	-	6,612,483	89,365	1,023,725	-	1,113,090	5,499,393	2,456,873
	Previous Year		2,546,237	-	2,546,237	-	89,365	-	89,365	2,456,873	-

Note No. 11**Loans And Advances**

Particulars	Long Term		Short Term	
	As on 31.03.2014	As at 31.3.2013	As on 31.03.2014	As at 31.3.2013
Sales tax deposit	151,125	25,000	-	-
Permanent EMDs	440,000	-	4,903,402	-
Advances to Vendors	-	-	293,849	-
Employee related advances	-	-	170,622	-
Balances with statutory authorities				
Service Tax Credit	-	-	442,533	-
TDS Receivable	-	-	883,616	-
WCT Receivable	-	-	268,475	-
Prepaid expenses	-	-	196,978	-
Other advances	-	-	173,697	-
Total	591,125	25,000	7,333,171	-

Note No. 12**Other Assets**

Particulars	Non-current		Current	
	As on 31.03.2014	As at 31.3.2013	As on 31.03.2014	As at 31.3.2013
Retention Money and Security Deposit with customers	-	-	4,497,380	-
Pre Operative Expenditure	-	2,835,917	1,417,955	-
Deposits with customers	-	-	512,000	-
Preliminary expenses	-	54,216	-	-
Uncertified Revenue	-	-	26,436,314	-
Total	-	2,890,133	32,863,649	-

Note No. 13**Inventories**

Particulars	As on 31.03.2014	As at 31.3.2013
Stores and spares	132,136	-
Total	132,136	-

Note No. 14

Trade Receivables

Particulars	As on 31.03.2014	As at 31.3.2013
Unsecured, Considered Good		
Outstanding for a period exceeding six months	-	-
Others	10,903,595	-
Total	10,903,595	-

Note No. 15

Cash And Cash Equivalents

Particulars	As on 31.03.2014	As at 31.3.2013
1. Cash on hand	78,601	2,899
2. Cash Equivalents		
Balances with banks in current account	1,014,784	47,625
Total	1,093,385	50,524

Note No. 16

Revenue From Operations

PARTICULARS	Year ended 31-03-2014
Contract receipts	
Overhauling & Maintenance	61,726,658
TOTAL	61,726,658

Note No. 17

Other Income

PARTICULARS	Year ended 31-03-2014
Interest on fixed deposit with banks	22,644
TOTAL	22,644

Note No. 18**Cost of Materials Consumed**

PARTICULARS	Year ended 31-03-2014
Opening Stock	-
Add: Purchases of electrodes, gases and other consumables	4,313,984
	4,313,984
Less : Closing Stock	132,136
TOTAL	4,181,847

Note No. 19**Contract Execution Expenses**

PARTICULARS	Year ended 31-03-2014
Sub-contract expenses	17,619,564
Radiography, Inspection & Testing charges	1,905,682
Vehicle Hire Charges and maintenance	1,621,093
Electricity charges	130,050
Vehicles movement and other freight expenses	645,850
Repairs and maintenance	138,167
Insurance	180,224
TOTAL	22,240,630

Note No. 20**Employee Benefit Expenses**

PARTICULARS	Year ended 31-03-2014
Salaries and Wages	10,862,171
Remuneration to managerial personnel	4,750,000
Contribution to provident and other funds	210,077
Consultancy charges	1,340,747
Staff welfare expenses	2,373,050
TOTAL	19,536,044

Note No. 21

Finance Costs

PARTICULARS	Year ended 31-03-2014
Interest to banks and others	1,903,455
Bank charges and BG commission	484,083
TOTAL	2,387,538

Note No. 22

Depreciation And Amortisation

PARTICULARS	Year ended 31-03-2014
Depreciation	1,023,725
TOTAL	1,023,725

Note No. 23

Other Expenses

PARTICULARS	Year ended 31-03-2014
Rents	1,298,956
Statutory audit fees	50,000
Rates and taxes	277,988
Business promotion expenses	1,222,888
Travelling and conveyance	2,789,977
Miscellaneous expenses	1,977,007
Registration Expenses	160,000
Pre Operative Expenses written off	1,417,962
Preliminary Expenses	54,216
TOTAL	9,248,995

(Amount in Rupees)

	31.03.2014	31.03.2013
24. Claims against the company not acknowledged as debts		
Dividend on 10% Preference Shares	263,014	Nil
25. Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
26. CIF value of Imports made by the company during the year	Nil	Nil
27. The amount remitted during the year in foreign currency	Nil	Nil
28. Earnings in foreign exchange	Nil	Nil
29. Expenditure in foreign currency		
Rent For Canada Office	66,935	Nil

30. Particulars disclosed pursuant to AS-18 "Related party transactions"

A) i) Key Managerial personnel	S. Kishore Babu, Chairman Jitendra Kumar, Managing Director Arbind Kumar Koul, Director & CEO
ii) Relatives of Key Managerial personnel	S Rohit - Director S/o S Kishore Babu
iii) Companies controlled by KMP / Relatives of KMP	Power Mech Infra Limited
iv) Fellow Subsidiary Company	- Power Mech Overseas Projects FZE, Sharjah - Power Mech Industri Private Limited
v) Holding Company	Power Mech Projects Limited

Particulars	KMP	Relatives of KMP	Companies controlled by KMP/Relatives of KMP	Holding Company
i) Rent Paid				
- POWER MECH PROJECTS LIMITED	-	-	-	168,000
ii) Sub Contract Expenses				
- POWER MECH PROJECTS LIMITED	-	-	-	10,099,910
iii) Interest				
- POWER MECH PROJECTS LIMITED	-	-	-	1,657,561
iv) Remuneration				
- Jitendra Kumar	1,750,000	-	-	-
- Arbind Kumar Koul	3,000,000	-	-	-

C) Balances outstanding as on 31.03.2014

i) Due to Power Mech Projects Limited	-	-	-	22,107,662
ii) Remuneration Payable				
a) Jitendra Kumar	603,289	-	-	-
b) Arbind Kumar Koul	473,595	-	-	-

31. In the opinion of the management, current assets, loans and advances have a value on realization in the ordinary course of business equal to the value at which they are stated. Balances in some of the parties account are subject to confirmation and reconciliation.
32. Since the Company deals only in Overhauling & Maintenance Contracts, the Disclosure requirements under As-17 'Segment Reporting' does not applicable.
33. Previous year figures are regrouped wherever necessary to confirm to Current year Classification.

As per our report of even date
for BRAHMAYYA & CO.
Firms' Regd. No: 000513S
Chartered Accountants

Karumanchi Rajaj
Partner
Memb.No.: 202 309

Date : 21.06.2014
Camp : Hyderabad

For and on behalf of the Board

S. Kishore Babu
Chairman and Director

Arbind Kumar Koul
Whole Time Director

Jitendra Kumar
Managing Director

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Power Mech Industri Private Limited

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the **Eighth** Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2014.

Financial Highlights

Since the Company has not commenced its commercial operations, the preparation of Profit & loss account does not arise.

Review of Operations

The company is yet to start its commercial operations. However the company is contemplating different options to commence operations.

Dividend

The Board of Directors did not recommend any dividend for the year.

Share Capital

The authorized share capital of the Company was increased to ₹20,00,000/- (Rupees Twenty Lakhs Only) consisting of 2,00,000 equity shares of ₹10/- each

The Company has issued and allotted 8973 Equity Shares of ₹10/- each during the year.

Taking the above changes into consideration the capital structure of the company is as follows:

Authorised Capital	₹ 2,000,000
Issues, Subscribed, Called-up & Paid-up	₹ 189,370

Fixed Deposits

During the financial year 2013-14, your Company has not accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time.

Directors Responsibility Statement

In pursuance of Section 217(2AA) of the Companies Act, 1956 the Directors of your Company confirm that:

- (i) That in the preparation of Annual Accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed except for retirement benefits which is being accounted for on cash basis along with the proper explanation relating to material departures, if any, there from;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31st March, 2014 and of the profit and loss of the company for that period;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) That the directors have prepared the annual accounts on a going concern basis for the financial year 2013-14.

Directors

During the year under review Mr S. Kishore Babu and Ms S. Lakshmi were appointed as Additional Directors of the company w.e.f 17.10.2013 and regularized as directors of the company w.e.f 20.03.2014 in the EGM

Mr. Anil Peshawari & Mrs. Meenakshi Peshawari, ceased to be the directors of the company w.e.f 14.12.2013.

Auditors

M/s. Santosh Gupta & Co, Chartered Accountants, who were appointed as Auditors of the company for the financial year 2013-2014 in the 7th Annual general Meeting, submitted their resignation during the year. The shareholders in their extra-ordinary general meeting held on 23.01.2014 filled the casual vacancy of auditors by appointing M/s. Brahmayya & CO., Chartered Accountants, as auditors of the company to hold office from 23.01.2014 to the date of ensuing Annual General Meeting.

Material Changes

Change in the Management of the Company

During the year under review M/s. Power Mech projects Limited acquired 100% equity shares, thereby the company became a 100% subsidiary of M/s. Power Mech projects Limited.

Alteration of Memorandum of Association

During the year under review, considering the present market situation the directors thought that the Company can successfully enter into manufacturing of various industrial machinery spares/ parts using the existing facilities of the Company with the support of parent company, Power Mech Projects Limited. Keeping in view the Memorandum of Association has altered by substituting new Clause III(A) in the place of old Clause III(A) in the meeting of the shareholders held on 20.03.2014.

Change in the name of the Company

The directors decided to venture into the manufacturing activities of industrial machinery spare parts with the support of parent company by utilizing the existing facilities and to discontinue the existing line of operations. The present name of the Company does not reflect the proposed main activity and hence, the Company after receiving the consent of the holding company for using the prefix 'Power Mech' and approval of shareholders in their meeting held on 20.03.2014 and approval of ROC, changed the name of the company from Paramount Furnishing Private Limited to Power Mech Industri Private Limited.

Shifting of Registered office of the Company

During the year under review, the company proposed to shift its registered office for attainment of its main objectives of more economically, efficiently, for smooth functioning and speedy future growth of the Company. In view of the same, the shareholders in their meeting held on 20.03.2014 consented for the shifting of registered office of the company from NCT of Delhi to the State of Telangana subject to the approval of Central Government.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is given as hereunder:

A. **Conservation of Energy** – Not Applicable

B. **Technology Absorption** – Not Applicable

C. **Foreign Exchange Earnings & Outgo: (₹)**

	2013-14	2012-13
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	Nil	Nil

Particulars of Employees

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, no employee of your Company is in receipt of remuneration exceeding ₹5,00,000/- per month or ₹60,00,000/- per annum during the financial year.

Acknowledgements

Your Directors place on record their appreciation for the support extended by the Central Government, State government, employees, bankers and confidence reposed by the shareholders and look forward for the same in future.

BY ORDER OF THE BOARD
for **Power Mech Industri Private Limited**

S. Kishore Babu
Director
(DIN: 00971313)

Date : 26.06.2014
Camp: Hyderabad

Independent Auditors' Report

To
The Members of
POWER MECH INDUSTRI PRIVATE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **POWER MECH INDUSTRI PRIVATE LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2014 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
3. The Balance Sheet dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
5. On the basis of written representations received from the directors, as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn. No. 000513S

Date : 26.06.2014
Camp : Hyderabad

Karumanchi Rajaj
Partner
ICAI Membership No.202309

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of **POWER MECH INDUSTRI PRIVATE LIMITED** ("the Company") for the year ended 31st March, 2014, we report that:

1. In respect of its fixed assets;
 - a) The Company does not have any fixed assets as on date of balance sheet. Hence the question of reporting under clause (i) para 4 of the Order do not apply to the company.
2. In respect of its Inventories;
 - a) The Company does not have any Inventories as on date of balance sheet. Hence the question of reporting under clause (ii) para 4 of the Order do not apply to the company.
3. The company has neither granted nor taken any loans secured or unsecured to/and from parties covered in the register maintained under section 301 of the Companies Act, 1956 at the beginning of the year or during the year and consequently reporting under sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause 4(iii) of the Order does not arise during the year under report.
4. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
5. The other matters specified to be reported under clauses (iv),(v),(vi),(vii),(viii),(ix), (x),(xi),(xii),(xiii),(xiv),(xv),(xvi), (xvii),(xviii),(xix) and (xx) of para 4 of Companies (Auditor's Report) Order, 2003 do not apply to the company for the year under report.

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn. No. 000513S

Date : 26.06.2014
Camp : Hyderabad

Karumanchi Rajaj
Partner
ICAI Membership No.202309

Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at 31.03.2014	As at 31.3.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	189,370	100,000
(b) Reserves and Surplus	3	20,242,305	-
		20,431,675	100,000
(2) Non-current liabilities			
(a) Long-term borrowings	4	-	24,232,305
(b) Deferred Tax Liability (Net)		-	-
(c) Other Long term liabilities		-	-
		-	24,232,305
(3) Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	5	2,314,713	13,836
(d) Short-term provisions		-	-
		2,314,713	13,836
Total		22,746,388	24,346,141
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	6		
(i) Tangible Assets		20,356,419	17,657,129
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		1,743,648	-
(iv) Unallocated Capital Expenditure		119,119	22,736
		22,219,186	17,679,865
(b) Non-Current investments		-	-
(c) Long-term loans and advances		-	-
(d) Other Non-current assets	7	519,774	19,774
		519,774	19,774
(2) Current Assets			
(a) Inventories		-	-
(b) Trade receivables		-	-
(c) Cash and cash equivalents	8	7,428	12,831
(d) Short-term loans and advances	9	-	6,633,671
(e) Other current assets		-	-
		7,428	6,646,502
Total		22,746,388	24,346,141
Significant accounting policies	1		
Notes to Accounts	10-17		

Since the Company has not commenced its commercial operations, the preparation of Profit & loss account does not arise

As per our report of even date
for **BRAHMAYYA & CO.**
Firms' Registration Number: 000513S
Chartered Accountants

Karumanchi Rajaj
Partner
Membership Number: 202 309

Date : 26.06.2014
Camp: Hyderabad

For and on behalf of the Board

S. Kishore Babu
Director

S. Lakshmi
Director

Cash Flow Statement for the Year Ended 31st March 2014

PARTICULARS		2013-14 (₹)	2012-13 (₹)
I.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	-	-
	Add / Less: Adjustments for:		
	Depreciation	-	-
	Operating profit before working capital changes	-	-
	Add / Less: Adjustments for working capital		
	Decrease in Trade Receivables and Other Advances	6,633,671	-
	Increase in Other Current Liabilities	2,300,877	7,218
	Cash generated from operations	8,934,548	7,218
	Less: Direct taxes paid	-	-
	Net cash from Operating activities (A)	8,934,548	7,218
II.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets / Capital works-under progress	(4,442,938)	-
	Other Capital Expenditure	(96,383)	(7,218)
	Advances made for Capital goods	(500,000)	-
	Net cash used in Investing activities (B)	(5,039,321)	(7,218)
III.	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of borrowings	(24,232,305)	-
	Increase in Share Capital	89,370	-
	Premium received on issue of shares	20,242,305	-
	Net cash used in financing activities (C)	(3,900,630)	-
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(5,403)	-
	Cash and cash equivalents at the beginning of the period	12,831	12,831
	Cash and cash equivalents at the end of the period	7,428	12,831
	Net increase / (Decrease) in cash and cash equivalents	(5,403)	-

Since the Company has not commenced its commercial operations, the preparation of Profit & loss account does not arise

As per our report of even date

For and on behalf of the Board

for **BRAHMAYYA & CO.**
Firms' Registration Number: 000513S
Chartered Accountants

S. Kishore Babu
Director

Karumanchi Rajaj
Partner
Membership Number: 202 309

S. Lakshmi
Director

Date : 26.06.2014
Camp : Hyderabad

Note No 1: Statement on Accounting Policies and Notes on Accounts

1. Corporate Information

The Company was incorporated in the year 2006. The Company was set up with the main object of manufacturing and selling of all types of readymade garments. The company was fully taken over by Power Mech Projects Ltd during the year 2013-14. On acquisition, the company has changed its line of activity to manufacture all types of machinery parts, equipments, development and construction of industrial sheds and overhaul and maintenance of plant and machinery pertaining to all industrial units.

2. Statement on Accounting Policies

a. Basis of Accounting and preparation

The Company has prepared the financial statements under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India. The financial statements are prepared to comply in all material respects with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, the pronouncements of ICAI and the relevant provisions of Companies act, 1956.

b. Use of Estimates

The preparation of financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The judgments, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an ongoing basis. However, future results could differ from these estimates. Any revision to these accounting estimates is recognised prospectively in the current and future periods.

c. Tangible fixed assets

Fixed assets are stated at cost of acquisition less depreciation till date. Cost of acquisition of fixed assets is inclusive of freight, duties and taxes, borrowing costs, if any, on specific borrowings utilised for financing the assets upto the date of commissioning, the cost of installation/erection and other incidental expenses incurred to bring the asset to its present location and condition but exclusive of duties and taxes that are subsequently recoverable from taxing authorities.

Capital Work-in-progress are stated at the amount expended up to the date of balance sheet.

d. Provisions, Contingent Liabilities and Contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The company does not recognise contingent liabilities but the same are disclosed in the Notes.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Note No. 2

Share Capital

Particulars	As at 31.03.2014	As at 31.03.2013
Authorised:		
2,00,000 Equity Shares of ₹ 10/- each	2,00,000	100,000
Issued, Subscribed and Paid up:		
18937 (10000) Equity Shares of ₹ 10/- each fully paid up	189,370	100,000
Total	189,370	100,000

Note: During the year, the Company has issued Nos. 8937 equity shares of ₹ 10/- each at a premium of ₹ 2265/-

1. Details of share holders holding more than 5% as on 31.03.2014

Name of the Share Holder	As at 31.03.2014		As at 31.03.2013	
	Number of Shares held	% out of total number of shares of the company	Number of Shares held	% out of total number of shares of the company
1. PowerMech Projects Ltd	18,936	99.99%	-	0.00%
2. Mr. Sajja Kishore Babu (As Nominee of Power Mech Projects Ltd)	1	0.01%	-	0.00%
3. Anil Peshawari	-	0.00%	5,000	50.00%
4. Meenakshi Peshawari	-	0.00%	5,000	50.00%
Total	18,937	100.00%	10,000	100.00%

2. Reconciliation of number of shares:

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares		Equity Shares	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the year	10,000	100,000	10,000	1,00,000
Add: Shares Issued during the year	8,937	89,370	-	-
	18,937	189,370	10,000	1,00,000
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	18,937	189,370	10,000	1,00,000

- The Company is a subsidiary company to Power Mech Projects Ltd.
- No Bonus shares were issued by the company during the last 5 financial years.
- No Shares were issued in pursuant to contract without payment being received in cash.

Note No. 3**Reserves & Surplus**

Particulars	As at 31.03.2014	As at 31.03.2013
Securities Premium	20,242,305	-
	20,242,305	-

Note No. 4**Long Term Borrowings**

Particulars	As at 31.03.2014	As at 31.03.2013
A. Unsecured		
Loan from Directors	-	5,000
Loan from a Company	-	24,227,305
Total	-	24,232,305

Note No. 5**Other Current Liabilities**

Particulars	As at 31.03.2014	As at 31.03.2013
Due to Holding Company - Power Mech Projects Limited	1,967,501	-
Creditors for expenses	225,608	13,836
TDS payable	120,589	-
Share Application Money Refundable	1,015	-
	2,314,713	13,836

Note No. 6
Depreciation Statement As On 31.03.2014

S. NO	NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2013	Additions	Deletions	As on 31.03.2014	As on 31.03.2013	Depreciation/ Amortisation For The Year	Deletions	Depreciation/ Amortisation For The Year Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
1	Lease hold Land	17,657,129	2,699,290	-	20,356,419	-	-	-	-	20,356,419	17,657,129
	Total	17,657,129	2,699,290	-	20,356,419	-	-	-	-	20,356,419	17,657,129
	Previous Year	17,657,129	-	-	17,657,129	-	-	-	-	17,657,129	17,657,129

Note No. 7**Other Non-Current Assets**

Particulars	As at 31.03.2014	As at 31.03.2013
Preliminary expenditure	19,774	19,774
Advance to Capital goods	500,000	-
	519,774	19,774

Note No. 8**Cash and Cash Equivalents**

Particulars	As at 31.03.2014	As at 31.03.2013
Cash on hand	7,428	266
Bank Balances	-	12,565
	7,428	12,831

Note No. 9**Short Term Loans and Advances**

Particulars	As at 31.03.2014	As at 31.03.2013
Advances to corporate and friends	-	6,633,671
	-	6,633,671

Notes to Accounts

10	Claims against the Company not acknowledged as debts	Nil
11	Estimated amount of Contracts remaining to be executed on capital account and not provided for	Nil
12	CIF value of imports made during the year	Nil
13	The amount remitted during the year in foreign currency	Nil
14	Earnings in Foreign Exchange	Nil
15	Expenditure in Foreign Currency	Nil
16	Particulars disclosed pursuant to AS-18 'Related party transactions'	

A) i)	Key Managerial personnel	S. Kishore Babu - Director S. Lakshmi - Director
ii)	Relatives of Key Managerial personnel	S. Rohit - son of KMP S. Vignatha - daughter of KMP
iii)	Companies controlled by KMP/Relatives of KMP	Power Mech Infra Ltd
iv)	Holding Company	Power Mech Projects Ltd, Hyderabad
v)	Fellow subsidiary	Hydro Magus Private Limited

B) Transactions with related parties

Particulars	KMP	Relatives of KMP	Companies controlled by KMP/Relatives of KMP	Holding Company

C) Balances outstanding as on 31.03.2014

Particulars	KMP	Relatives of KMP	Companies controlled by KMP/Relatives of KMP	Holding Company
i) Due to Power Mech Projects Ltd	-	-	-	1,967,501
ii) Share Capital of the Company held by (with Premium)	-	-	-	20,431,675

17. Previous year figures have been grouped wherever necessary to confirm to current year classification.

As per our report of even date

For and on behalf of the Board

for **BRAHMAYYA & CO.**
Firms' Registration Number: 000513S
Chartered Accountants

S. Kishore Babu
Director

Karumanchi Rajaj
Partner
Membership Number: 202 309

S. Lakshmi
Director

Date : 26.06.2014
Camp : Hyderabad

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Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]



Power Mech Projects Limited

CIN: U74140AP1999PLC032156

Registered Office: Plot No.77, Jubilee Enclave, Opp: Hitex, Madhapur, Hyderabad, Telangana - 500081

E-mail: cs@powermech.net **Website:** powermechprojects.in

15th ANNUAL GENERAL MEETING

- 1. Name(s) of Member(s) : _____
(including joint holders, if any)

- 2. Registered address of the
sole / first named Member : _____

- 3. E-mail ID : _____

- 4. DP ID No. & Client ID No.
Registered Folio No. : _____

I / We, being the Member(s) of _____ shares of Power Mech Projects Limited, hereby appoint

(1) Name : _____
Address : _____

E-mail ID : _____ Signature : _____
or failing him

(2) Name : _____
Address : _____

E-mail ID : _____ Signature : _____
or failing him

(3) Name : _____
Address : _____

E-mail ID : _____ Signature : _____

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 15th Annual General Meeting (AGM) of the Company to be held on the 30.09.2014 at 11.00AM. Plot No.77, Jublee Enclave, Opp: Hitex, Madhapur, Hyderabad, Telangana - 500081 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional (✓)	
		For	Against
Ordinary Business			
1	Adoption of Accounts for the financial year ended 31 st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.		
2	Declaration of Dividend for the financial year ended 31 st March, 2014.		
3	Appointment of Ms S. Lakshmi (DIN: 00068991) who retires by rotation and offers herself for re appointment.		
4	To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the fifth consecutive Annual General meeting and to authorize the Board of Directors to fix their remuneration		
Special Business			
5	Appointment of Mr G.D.V. Prasad Rao (DIN: 02754904) as an Independent Director for a period of five years.		
6	Appointment of Mr Mukul Lal Sah (DIN: 03494357) as an Independent Director for a period of five years.		
7	Appointment of Mr Thiagarajan Sankaralingam (DIN: 00015954) as an Independent Director for a period of five years with effect from 26 th June, 2014		
8	Appointment of Mr Amitabha Guha (DIN: 02836707) as an Independent Director for a period of five years with effect from 26 th June, 2014		

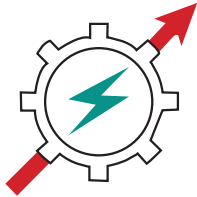
Signed this _____ day of September 2014.

Signature of shareholder:

**Affix
Revenue
Stamp**

NOTE : This form of proxy, in order to be effective, should be duly completed and deposited at the Investor Service Centre, Power Mech Projects Limited, Plot No.77, Jublee Enclave, Opp: Hitex, Madhapur, Hyderabad, Telangana-500081 not less than 48 hours before the commencement of the AGM.

POWER MECH™



Growth Unlimited

Geographical Presence

Registered & Corporate Office

Plot No.77, Jubilee Enclave
Madhapur, Hyderabad - 500081
Telangana

Regional Offices - India

Western Region

402, Swastik Pride
Opp ICICI Bank, Chembur (E)
Mumbai - 400074
Maharashtra.
Ph: +91 9967869372, 25282266
e-mail: mumbai@powermech.net

Central Region

202, Parijath Apartments
Vikas Nagar, Wardha Road
Nagpur - 400145
Maharashtra
Ph: +91 7103 663000
Fax: +91 7103 663030
e-mail: Nagpur@powermech.net

Eastern Region

Unit No. 3-6A, 6th Floor
PS Magnum, VIP Road
Opp VIP Haldiram, Kaikhali
Kolkata - 700052, West Bengal
e-mail: kolkatta@powermech.net

Northern Region

1607, Jaipuriya Sunrise Greens
Plot 12A, Ahinas Khand, Indirapuram
Ghaziabad - 201010, Uttar Pradesh
Telefax: +91 120 4157019
e-mail: delhi@powermech.net

Overseas Office

Dubai
#2006, Citadel Tower, Burj Khalifa Area
Business bay, Dubai, PO Box 215452
Tel: +9714 4565 948
Fax: +9714 4565 938
e-mail: dubai@powermech.net

Abu Dhabi

PO No - 10755
Zayed 1st Stereet, A1 Khalidiyah
Abu Dhabi, UAE
Ph: +971 266 75555
Fax: +971 266 75123
e-mail: abudhabi@powermech.net

Subsidiary Companies

Hydro Magus Private Limited

H-113, Sector-63
Gautam Budh Nagar
Noida
Uttar Pradesh
Ph: +91 9971686675
e-mail: info@hydromagus@com

Power Mech Industri Private Limited

Plot No. 8, Block-A
Sector 80, Noida - 201301
Uttarpradesh
e-mail: nws@powermech.net

E-mail: info@powermech.net

www.powermechprojects.in