

# **RKEC Projects Limited**

## **13<sup>th</sup> ANNUAL GENERAL MEETING**

to be held on

27th September, 2018 at 11.30 A.M

Venue

“TRIVENI”, Hotel Daspalla

# 28-2-48, Suryabagh, Jagadamba Jn.,

Visakhapatnam - 530020

Andhra Pradesh, India

Reg. Office.:

**RKEC Projects Limited**

#10-12-1, 3rd Floor, Rednam Alcazar

Rednam Gardens, Opp. SBI Main Branch,

Visakhapatnam - 530002

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## INTRODUCTION

RKEC Projects Ltd is a 33 years old Construction Company, specialized in the business of Civil and Defence Construction such as construction of Buildings, Highways, Marine Works and Bridges. During the last decade, the company had undertaken and successfully completed many construction projects across India such as Andhra Pradesh, Tamil Nadu, Gujarat, Odisha, Rajasthan and Maharashtra. In addition, the company has expanded its presence to three more states, Kerala, Uttar Pradesh and Manipur, with its ongoing projects. The Company has so far completed 83 Projects, worth over Rs 1500 Crores and is currently handling 9 Projects amounting to Rs 850 Crores. The Company achieved a Turnover of Rs.240.77 Crores during FY 2017-18 and has been able to achieve its targets by fusing tremendous engineering knowledge with ground breaking skills, experienced team, binding an optimum mix of men, machine and materials across diverse projects.

RKEC Projects Ltd is ranked amongst the top ten companies for designing and executing Marine Works in the country. The Company has been executing onshore and infrastructure projects since 1985 and offshore works since 1994. The Company is "Super Special Class" registered contractors with Ministry of Defence which gives us unlimited tendering capability.

RKEC Projects Ltd attained good reputation amongst its clients because of the track record, quality and timely delivery of all assignments. The clientele of the Company include Defence sector, Railways, Ports, Adani Port, Vedanta Ltd, Rashtriya Ispat Nigam Limited and ESSAR etc.

## Brief History of RKEC PROJECTS LIMITED



**1985**

Set up as Proprietorship Firm under the stewardship of Shri G Radhakrishna

**2005**

Incorporated as a Private limited company

**2016**

Converted as Public limited company

**2017**

Listed on NSE Emerge

## STRENGTH OF THE COMPANY

- Undoubtedly RKEC Projects Limited gets its core strength from the Founder Chairman and Managing Director Shri G Radhakrishna, whose integrity, astute, mature and professional leadership, intrinsic mental, moral and spiritual values, and spirit of entrepreneurship allows everyone in the company to go beyond their brief, and excel in every endeavor.
- It is a matter of great pride that the company has only earned laurels and plaudits in every project undertaken since inception without exception. The MD is personally involved in every stage of the project from the planning, execution and post execution of any project which is certainly a key reason behind RKEC's growth.
- Experienced In-house Design Team, Technical staff with experience of more than 20 years particularly in Marine Works.
- Possess Marine Equipment of worth Rs. 30 Crore which is capable of executing major offshore piling works. Advantage of having own ancillary services cannot be understated.
- One amongst very few contractors in the Country to possess Jack Up Barge of capacity 500 MT.

## VISION

- To be the most admired and responsible Integrated Marine and All Purpose Construction Company with National and International footprint, delivering sustainable value to all stakeholders

## OUR VALUES

- **Integrity and Honesty** - irreproachable, even if required to present hard truths
- **Safety** - Safety is a core value
- **Agility and Adaptability** - Speed, Responsiveness and Proactive approach, multidimensional and non linearity of leadership, thought and action. Collaborative approach and empowering employees. Staying ahead of the technological, marketing and management loop
- **Care and Respect** - Care for Stakeholders, the Environment, Customers & Shareholders and our employees and partners
- **Diligence** - Do everything (planning, preparation, deployment of assets, analysis, execution, review, mitigating risks etc) with a thoroughness that delivers quality and excellence on time
- **Passion, Ambition and Innovation:** We enjoy what we do, work with passion using innovative and 'out of box' solutions and our ambition will enthuse our clients to excel

## Chairman's Message

At the outset, let me express my sincere gratitude to all the Share Holders for the continued trust and support. It is your unwavering belief in the Company that has enabled us to continue in the tough environment of the Infrastructure Industry and go from strength to strength every year. We are known today for our professionalism, integrity, reliability, innovativeness, deliver outstanding results ON TIME with economic prudence while constantly being environment friendly and having the ability to adapt and co-opt new technologies and management techniques.

RKEC Projects Ltd today means all the above and has earned the credibility and confidence of the market, our customers, peers and competitors. Whenever a customer has a difficult, technically challenging, complex project requiring very detailed planning, timely execution, management ingenuity along with sound economic / fiscal control they automatically think of us. This has been possible due to sincere efforts put in by the Team RKEC.

As we start a new phase/ a new adventure by becoming a Public Limited Company in the field of Marine Works, Bridges and Infrastructure Construction, we are aware of the tremendous opportunities and challenges before us, and I am sanguine that with the support of ALL Share Holders we will overcome and excel, and come out earning more laurels and accolades, and grow from strength to strength. I expect the company to grow from the present turnover of Rs. 240 Crores to Rs. 500 Crores in the next five years at an impressive growth rate of 25 percent. I am equally confident that all stakeholders and shareholders will revel in the journey of the growth and diversification of the Company.

I wish to end with a note of thanks to all our clients for there continued support. Your company would not have reached the current position without the encouragement and support received from all our Share Holders and Members of the Board.

I would like to assure you that Team RKEC is equipped to take on the emerging opportunities and to work relentlessly to fulfil the expectations of the Company's Stake Holders.

## Board of Directors

Name of the Director	Nature of Directorship
Shri G Radhakrishna	Chairman & Managing Director
Smt G Parvathi Devi	Whole Time Director
Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd)	Independent Director
Shri Lucas Peter Thalakala (IRS) ( Retd)	Independent Director
Smt G Sita Ratnam	Director

## Key Managerial Personnel

Shri G Radhakrishna	Managing Director
Smt G Parvathi Devi	Whole Time Director
Brig G S Narayana, VSM (Retd)	Chief Financial Officer
Ms Swapna Bansode	Company Secretary & Compliance Officer

## Statutory Auditors

M/s Brahmananda Reddy & Associates., Chartered Accountants

## Secretarial Auditor

M/s P N Rao & Co., Practicing Company Secretaries

## Cost Auditor

Shri Uppalapati Prakash, Cost Accountant

## Internal Auditors

M/s Rao & Kumar, Chartered Accountants

# COMPOSITION OF COMMITTEES



## Audit Committee

Name of the Director	Status in Committee	Nature of Directorship
Shri Lucas Peter Thalakala (IRS) ( Retd)	Chairman	Independent Director
Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd)	Member	Independent Director
Shri Radhakrishna Garapati	Member	Managing Director

## Nomination and Remuneration Committee

Name of the Director	Status in Committee	Nature of Directorship
Shri Lucas Peter Thalakala (IRS) ( Retd)	Chairman	Independent Director
Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd)	Member	Independent Director
Smt Sita Ratnam	Member	Director

## Stakeholders Relationship Committee

Name of the Director	Status in Committee	Nature of Directorship
Shri Lucas Peter Thalakala (IRS) ( Retd)	Chairman	Independent Director
Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd)	Member	Independent Director
Shri Radhakrishna Garapati	Member	Managing Director

## BANKERS

Vijaya Bank, Axis Bank, IDBI Bank, HDFC Bank

## REGISTERED OFFICE

10-12-1, Rednam Alcazar, Rednam Gardens  
Old Jail Road, Opp SBI Main Branch,  
Visakhapatnam-530002,  
Andhra Pradesh, India  
CIN: L45200AP2005PLC045795

## SHARE TRANSFER AGENT

Bigshare Services Private Limited  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East,  
Mumbai 400059, Maharashtra.

# NOTICE OF THE AGM



Notice is hereby given that the **13th Annual General Meeting** of the members of RKEC PROJECTS LIMITED will be held on Thursday the **27<sup>th</sup> Day of September 2018 at 11.30 AM at "Triveni", Hotel Daspalla, #28-2-48, Suryabagh, Jagadamba Jn., Visakhapatnam - 530020** to transact the following business:

## ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements (both Standalone & Consolidated Financial Statements) consisting of Profit & Loss Account and Cash Flow Statement for the Financial Year ended 31st Mar, 2018 and Balance Sheet of the Company as on that date, Schedules and Notes thereon together with the Reports of the Board of Directors and Auditors thereon.

To consider and, if thought fit, to pass with or without modification (s), the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** the Audited Financial Statements (both Standalone & Consolidated Financial Statements) of the Company for the Financial Year ended 31st Mar 2018, consisting of Balance Sheet as at 31st Mar, 2018 together with the notes to Financial Statements and Reports of the Board of Directors and Auditors including Annexure thereof laid before this meeting, be and are hereby considered and adopted."

2. To consider the 1st Interim Dividend on Equity Shares and declare a Final Dividend @10% i.e. Re.1/- for every Equity Share for the Financial Year 2017-18.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** 1st Interim Dividend @ 10% i.e. Re.1/- (Rupee One only) per Equity Share of the Company declared by the Board of Directors of the Company at its meeting held on 13th Nov 2017, be and is hereby confirmed."

**"RESOLVED FURTHER THAT** a Final Dividend @10% i.e. Re.1/- (Rupee One only) per Equity Share of the Company for the Financial Year 2017-18, as recommended by the Board of Directors be and is hereby declared and approved."

3. To appoint Smt. G Parvathi Devi (DIN 00094961), who retire by rotation and being eligible, offer herself for re-appointment as a Director

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** Smt. G Parvathi Devi (DIN 00094961), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is here by re-appointed as a Director of the Company, liable to retire by rotation."

#### 4. **Appointment of Statutory Auditors**

To appoint M/s Brahmananda Reddy & Associates, Chartered Accountants (FRN:016662S) as Statutory Auditors of the Company for a period of 4 years from the Financial Year 2018-19 to Financial Year 2021-2022.

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 139-142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under M/sBrahmananda Reddy & Associates ,Chartered Accountants (Firm’s Registration Number: 016662S be and are hereby appointed as Auditors of the Company, to hold office for a period of five consecutive years commencing from the Financial year 2017-18 at such remuneration as may be fixed by the Managing Director of the Company.”

#### **SPECIAL BUSINESS**

#### 5. 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 Section 148 and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration of Rs. 75,000/- (Rupees Seventy Five Thousand Only), as recommended by the Audit Committee and approved by the Board of Directors payable to Uppalapati Prakash Cost Accountant (M. No.19328) as Cost Auditor to conduct the audit of the relevant Cost records of the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, for the financial year ending 2018-2019 be and is hereby ratified and confirmed.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

#### 6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution for Borrowing the money:

**“RESOLVED THAT** pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers/FDI/ ECB, Private equity/High net worth individuals etc. in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the

total outstanding amount so borrowed shall not at any time up to Rs. 500 Crores at any one point of time”

**“RESOLVED FURTHER THAT** the Board of Director be and is hereby authorized to negotiate limits with the Bankers/FDI/ECB/Private equity/High net worth individuals etc for availing the funded and non-funded bank limits (including guarantees facilities), determine the terms and conditions including fixing the rate of interest, tenor etc. for each borrowing and for such purpose create and place fixed deposits as collateral execute loan agreement, Demand promissory Notes, Pledge/ Hypothecation agreement, and other documents and deeds, receipts, acknowledgements and discharge in connection with the borrowings of the Company within the borrowing limits as prescribed above.

**RESOLVED FURTHER THAT** Board of Directors of the company be and is hereby authorized to do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any others person as it may deem fit subject to the provision of the Companies Act, 2013.”

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution for Borrowing the money:

**“RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013 to mortgage and/or charge by the Board of Directors of the Company, by way of charge on all the immovable and movable properties of the Company in favour of any Bank or any Financial Institutions, to secure the term loan(s) or other credit facilities not exceeding Rs.500.00 Crores (Rupees Five Hundred and Fifty Crores only) together with interest, further interest, penal interest, commitment charges, costs, charges, expenses and all other monies payable by the Company on the terms and conditions contained in the Letter of Intent issued by such bank or financial institution.”

**“RESOLVED FURTHER THAT** THE Board of Directors of the Company be and is hereby authorized to finalize with the Lender(s) the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution.”

### For RKEC Projects Limited

**Swapna Bansode**

Company Secretary & Compliance Officer

Date: 31 Aug, 2018  
Place: Visakhapatnam

1. An Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 is annexed to this notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint proxy or proxies to attend and, to vote instead of himself and such proxy need not be a member of the company. a person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

The instrument of Proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.

3. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015 the Register of Members and Share Transfer Books of the Company will remain closed from Friday the 21st Sept, 2018 to Thursday the 27th Sept, 2018 (both days inclusive);
4. The Company has appointed M/s. Bighsare Services Private Limited., as its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents, transfers, demat request, change of address intimation and other communication in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly quoting Folio No., full name and name of the Company as RKEC PROJECTS LIMITED.
5. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
6. Members are requested to bring their copies of the Annual Report to the Meeting.
7. Members desiring any information on accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready for reply.
8. Electronic copy of the Notice of the Annual General Meeting along with Annual Report inter-alia, including proxy form and attendance slip is being sent to all the shareholders whose name appears in the pre list furnished by NSDL and CDSL as Beneficial Owner as on 31 Aug, 2018 at the email id's registered with the Company/ RTA / DP for communication purposes. For those shareholders whose name stand registered in the Register of Members as on 31 Aug, 2018 and who have not registered their email address, physical copies of the Notice of the Annual General Meeting along with Annual Report inter-alia, including proxy form and attendance slip is being send to them in the permitted mode. We request you to update, your email address with your depository participant to ensure that the annual report and other documents reach you in permitted mode.
9. Every member entitled to vote at a meeting of the company, or on any resolution to be moved

thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days' notice in writing of the intention so to inspect is given to the company.

10. Corporate Members intending to send their authorized representatives under Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the Meeting.
11. Members may note that the Notice of this meeting has been hosted under the Investor's Tab of Company's website [www.rkecprojects.com](http://www.rkecprojects.com)
12. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours.
13. As per Notification issued by Ministry of Corporate Affairs dated 19th of March, 2015 with reference to the Companies (Management and Administration) Rules, 2014, Companies covered under Chapter XB and Chapter XC as per SEBI (ICDR) Regulations, 2009 are be exempted from e-voting provisions. Also, no such provision is available in SME Equity Listing Agreement. Company is covered under Chapter XB as it is a SME Company and listed on SME platform of NSE of India Limited. Therefore, Company is not providing e-voting facility to its shareholders.
14. The route map showing directions to reach the venue of the Annual General Meeting is annexed.
15. The details of director's appointment or re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India is as below:

Particulars	
Name	<b>G Parvathi Devi</b>
Date of Birth	<b>10.06.1964</b>
Date of Appointment as WTD	<b>25.11.2016</b>
No. of shares held in the Company	<b>10,000</b>

# Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013:



Item No.5. Appointment of Cost Auditors and payment of remuneration:

The Board of directors in their meeting held on 31<sup>st</sup> August, 2018 had appointed Mr. Uppalapati Prakash, Cost Accountant (M.No. 19328) as Cost Auditor to conduct cost audit of company's accounts for the financial year 2018-19.

His appointment and payment of remuneration needs to be ratified by the members. Hence, the proposed resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway, concerned or interested in the said Resolution. Board recommends passing of the above resolution.

Item No. 6 & 7

Consent of the members given to Board of Directors to borrow money in excess of paid up capital and free reserves and to create charges on the assets of the company.

The provisions of Section 180 (1) (c) of the Companies Act, 2013 provides that the Board of Directors of a Company shall borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company up to the aggregate of its paid up capital and free reserve, and consent of the Shareholders by a special resolution is required in case where the money borrowed, with the money already borrowed by the Company will exceed aggregate of its paid up share capital and free reserves.

The company is constantly reviewing opportunities for new expansion of its business operations and would, therefore required to borrow in order to achieve greater financial flexibility. The likely borrowing requirements of the Company in next 3-4 years in order to meet funds requirements in respect of the Project(s) undertaken or to be undertaken by the Company which may or will exceed the limit prescribed under Sub Section (1)(c) of section 180, it is hereby proposed to authorize Board to borrow up to a sum of Rs. 500 Crores/- (Rupees Five Hundred Crores only) in any manner as the Board may think necessary or fit do so. The Board recommends Special Resolutions for approval of the Members.

The provisions of Section 180 (1) (a) of the Companies Act, 2013 provides that the Board of Directors of a Company shall obtain consent of the members to sell, dispose off or create charges on the assets of the company.

Therefore, proposed borrowing of funds by the company which requires creation of charges on the assets of the company requires approval of members by passing a Special resolution. Hence, proposed resolution at Sl.No.7.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway, concerned or interested in the said Resolutions. Board recommends passing of the above resolutions.

**BY ORDER OF THE BOARD OF DIRECTORS**

**FOR RKEC PROJECTS LIMITED**

**Sd/-**

**Swapna Bansode**

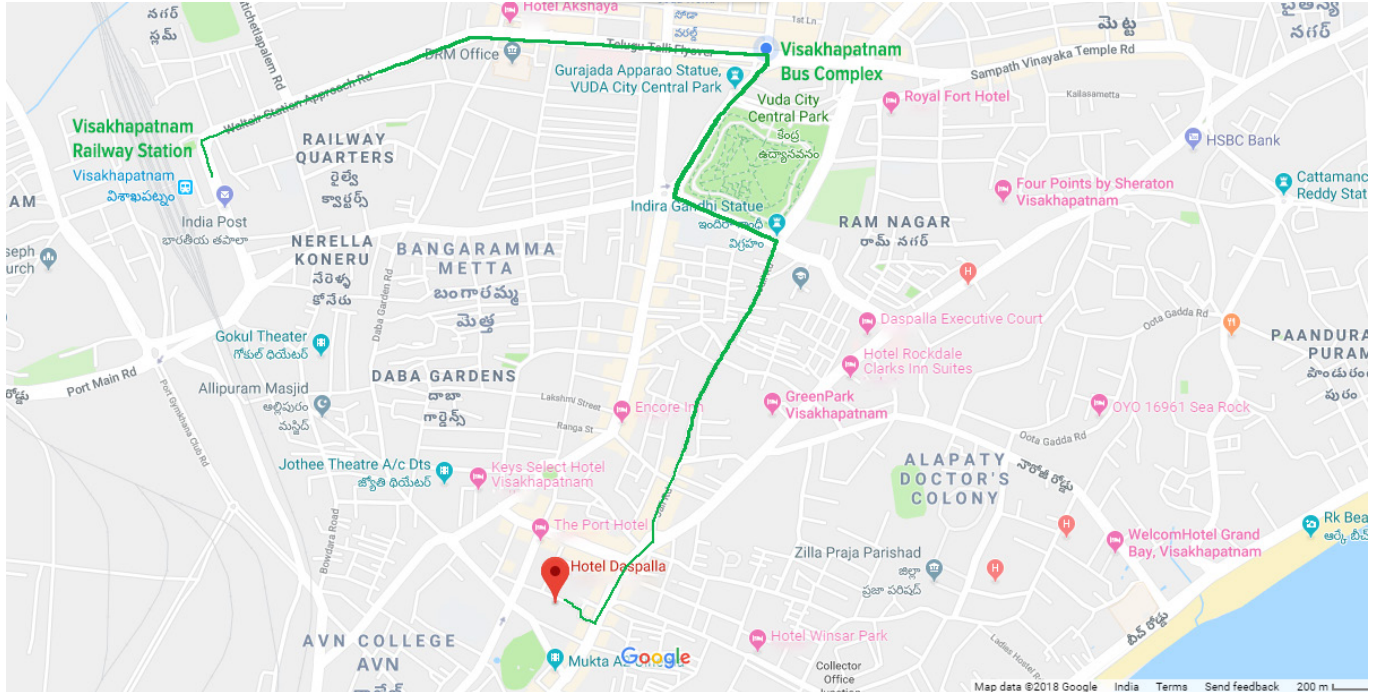
Company Secretary & Compliance Officer

**Date: 31 Aug 2018**  
**Place: Visakhapatnam**

## Route Map of the Venue



### Route Map of the Venue - Annual General Meeting :



Venue:

**“TRIVENI”, Hotel Daspalla,**

# 28-2-48, Suryabagh, Jagadamba Jn.,  
Visakhapatnam - 530020  
Andhra Pradesh, India



Scan the above QR Code for Venue

# DIRECTORS REPORT



**To  
THE MEMBERS  
RKEC PROJECTS LIMITED**

Your Directors have pleasure in presenting before you the Thirteenth Annual Report of the Company along with audited annual financial statement for the year ended 31st March, 2018.

## 1. FINANCIAL PERFORMANCE/HIGHLIGHTS:

During the year under review, the Company has earned net profit of Rs. 20,35,39,952/-. There is notable increase in profit after tax during the current year comparison to the previous year. Your Directors look forward to improve the financial position of the Company and are optimistic about the future growth and performance of the Company.

**The summarized financial results of the Company for the period ended 31st March, 2018 are as follows:**

(Amt in Lac's)

Particulars	Standalone		Consolidated
	2017-18	2016-17	2017-18
Revenue from operations	23,972.43	19,724.43	23,972.43
Other Income	104.57	1287.72	104.57
Total Income	24,077.00	20,012.16	24,077.00
Less: Expenditure	20,128.68	16,873.06	20,128.68
Profit/(loss) before Interest, Depreciation and Tax	3,948.32	3,139.09	3,948.32
Less: Finance Cost	385.47	840.43	385.47
Less: Depreciation & Amortization Cost	308.77	273.83	308.77
Prior Period Items	-	-	-
Less: Extraordinary items	-	-	-
Profit/(loss) Before Tax	3,254.08	2,024.82	3,254.08
Less: Tax Expenses	1,227.48	692.17	1,227.50
Less: Deferred Tax	- 8.79	40.08	- 8.79
Profit/(loss) after Tax	2035.40	1,292.56	2035.37

## 2. DIVIDEND

During the year under review, your Company has declared interim dividend of 10% (Rs 1.00 per share) amounting to Rs 2,39,90,600 be paid out of the profits of the Company for the year 2017-18 on the equity shares of Company.

Your Directors recommended a Final Dividend @ 10% i.e., Re.1.00 per Equity Share of Rs. 10/- each. Aggregating to Rs. 2,89,21,938/- including dividend distribution tax of Rs. 49,31,938/- to be appropriated from the profits of the year 2017-18, subject to the approval of the shareholders (Members) at the ensuing 13th Annual General Meeting. The Dividend will be paid in compliance with applicable regulations.

## 3. CAPITAL STRUCTURE

During the year under review, the paid up share capital of the Company has been increased from Rs. 19,31,26,000/- (Rupees Nineteen Crore Thirty One Lakh Twenty Six Thousand) divided into 1,93,12,600 (One Crore Ninety Three Lakhs Twelve Thousand and Six Hundred) equity shares of Rs. 10 each to Rs. 23,99,06,000 (Rupees Twenty Three Crores Ninety Nine Lakhs Six Thousand ) by initial public offer of 46,78,00,000 (Forty Six Lakhs Seventy Eight Thousand) and Offer for Sale of 17,00,000 equity shares at a face value of Rs. 10/- each and a premium of Rs. 35/- each. The aforesaid Equity Shares is listed on NSE-Emerge Platform.

Further, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

## 4. CONSOLIDATED FINANCIAL STATEMENT

The Financial Statement of the Company for the Financial year 2017-18 are prepared in compliance with the applicable provisions of the Companies Act 2013, Accounting Standards and as prescribed by Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirement) Regulations, 2015. The consolidated Financial Statement has been prepared on the basis of the audited financial statements of the Company RKEC Projects Ltd and its JV Firm as approved by the respective Board of Directors/Management. Pursuant to the provisions of Section 136 of the Act, applicable rules relating to accounting standards, the Financial Statements of the Company, the Consolidated Financial Statements along with all relevant documents and Auditors report thereon form part of this annual report.

## 5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed dividend, the provisions of Section 125 of the Companies Act, 2013 do not apply.

## 6. CHANGE IN THE NATURE OF THE BUSINESS OF THE COMPANY

During the year, there is no change in the nature of the business of the Company.

## **7. DEPOSITS**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the period under review. Hence, the requirement for furnishing the details of deposits which are not in compliance with Chapter V of the Act is not applicable.

## **8. TRANSFER OF PROFITS TO RESERVES**

It is not proposed to transfer any amount to reserves from the profits of the current year. Hence, disclosure under Section 134(3)(j) of the Companies Act, 2013 is not required.

## **9. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE ENDS OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There is no material changes and commitments affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

## **10. STATEMENT ON FORMAL ANNUAL EVALUATION OF BOARD**

Nomination and Remuneration Committee annually evaluates the performance of individual Directors, Committees and of the Board as a whole in accordance with the formal system adopted by it. Further, the Board also regularly in their meeting held for various purposes evaluates the performance of all the Directors, committees and the Board as a whole. The Board considers the recommendation made by Nomination and Remuneration Committee in regard to the evaluation of board members and also tries to discharge its duties more effectively. Each board members contribution, their participation was evaluated and the domain knowledge they bring. They also evaluate the manner in which the information flows between the Board and the Management and the manner in which the board papers and other documents are prepared and furnished.

## **11. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL**

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

## **12. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company has developed and implemented risk management policy, which is displayed on the Company's website [www.rkecprojects.com](http://www.rkecprojects.com).

### 13. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

#### A. CONSERVATION OF ENERGY:

The steps taken or impact on conservation of energy: NA

- i. The steps taken by the company for utilizing alternate sources of energy: NA
- ii. The capital investment on energy conservation equipment: NA

#### B. TECHNOLOGY ABSORPTION:

- i. The efforts made towards technology absorption: NA
- i. The benefits derived like product improvement, cost reduction, product development or import substitution: NA
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
  - a) The details of technology imported: NA
  - b) The year of import: N.A.
  - c) Whether the technology was fully absorbed: NA
  - d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof N.A.
- iv. The expenditure incurred on Research and Development: NA

#### C. FOREIGN EXCHANGE EARNING & OUT GO:

Foreign Exchange Earning / (Loss): (Rs. 6,56,904/-)

Foreign Exchange Outgo: Rs.4,58,50,259.50 (US\$ - 6,99,352)

### 14. CORPORATE SOCIAL RESPONSIBILITY

A detailed outline of the Corporate Social Responsibility (CSR) policy of the Company on CSR activities DURING THE YEAR 2017-18 ARE SET OUT IN **Annexure – “A”** OF THIS REPORT IN THE FORMAT PRESCRIBED IN THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014. THE CSR POLICY IS AVAILABLE ON THE WEBSITE OF THE COMPANY [WWW.RKECPROJECTS.COM](http://WWW.RKECPROJECTS.COM).

## 15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year, the Company has made no investment falling under the provision of Section 186 of the Companies Act, 2013 read with rules made there under. The Company has not given loan, guarantee or provided security in connection with the loan to any other body corporate or person. The members are requested to refer the notes to the financial statement which forms the part of the Annual Report for detailed information.

## 16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

During the year under review, the Company has entered into contracts or arrangements with related parties. The particulars of Contracts or Arrangements made with related parties required to be furnished under section 134(3) are disclosed in the prescribed form (Form AOC-2) which is attached to this Report as **"Annexure- B"**.

## 17. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### i. Composition

Name of Directors	Designation	Category	No. of Board Meeting held during the year	No. of Board Meeting attended during the Year
Shri G Radhakrishna	Chairman & Managing Director	Promoter Executive	7	7
Smt G Parvathi Devi	Whole Time Director	Promoter Executive	7	7
Smt G Sita Ratnam	Director	Non Executive	7	6
Vice Admiral Satish Soni PVSM,AVSM, NM (Retd)	Independent Director	Non Executive	7	5
Lt Gen P R Kumar PVSM,AVSM, VSM (Retd)	Independent Director	Non Executive	1	1
Shri Lucas Peter Thalakala (IRS) (Retd)	Independent Director	Non Executive	7	7

### ii. Changes in Board during the year:

During the year under review, Lt Gen P R Kumar (DIN: 07352541) Independent Director of the Company appointed on 25 Nov, 2016 ceased to be the Director of the Company with effect from 02 June 2017.

### iii. Retirement by rotation:

As per the provisions of Section 152 of the Companies Act, 2013, Smt. G Parvathi Devi (DIN: 00094961) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. Your Directors recommend her reappointment.

### iv. Key Managerial Personnel

In pursuant to provisions of Section 203 of the Companies Act, 2013 read with the applicable rules and other applicable provisions of the Companies Act, 2013, the designated Key Managerial Personnel (KMP) of the Company as on 31st March, 2018 are as follows:

- (a) Shri G Radhakrishna (DIN: 00073080) : Managing Director
- (b) Smt G Parvathi Devi (DIN: 00094961) : Whole Time Director
- (c) Brig G S Narayana VSM (Retd) (PAN: AEAPG2848A) : Chief Financial Officer
- (d) Ms Swapna Bansode (PAN: CAAPB2096P): Company Secretary & Compliance Officer

### v. Number of Board Meetings

The Board met 7 times in the Financial Year 2017-18 viz, 02 Jun 2017, 03 Jul 2017, 24 Aug 2017, 18 Sept 2017, 04 Oct 2017, 13 Nov 2017, 12 Mar 2018.

Details of Directors as on 31 Mar 2018 and their attendance at the Board Meetings and Annual General Meeting (AGM) during the Financial Year 2017-18 are given below:

### vi. Statement on Formal Annual Evaluation of Board

Nomination and Remuneration Committee annually evaluates the performance of individual Directors, Committees, and of the Board as a whole in accordance with the formal system adopted by it. Further, the Board also regularly in their meetings held for various purposes evaluates the performance of all the Directors, committees and the Board as a whole. The Board considers the recommendation made by Nomination and Remuneration Committee in regard to the evaluation of board members and also tries to discharge its duties more effectively. Each Board member's contribution, their participation was evaluated and the domain knowledge they bring. They also evaluated the manner in which the information flows between the Board and the Management and the manner in which the board papers and other documents are prepared and furnished.

## **vii. Declarations by Independent Directors & Their Separate Meeting**

All the Independent Directors of the Company have given their declarations stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and in the opinion of the Board, the Independent directors meet the said criteria.

During the year under review the Independent Directors duly met pursuant to the provisions as specified in Schedule IV of the Companies Act, 2013 and the quorum was present throughout the meeting.

## **18. DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- III. The directors had 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. The directors had prepared the annual accounts on a going concern basis.
- V. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- VI. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## 19. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE:

Pursuant to the provisions of section 177(8) of the Companies Act, 2013, the Board hereby discloses the composition of the Audit Committee and other relevant matters as under:

S.No.	Name of the Member	Category	Designation	No. of Committee Meeting held during the year	No. of Committee Meeting attended during the year
1.	Shri Lucas Peter Thalakala (IRS) (Retd)	Independent Director	Chairman	4	4
2.	Vice Admiral Satish Soni PVSM, AVSM, NM (Retd)	Independent Director	Member	4	4
3.	Shri G Radhakrishna	Managing Director	Member	4	4

The Audit Committee acts in accordance with the terms of reference specified by the Board of Directors of the Company. Further during the period under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

During the financial year ended on 31st March 2018, the Audit Committee met Four (4) times on 02 June 2017, 24 Aug 2017, 13 Nov 2017 and 12 March 2018.

## 20. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has established vigil mechanism/Whistle Blower Policy for Directors and employees of the Company to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The Board of Directors of the Company frequently reviews the vigil mechanism/whistle blower policy in order to ensure adequate safeguards to employees and Directors against victimization. The said policy is also available on the website of the Company at [www.rkecprojects.com](http://www.rkecprojects.com).

## 21. DETAILS OF INVESTOR'S GRIEVANCES/ COMPLAINTS:

The Company has received one complaint during the year which has been resolved. The pending complaints of the Shareholders/ Investors registered with SEBI at the end of the current financial year ended on 31st March, 2018 are NIL.

There were no pending requests for share transfer/dematerialization of shares as on 31st August 2018.

## 22. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has placed an adequate Internal Financial Controls with reference to Financial Statements. The Board has inter alia reviewed the adequacy and effectiveness of the Company's internal financial controls relating to its financial statements.

During the year, such Controls were tested and no reportable material weakness was observed.

## 23. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There was no complaint received during the year, under the sexual harassment of woman at work place (Prevention, Prohibition and Redressal) Act, 2013. Further, the Company ensures that there is a healthy and safe atmosphere for every women employee at the workplace and made the necessary policies for safe and secure environment for women employee.

## 24. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has entered into Joint Venture with M/s. Suryadevara Engineers & Contractors, Vijayawada and "Qingdao Construction Engineering Group Co. Ltd." The statement containing the salient feature of the JV is given as **"Annexure - C"**.

## 25. AUDITORS

### i. STATUTORY AUDITORS

The present Auditors of the Company M/s. Brahmananda Reddy & Associates, Chartered Accountants, were appointed as Statutory Auditors for a period of 5 year(s) at the Annual General Meeting held on 23rd Sept, 2017 to hold the office till the conclusion of 17th Annual General Meeting of the Company to be held in the year 2022.

In pursuant to Companies Amendment Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of statutory auditor is not required to be ratified at every annual general meeting.

There are no qualifications, reservations or adverse remarks made by M/s. Bramhananda Reddy & Co., Chartered Accountants, the Statutory Auditors of the Company, in their report.

## ii. SECRETARIAL AUDITOR

M/s. P N Rao & Co, Company Secretaries, Visakhapatnam were appointed as Secretarial Auditor of the Company to conduct secretarial audit pursuant to the provisions of Section 204 of the Companies Act, 2013 for F.Y. 2017-18. The secretarial audit report given by M/s. P N Rao & Co, Company Secretaries, Secretarial Auditor of the Company forms part of this report and is marked as **"Annexure-D"**

There were no adverse remarks made by Secretarial Auditor of the Company except non spending of CSR Expenditure in their report.

## iii. COST AUDITORS

The Company has appointed the Shri Uppalapati Prakash as Cost Auditor as pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014.

## 26. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Report and marked as **"Annexure - E"**. No employee of the Company was in receipt of the remuneration exceeding the limits prescribed in the rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 27. ANNUAL REPORT

Pursuant to the provisions in sub section (3) of Section 92 has been placed on the website of the Company. [www.rkecprojects.com](http://www.rkecprojects.com).

## 28. CORPORATE GOVERNANCE

Your Company has been complying with the principals of Corporate Governance over the years and is committed to the highest standards of compliance. Pursuant to regulation 15(2) of the SEBI (LODR) Regulations 2015, the compliance with the corporate governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and para C, D and E of schedule V shall not apply to the listed entity which has listed its specified securities on the SME Exchange. Therefore, the Corporate Governance Report is not applicable on the Company and therefore not provided by the Board.

## 29. EVENT BASED DISCLOSURES

The Company has not issued any shares with differential voting rights or Sweat Equity shares or shares under ESOP. The Company has not provided any money to its employees for purchase of its own shares hence the company has nothing report in respect of Rule 4(4), Rule (13), Rule 12(9) and Rule 16 of the Companies (Share Capital & Debentures) Rules, 2014.

### 30. LISTING

The equity shares of the company are listed on SME platform of NSE (NSE EMERGE) and the Company has paid annual listing fees for the year 2018-19.

### 31. IPO Proceeds Utilization:

"During the year ended 31 March 2018, the Company had completed the initial public offer (IPO), the proceeds from IPO was Rs. 21,05,10,000 to the company: Details of utilization of IPO proceeds are as follows:"

- a) IPO Expenses net of recovery from selling shareholders : Rs. 2,08,31,989.
- b) General corporate purposes – Working capital: Rs. 18,96,78,011.

### 32. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) (e) of the Listing Regulations is given as an annexure to this report.

### 33. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

#### BY ORDER OF THE BOARD OF DIRECTORS

#### FOR RKEC PROJECTS LIMITED

Sd/-

G Radhakrishna

Chairman & Managing Director

DIN (00073080)

Date : 31 Aug 2018

Place: Visakhapatnam

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT



## i) Industry Structure and Development

We are a construction company primarily engaged in the business of Civil Construction such as construction of Highways, roads and bridges. During the last decade, we have undertaken and successfully completed many construction projects in India covering states of Andhra Pradesh, Tamil Nadu, Gujarat, Odisha, Rajasthan and Maharashtra. In addition to them, we have expanded our presence to three more states, Kerala, Uttar Pradesh and Manipur, with our ongoing projects. We have been able to achieve our targets by fusing tremendous engineering

knowledge with groundbreaking skills, experienced team, binding an optimum mix of men, machine and materials across diverse projects.

Our core business is designing and undertaking construction projects such as Bridges, Ports, dams, high-rise structures, airports, cross water, roads, highways, Oil and gas Pipelines, complexes and environmental structures across India. We have attained good reputation among our clients because of our track record, experienced members and a proven strength on delivery norms across its all spectrum of services. We have entered into projects for diverse range of clients including Defence sector, Railways, Ports, Adani Port, Vedanta Ltd, Rashtriya Ispat Nigam Limited and ESSAR.

## i) Strengths

- a) High-quality, cost-effective projects delivery capabilities.
- b) Good track record of on schedule completion of project.
- c) Long Experience of Promoter in the construction sector.
- d) Supporting motivated, flexible, and focused team
- e) Own fleet of requisite construction equipments.

## ii) Opportunities

- a) Increasing Government focus on increasing reforms in the infrastructural and industrial sector.
- b) Expansion of key industry sector like power, steel, petrochemicals, telecom and others.
- c) Infrastructural development in the Country

## iii) Threats

- a) Economical and Political scenario in the country.
- b) Any environmental issues in the execution of the projects

## vi) Internal Control system and their adequacy

The Company has adequate system of internal control commensurate with its size and operations to ensure orderly and efficient conduct of the business. These controls ensure safeguard of assets, reduction and detection of frauds and error, adequacy and completeness of the accounting record and timely preparation of reliable financial information.

## v) Financial performance with respect to operational performance:

The financial performance of the Company for the year 2017-18 is described in the Directors Report.

## vi) Future Outlook:

Economic growth is projected to remain strong and India will remain the fastest- growing G20 economy.

The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the landmark Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment. Monetary policy is projected to remain tight as inflation expectations have still not fully adjusted down. The need to reduce the relatively high public-debt-to-GDP ratio leaves little room for fiscal stimulus.

However, investing more in physical and social infrastructure is critical to raising living standards for all. This should be financed by a comprehensive reform of income and property taxes. Restoring credit discipline and cleaning up banks' balance sheets will be instrumental to support the credit growth needed to finance more business investment. Trade openness has increased, partly driven by a competitive service sector. Manufacturing has lagged behind, with limited contribution to exports and job creation, leaving many workers in low-paid jobs. Promoting quality job creation in manufacturing would require reducing further restrictions on FDI and trade, modernizing, labor regulations and providing better education and skills. Better infrastructure, transport and logistics services would facilitate manufacturing firms' access to global markets, particularly from remote and poorer regions. Robust consumption and a rebound in exports are boosting growth. Growth remains strong. Private consumption has been buoyant, boosted by the increase in public wages and pensions and by higher agricultural and rural incomes. The costs of the withdrawal of high denomination notes – demonetization – in November 2016 are wearing off, and sales of cars and two-wheelers have bounced back. Investment has so far failed to rebound, despite government efforts to develop rail, road and energy infrastructure and to improve the ease of doing business. Excess capacity (e.g. in the steel sector) and the weak financial position of some corporations, combined with large non-performing loans for most public sector banks, have restrained business investment. Exports have picked up, driven by strong demand from Asia and the euro area. Higher oil prices and gold imports, coupled with a decline in remittances inflows, are reflected in some deterioration in the current account deficit. However, the deficit remains well below its long term average. FDI net inflows have been rising steadily since 2014 and are fully financing the current account deficit.

**viii) Material developments in Human Resources/Industrial Relations front, including the number of people employed.**

During the year under review, no such initiatives and/or developments in Human Resources/Industrial Relations front has been taken by the Company.

**ix) Cautionary Statement:**

Statement in this Management Discussion and Analysis describing the company's objectives, projections, estimated and expectations are "forward looking statements" Actual results might differ, materially from those anticipated because of changing ground realities.

**BY ORDER OF THE BOARD OF DIRECTORS**

**FOR RKEC PROJECTS LIMITED**

**Sd/-**

**G Radhakrishna**

**Chairman & Managing Director**

**DIN (00073080)**

**Date : 31 Aug 2018**

**Place: Visakhapatnam**

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18.

### 1. The Composition of the CSR Committee:

The Company has set up a Board level CSR Committee as stipulated under the Companies Act, 2013 and Rules framed there under. The committee consists of the following Director:

S.No.	Name of the Director	Designation
1.	<b>Shri Lucas Peter Thalakala (IRS) (Retd)</b>	Chairman
2.	<b>Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd)</b>	Member
3.	<b>Shri G Radhakrishna</b>	Member

For the year 2017-18, the Company has carried out the CSR activities.

1. Average Net Profit of the Company for last three financial years: Rs. 10,50,06,741
2. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 21,00,000
3. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year: Rs. 21,00,000
  - (b) Total amount spent: Rs. 1,75,000
  - (c) Amount unspent, if any: Rs. 19,25,000

There was delay in identifying suitable projects for undertaking CSR activities. The entire unspent amount will be spent during the financial year 2018-19 on the projects identified by the Trust formulated by the Company to undertake the CSR activities.

### 4. Responsibility Statement

“The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company”.

**BY ORDER OF THE BOARD OF DIRECTORS**

**FOR RKEC PROJECTS LIMITED**

**Sd/-**

**G Radhakrishna**

**Chairman & Managing Director**

**DIN (00073080)**

**Date : 31 Aug 2018**

**Place: Visakhapatnam**

## FORM NO . AOC-2

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### 1. Details of Contracts or arrangements or transactions not at arm's Length basis :

Sr. No	Name(s) of the related party and nature of relationship	Nature of Contracts/ Arrangements/ Transactions	Duration of The Contracts/ Arrangements/ Transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	NIL							

## 2. Details of contracts or arrangements or transactions at Arm's length basis:

S. No.	Name(s) of the related party and nature of relationship	Nature of Contracts/ Arrangements/ Transactions	Duration of The Contracts/ Arrangements/ Transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. in Lacs)	Amount paid as advances, if any:
1	G Naga Pushyami (Daughter of MD)	Lease of Machinery	One year	20.00	Nil
2	Naram Enterprises Pvt Ltd (Associate Company)	Purchases	One year	594.96	Nil
3	G.Radhakrishna	Guarantee given for Bank loan	One Year	12.76	Nil
4	G. Parvathi Devi	Guarantee given for Bank Loan	One year	07.02	Nil
5	G. V. Rammohan (Son- in-law of MD)	Salaries	One year	33.50	Nil
6	Karna MahendraRaj (Son-in-Law of MD)	Salaries	One Year	17.25	Nil
7	G. Hima Bindu Sree	Salaries	One year	19.73	Nil

**BY ORDER OF THE BOARD OF DIRECTORS**

**FOR RKEC PROJECTS LIMITED**

**Sd/-**

**G Radhakrishna**

**Chairman & Managing Director**

**DIN (00073080)**

**Date : 31 Aug 2018**

**Place: Visakhapatnam**

## Form AOC-I

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1.	Name of Associates/Joint Ventures	RKEC and Suryadevara JV	CQCE-RKEC JV
2	Latest audited Balance Sheet Date	30-05-2018	30-05-2018
3	Shares of Associate/Joint Ventures held by the company on the year end	51%	49%
	Amount of Investment in Associates/Joint Venture	Rs 8,543	NIL
	Extend of Holding %	51%	49%
4	Description of how there is significant influence	No	No
5	Reason why the associate/ joint venture is not Consolidated	Consolidated	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs 74,73,32,911	NIL
7	Profit / Loss for the year		
7(i)	Considered in Consolidation Considered in Consolidation	Rs 32,54,07,978	NIL
7(ii)	Not Considered in Consolidation	Rs 32,54,07,978	NIL

## FORM NO. MR - 3

### SECRETARIAL AUDIT REPORT

For the financial year ended on March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
**The Members,  
RKEC Projects Limited  
Visakhapatnam.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by RKEC Projects Limited (CIN:L45200AP2005PLC045795) having its registered office at D.No.10-12-1, Rednam Alcazar, 3rd Floor, Opp: SBI Main Branch, Rednam Gardens, Visakhapatnam-530 002 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading)

Regulations, 2015;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- Not applicable as the company has not issued any ESOP during the financial year.
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable as the Company has not issued any debt securities during the financial year.
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009- Not applicable
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company did not buy back its equity shares during the financial year.

The Company has identified the following Industry specific laws, Regulations, Guidelines, Rules Etc., as applicable to the Company:

- (a) The Building and other construction workers (Regulation of employment and conditions of service) Act, 1956.
- (b) Inter-State Migrant workmen ((Regulation of employment and conditions of service) Act, 1979

We have also examined compliance with the applicable clauses /regulations of the following:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India-Generally complied with.
- (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into by the Company with the National Stock Exchange (SME Platform).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines, Standards, etc., mentioned above subject to the following observations.

Few Forms required to be filed under the Companies Act, 2013 and the rules made there under, were filed late with additional fees with the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad.

The company has constituted the CSR committee and its constitution was as per regulation. Company is required to spend Rs.21,00,000 in the financial year 2017-18 and another Rs.10,94,000 in the previous financial year 2016-17 towards CSR expenditure being 2% of the average net profits of the company for the previous three years. Thus, the total CSR Expenditure to be spent was Rs.31,94,000 for two years. Out of the total amount, in the financial year 2017-18, company has spent Rs.1,75,000 only on

this account. The unspent amount was Rs.30,19,000 as per company records and audited statement of accounts for the year ended 31st March, 2018.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, resolutions were carried through majority. As confirmed by the management, there were no dissenting views expressed by any of the members on any business transacted at the meetings.

Based on the information, documents provided and the representation made by the Company, its officers during our audit process, we find that there is scope to improve the systems and processes in the company to commensurate with the size and operation of the company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Company has complied with the requirements under the Equity Listing Agreement entered into with the NSE Limited (SME Platform)

We further report that as per the explanations given to us and the representations made during the audit period, and relied by us, no specific events have occurred in the company.

Signature:

**P.NARASINGA RAO:**

**FCS No.4406**

**C P No.:2552**

**Place: Visakhapatnam**

**Date: 31.08.2018**

To,  
The Members,  
RKEC Projects Limited  
Visakhapatnam.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained management representation about compliance / non compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Companies Act, 2013, and other applicable laws, rules, regulations, secretarial standards issued by ICSI is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The compliance by the Company of applicable financial laws, like direct and indirect laws, and maintenance of financial records and books of accounts has not been reviewed by us since the same have been subject to review by the statutory auditors and other designated professionals.

**Signature:**  
**P.NARASINGA RAO:**  
**FCS No.4406**  
**C P No.:2552**

**Place: Visakhapatnam**  
**Date: 31.08.2018**

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Sub Section 12 of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

S. No.	Requirements	Requirements Disclosure	
1	The ratio of remuneration to each director to the median remuneration of the employees for the financial year	MD	0.15
		WTD	0.15
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year	MD & WTD	NIL
		CFO	50%
		CS	20%
3	The percentage increase in the median remuneration of employees in the financial year	10%	
4	The number of permanent employees on the rolls of the Company as on 31st March, 2018	200	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	10%	
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed	

For and on behalf of the Board of Directors

Sd/-

**G Radhakrishna**

**Chairman and Managing Director**

**Date: 31 Aug 2018**  
**Place : Visakhapatnam**

## INDEPENDENT AUDITORS' REPORT

**To the Members of,  
M/s RKEC Projects Limited  
Report on the Standalone Financial Statements**

We have audited the accompanying financial statements of M/s RKEC Projects Limited ('the Company') which comprise the Balance Sheet as at 31st March, 2018, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates

made by the Company's directors, 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 on the Standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2018, its Profit and its cash flows for the year ended on that date.

### Emphasis of Matter Paragraph

#### We draw your attention to –

Note no. 15 of the standalone financial statements for considering the trade receivables as good for the period more than 6 months includes amounts due from M/s. IVRCL Limited undergoing insolvency proceedings since February 2018 and M/s. SEW Infrastructure Limited which the company was under process of legal action for recovery.

### Report on Other Legal and Regulatory Requirements

- 1) **As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.**
- 2) **As required by section 143 (3) of the Act, we report that:**
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 17 to the standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**for Brahmananda Reddy & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 016662S**

**Sd/-**  
**(M.R. Brahmananda Reddy)**  
**Partner**  
**Membership Number: 023958**

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS REPORT

(Referred to in paragraph (1) under 'Report on other Legal and Regulatory requirements' of our report of even date)

i). In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As per the explanations given to us and based on our examination of the records, the management has physically verified the fixed assets during the year and in our opinion frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. There were no discrepancies noticed on such physical verification of fixed assets as compared to the books of account.

(c) Based on the examination of the records and according to the information and explanations given to us, all the title deeds of immovable properties are held in the name of the company.

ii). According to the information and explanations given to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of accounts.

iii). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

iv). The Company has not granted any loans, or made investments or given a security to Directors or related parties during the year to comply the provisions of section 185 and 186 of the Act, hence not commented upon.

v). According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Act and the rules framed there under.

vi). We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules made by the Central Government of India for the maintenance of cost records prescribed under sub-section (1) of section 148 of the Act in respect of construction activities of the Company and are of the opinion that prima-facie, the prescribed accounts and records have been maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii). In respect of Statutory dues:

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, duty of excise, service tax, duty of customs, employees' state insurance, value added tax, cess and other material statutory dues

have been regularly deposited with few delay in some cases during the year by the Company with the appropriate authorities.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable except the following:

Sl.no	Particulars	Amount(Rs.)
1	Central Sales Tax (Tamil Nadu)	3,40,000
2	Value Added Tax (Uttar Pradesh)	2,14,56,103

- c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2018 on account of disputes are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)
Finance Act, 1994	Service Tax	CESTAT – Bangalore	FY 2004-2009	592.04
Finance Act, 1994	Service Tax	CESTAT – Hyderabad	FY 2013 -16	1874.86
Andhra Pradesh VAT Act	VAT	High Court, Andhra Pradesh	FY 2009-10, FY 2010-11	160.38
Income Tax Act	Income tax	CIT (A), Visakhapatnam	FY 2014-15	59.41
	Labour Cess	High Court, Andhra Pradesh	FY 2008-09	69.99

- viii). Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions or bank. The Company did not have any debentures, outstanding as at the year end.
- ix). The Company has raised an amount of Rs.21,05,10,000/- By fresh issue of 46,78,000 at Rs.45(Face Value Rs.10/-) In our Opinion and according to the information and explanations given to us by the management, the company has utilized the money for the purpose for which they were raised.
- x). According to the information and explanations given to us, based on the audit procedures performed by us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

- xi). According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii). In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv). According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi). The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**for Brahmananda Reddy & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 016662S**

**Sd/-**  
**(M.R. Brahmananda Reddy)**  
**Partner**  
**Membership Number: 023958**  
**Visakhapatnam, 30th May, 2018.**

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

We have audited the internal financial controls over financial reporting of M/s RKEC Projects Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and the Guidance note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to

the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for Brahmananda Reddy & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 016662S**

**Sd/-**  
**(M.R. Brahmananda Reddy)**  
**Partner**  
**Membership Number: 023958**  
**Visakhapatnam, 30th May, 2018.**

## STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

		Amount in Rs.	
Particulars	Note	As at 31 <sup>st</sup> Mar, 2018	As at 31 <sup>st</sup> Mar, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	23,99,06,000	19,31,26,000
Reserves and Surplus	4	50,74,29,551	16,90,34,120
		<b>74,73,35,551</b>	<b>36,21,60,120</b>
<b>Non-Current Liabilities</b>			
Long Term borrowings	5	1,19,58,334	42,46,908
Long-term provision	6	16,57,574	33,42,165
		<b>1,36,15,908</b>	<b>75,89,073</b>
<b>Current Liabilities</b>			
Short-term borrowings	7	13,83,36,787	-
Trade Payables	8	41,31,10,559	28,94,05,169
Other Current liabilities	9	15,29,35,592	45,33,44,034
Short Term provisions	10	3,15,39,432	2,00,34,469
		<b>73,59,22,370</b>	<b>76,27,83,672</b>
<b>TOTAL</b>		<b>1,49,68,73,830</b>	<b>1,13,25,32,865</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	14,21,35,416	10,80,40,178
Intangible assets	11	3,71,355	45,812
Capital Work-in-Progress			
Deferred tax asset (Net)	12	88,49,540	79,69,719
Non Current Investments	13	8,543	
		<b>15,13,64,853</b>	<b>11,60,55,709</b>
<b>Current Assets</b>			
Inventories	14	15,09,96,666	31,90,01,852
Trade receivables	15	82,03,36,195	39,52,49,867
Cash and Bank balances	16	18,43,31,463	22,49,35,099
Short-term Loans and advances	17	17,44,77,100	6,11,48,920
Other Current assets	18	1,53,67,553	1,61,41,418
		<b>1,34,55,08,977</b>	<b>1,01,64,77,156</b>
<b>TOTAL</b>		<b>1,49,68,73,830</b>	<b>1,13,25,32,865</b>

### Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements

### As per our Report of even date attached

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

Sd/-  
(M.R. Brahmananda Reddy)  
Partner  
Membership number: 023958  
Visakhapatnam  
May 30, 2018.

for and on behalf of board of directors of  
RKEC Projects Ltd

Sd/-  
(G. Radhakrishna)  
Managing Director  
DIN: 00073080

Sd/-  
(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

Sd/-  
Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018				
			Amount in Rs.	
Particulars	Note		for the year ended 31 <sup>st</sup> March, 2018	for the year ended 31 <sup>st</sup> March, 2017
<b>REVENUE</b>				
Revenue from operations	19		2,39,72,42,963	1,97,24,43,348
Other income	20		1,04,57,660	2,87,72,599
<b>Total Revenue - A</b>			<b>2,40,77,00,623</b>	<b>2,00,12,15,946</b>
<b>EXPENSES</b>				
Cost of materials consumed	21		1,07,16,38,021	75,70,40,623
Construction expenses	22		70,97,12,346	57,99,73,047
Changes in inventories of work-in-progress	23		(93,41,842)	18,83,75,291
Employee benefit expense	24		15,44,72,105	12,59,81,336
Finance costs	25		3,85,47,301	8,40,43,708
Depreciation expense	11		3,08,76,820	2,73,83,426
Other expenses	26		8,63,87,893	3,59,36,623
<b>Total expenses - B</b>			<b>2,08,22,92,644</b>	<b>1,79,87,34,054</b>
<b>Profit / (Loss) before tax: C = (A - B)</b>			<b>32,54,07,978</b>	<b>20,24,81,892</b>
<b>Tax expense:</b>				
Current tax			11,97,18,828	6,84,10,000
Tax expense of earlier years			30,29,019	8,07,280
Deferred tax			(8,79,821)	40,08,420
<b>Total tax expense (D)</b>			<b>12,18,68,026</b>	<b>7,32,25,700</b>
<b>Profit / (Loss) for the year (C - D)</b>			<b>20,35,39,952</b>	<b>12,92,56,191</b>
<b>Earnings per share (for face value of Rs 10/- each):</b>				
Basic & Diluted	27		<b>9.40</b>	<b>6.69</b>
<b>Summary of significant accounting policies</b>				
The accompanying notes form an integral part of the financial statements				
<b>As per our report of even date attached</b>				
for Brahmananda Reddy & Associates		for and on behalf of board of directors		
Chartered Accountants,		RKEC Projects Ltd		
Firm Registration Number: 016662S				
	Sd/-		Sd/-	
	(G. Radhakrishna)		(G. Parvathi Devi)	
Sd/-	Managing Director		Whole-time Director	
(M.R. Brahmananda Reddy)	DIN: 00073080		DIN: 00094961	
Partner				
Membership number: 023958		Sd/-		
		Swapna Bansode Rajaram		
Visakhapatnam		Company Secretary, ACS		
May 30, 2018.		M.No.A47035		

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

Amount in Rs.

Particulars	for the year ended 31st Mar, 2018	for the year ended 31st Mar, 2017
<b>Cash flows from operating activities</b>		
Profit before tax	32,54,07,978	20,24,81,892
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	3,08,76,820	2,73,83,426
Loss/(profit) on sale of fixed assets	9,531	(1,58,11,648)
Loss/(profit) from Joint Venture	(8,543)	-
Interest expense	3,85,47,301	8,40,43,708
Interest income	(1,04,49,117)	(1,29,60,951)
<b>Operating profit before working capital changes</b>	<b>38,43,83,971</b>	<b>28,51,36,427</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating liabilities:</b>		
Increase/(decrease) in trade payables	12,37,05,389	9,54,31,068
Increase/(Decrease) in long-term Provisions	(16,84,591)	-
Increase/(decrease) in other current liabilities	(26,11,06,792)	(10,93,40,870)
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Decrease/(increase) in trade receivables	(42,50,86,328)	(20,43,64,111)
Decrease/(increase) in inventories	16,80,05,186	16,04,79,302
Decrease/(increase) in short-term loans and advances	(11,33,28,180)	54,68,257
Decrease/(increase) in other current assets	7,73,865	1,21,47,066
<b>Cash generated from / (used in) operations</b>	<b>(12,43,37,479)</b>	<b>24,49,57,139</b>
Less: Income tax paid	11,56,78,248	4,99,84,722
<b>Net cash flow from (used in) operating activities (A)</b>	<b>(24,00,15,727)</b>	<b>19,49,72,417</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(6,53,96,756)	(2,52,57,501)
Profit/(loss) from Joint Venture	8,543	-
Investment in Joint Venture	(8,543)	-
Proceeds from sale of fixed assets	89,625	3,40,70,000
Bank balances not considered as cash and cash equivalents	1,77,58,662	(12,68,465)
Interest received	1,04,49,117	1,29,60,951
<b>Net cash used in investing activities (B)</b>	<b>(3,70,99,352)</b>	<b>2,05,04,985</b>
<b>Cash flows from financing activities</b>		
Proceeds from (repayment of) long term borrowings	77,11,426	47,87,496
Proceeds (repayment of) from short term borrowings	13,83,36,787	(14,98,33,476)
Proceeds from Issue of shares	21,05,10,000	-
Dividend(Final 2016-17) Paid during the year (Incl Dividend dist tax)	(3,48,66,286)	-
Dividend(Interim) Paid during the year (Incl Dividend dist tax)	(2,88,74,521)	-
Interest paid	(3,85,47,301)	(8,40,43,708)
<b>Net cash flow from financing activities (C)</b>	<b>25,42,70,106</b>	<b>(22,90,89,688)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(2,28,44,973)</b>	<b>(1,36,12,286)</b>
Cash and cash equivalents at the beginning of the year	4,51,73,743	5,87,86,029
<b>Cash and cash equivalents at the end of the year</b>	<b>2,23,28,770</b>	<b>4,51,73,743</b>

**Note:** The figures have been regrouped / rearranged, wherever considered necessary, for comparison purposes.

**As per our report of even date attached**

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

Sd/-  
(M.R. Brahmananda Reddy)  
Partner  
Membership number: 023958  
Visakhapatnam  
May 30, 2018.

for and on behalf of board of directors of  
RKEC Projects Ltd

Sd/-  
(G. Radhakrishna)  
Managing Director  
DIN: 00073080

Sd/-  
(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

Sd/-  
Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO STANDALONE THE FINANCIAL STATEMENTS

### A. General Information:

RKEC Projects Limited (Formerly known as RKEC Projects Private Limited), having registered office at 10-12-1, Rednam Alcazar, 3rd Floor, Opp. SBI Main Branch, Old Jail Road, Rednam Gardens, Visakhapatnam, A.P.-530020, India was incorporated under the provisions of Companies Act, 1956 now Companies Act, 2013 with the Registrar of Companies, Hyderabad (CIN L45200AP2005PLC045795). The Company is engaged in the business of Civil Works and specialized in Marine Works, Construction of Roads, Buildings, Bridges & Fly overs, Survey works under Unmanned Aerial System etc. Company has been changed from Private Limited Company to a limited Company on November 10, 2016. Company was listed under SME platform of National Stock Exchange of India Ltd (NSE) in the month of October, 2017.

### B. Significant accounting policies:

#### 1. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the accounting standards specified under section 133 of the Companies act, 2013 read with rule 7 of the Companies (accounts) rules, 2014, and the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2. USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, if any, as at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### **4. DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT**

Depreciation on Property, Plant and Equipment is provided on the written down value method over the useful lives of assets as prescribed in schedule II to the Companies Act, 2013. Depreciation on addition / deletion of fixed assets during the year is provided on pro-rata basis with reference to the date of addition / deletion.

#### **5. INTANGIBLE ASSETS**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Software acquired is measured at cost less accumulated amortisation and is amortised using the straight line method over a period of five years.

#### **6. BORROWING COSTS**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **7. IMPAIRMENT OF ASSETS**

- (i) The company assesses, at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's (including goodwill) recoverable amount is the higher of an assets net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation/ amortization is provided on the revised carrying amount of the asset over its remaining useful life.

## 8. INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## 9. INVENTORIES

Raw materials, construction materials, stores & consumables and finished goods are valued at lower of cost or net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by weighted average cost.

The work in progress has been determined by the Management at the estimated realizable value. The value of work in progress comprises of value of materials and expenses incurred at site including estimated profits thereon in-terms of guidelines provided under Accounting Standards AS 7 on Construction Contracts.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 10. REVENUE RECOGNITION

Contract Revenue:

- i. Revenue from Works Contract is recognized as per percentage of completion of contract activity gross of applicable taxes.
- ii. The stage of completion is determined by survey of work performed and / or on completion of a physical proportion of the contract work.
- iii. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Other revenues:

- iv. Revenue from sale of products/goods is recognized on delivery of the products, when all the significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers are no effective ownership is retained. Sales are net of sales tax /value added tax.

Revenue from services is recognized based on completion of contractual part upon which right to receive the amount is clearly established and there is no uncertainty about its realization.

- v. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vi. Dividend income is recognized when right to receive the payment is established.
- vii. Income from operating lease/equipment is recognized as rentals and other related services are accounted for accrual basis.

The Company presents revenues net of indirect taxes in its statement of profit and loss.

## **11. FOREIGN CURRENCY TRANSACTIONS**

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction and any gain or loss on account of exchange difference either on settlement or on translation is recognized in the Statement of profit and Loss.

## **12. ACCOUNTING FOR JOINT VENTURES CONTRACTS**

- a) Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted for in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed.
- b) In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income Tax Laws), the services rendered to the Joint Ventures are accounted for as income on accrual basis. The profit / Loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans and advances or current liabilities.

## **13. EMPLOYEE BENEFITS**

Defined-contribution plans:

- (i) A defined contribution plan is a post-employment benefit plan under which the company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund. The Company's contributions to Employees Provident Fund are charged to statement of profit and loss every year.
- (ii) The company has no policy of encashment and accumulation of Leave. Therefore, no provision of Leave Encashment is being made. Leave encashment expenses are accounted on actual payment basis.
- (iii) Employee Gratuity Fund Scheme is the Defined Benefit Plan. The costs of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

- (iv) Short Term Employee Benefits if any, are paid along with salary and wages on a month to month basis, bonus to employees are charged to profit and loss account on the basis of actual payment on year to year basis.

#### **14. ACCOUNTING FOR TAXES ON INCOME**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount that are enacted or substantively enacted, at the reporting date.

- (i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- (ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that, they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

#### **15. SUNDRY DEBTORS / LOANS AND ADVANCES:**

Sundry Debtors / Loans and Advances are stated net of provision for identified doubtful debts / advances wherever necessary. Sundry Debtors and Loans and Advances has been taken at reconciled amount for the parties from which the balance confirmation was received and for the rest Debtors and balances are taken as per book balance and are subject to adjustment and reconciliation, if any which will be done on receipts of confirmation from such parties. In the opinion of the management on which we have placed reliance, substantial part of Debtors and advances are outstanding for a period exceeding six months and they are subject to arbitration and other reconciliatory proceedings, the outcome and quantum of which is not ascertainable and determined, and subject to reconciliations referred to above, notes referred in respective schedules the debtors and Loans and advances to the extent as stated are considered good in the Balance Sheet.

#### **16. CONTINGENT LIABILITIES AND PROVISIONS**

Provisions are recognized 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.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b) Present obligations arising from the 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.
- c) Contingent Assets are not recognized in the financial statements, since this may result in the recognition of income that may never be realized.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 17. LEASES

Where the Company is lessee:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit & Loss on a straight-line basis over the lease term.

Where the company is lessor :

Assets given on operating leases are included under fixed assets. Rent (lease) income is recognized in the statement of Profit and Loss on accrual basis. Direct costs, including depreciation are recognized as an expense in the statement of profit and loss.

## 18. EARNINGS PER SHARE:

In determining the Earnings Per Share (EPS), the company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split, the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

## 19. CASH FLOW:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts

or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

## **20. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## **21. OPERATING CYCLE FOR CURRENT AND NON-CURRENT CLASSIFICATION:**

Operating Cycle for the business activities of the company covers the duration of the specific project/contract/product/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business. Other than the project related assets and liabilities 12 months period is considered as normal operating cycle.

## Notes forming part of the standalone financials statements

(All amounts are in Indian Rupees, unless otherwise stated)

Note		As at 31st March, 2018		As at 31st March, 2017	
3	Share capital	No of shares	Amount	No of shares	Amount
	<b>Authorized share capital</b>				
	Equity shares of Rs.10/- each	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
	<b>Issued, Subscribed and fully paid-up</b>				
	Equity shares of Rs.10/- each fully paid up	2,39,90,600	23,99,06,000	1,93,12,600	19,31,26,000
	<b>Total</b>	<b>2,39,90,600</b>	<b>23,99,06,000</b>	<b>1,93,12,600</b>	<b>19,31,26,000</b>

### a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

Particulars	Number	Number
<b>Equity shares of Rs. 10/- each fully paid up</b>		
Number of Shares at the beginning	1,93,12,600	96,56,300
Add : Bonus Issue Shares	-	96,56,300
Add : Public Issue Shares	46,78,000	-
Number of Shares at the end of the year	<b>2,39,90,600</b>	<b>1,93,12,600</b>

### b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of Dividend declaration, Company will pay the amount in Indian rupees, if dividend proposed by Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting.

### c) Public issue of equity shares

During the previous year ended 31 March 2018, the Company had completed the initial public offer (IPO), pursuant to which 63,78,000 equity shares of Rs. 10 each were allotted, at an issue price of Rs. 45, consisting of fresh issue of 46,78,000 equity shares and an offer for sale of 17,00,000 equity shares by selling shareholder.

The equity shares of the Company were listed on SME-Emerge of National Stock Exchange of India Limited (NSE) via Symbol RKEC on October 09, 2017.

### d) Details of shareholders holding more than 5% shares in the Company

Name of share holder	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	% of Holding	No. of shares	% of Holding
<b>Equity shares of Rs.10/- each fully paid</b>				
G Radha Krishna	1,76,01,700	73.37%	1,93,01,700	99.94%

### e) Aggregate number of bonus shares issued during the period of Five years immediately preceeding the reporting date

During the FY 2016-17, 96,56,300 number of equity shares of Rs. 10 each (fully paid-up) have been issued as bonus shares by Capitalisation of General reserve in the ratio of 1:1 to all existing share holders.

Note	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>4</b>	<b>Reserves and Surplus</b>			
	<b>Profit and loss account</b>			
	Opening balance	16,90,34,120		21,41,49,624
	<b>a) Less: Balances written off</b>			
	Less: Goodwill written off	-		(2,55,58,614)
	Less: TDS receivable pertains to earlier years (written off)	-		(1,02,15,122)
	Less: Depreciation adjustment	-		(1,81,06,099)
	Less: Gratuity provision pertains to previous years	-		(23,11,820)
	Add: Deferred tax asset	-		99,98,311
	b) Less: Utilised for issue of Bonus shares (refer note - 3 (e))	-		(9,65,63,000)
	c) Add: Income disclosed under IDS scheme (net of taxes)	-		32,50,935
	d) Add: Securities Premium	16,37,30,000		-
	e) Add : Profit / (Loss) for the year	20,35,39,952		12,92,56,191
	<b>Less: Appropriations:</b>			
		#		##
	Dividend Declared	2,39,90,600		2,89,68,900
	Tax on Dividend Distribution	48,83,921	(2,88,74,521)	58,97,386
	<b>Closing balance</b>	<b>50,74,29,551</b>		<b>16,90,34,120</b>

#Interim Dividend During the financial year 2017-18. ## Final dividend for the financial year 2016-17 paid in financial year 2017-18.

## Notes forming part of the standalone financials statements

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>5 Long Term Borrowings</b>	<b>Non-current portion</b>	<b>Current Maturities</b>	<b>Non-current portion</b>	<b>Current Maturities</b>
<b>CAR Loans:</b>				
<b>From banks *</b>				
CAR Loan-I	18,10,152	5,58,720	23,78,960	3,02,729
CAR Loan-II	14,21,186	4,38,960	18,67,948	2,37,859
CAR Loan-III	5,92,292	1,56,720	-	-
CAR Loan-IV	81,34,704	30,94,920	-	-
<b>Total</b>	<b>1,19,58,334</b>	<b>42,49,320</b>	<b>42,46,908</b>	<b>5,40,588</b>

\* Secured against the specific assets purchased out of the loans taken from Vijaya Bank.

Note	As at 31st March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>6 Long Term Provisions</b>				
Provisions for Gratuity		16,57,574		33,42,165
<b>Total</b>		<b>16,57,574</b>		<b>33,42,165</b>

Note	As at 31st March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>7 Short Term Borrowings</b>				
Secured Loans, from banks				
Cash Credit		13,83,36,787		-
<b>Total</b>		<b>13,83,36,787</b>		<b>-</b>

### 7.1 Nature of Security & Terms of repayment

Company availed Cash credit limit of Rs. 15.00 crores from Vijaya Bank, at an interest rate of base rate+3.00% (present effective rate is 12.65% p.a.) and the outstanding balance as on 31st March, 2017 was Nil. The loan was secured by way of first charge on current assets of company, collateral security on assets of the directors & Company and personal guarantee of certain Directors.

Note	As at 31st March, 2018		As at 31st March, 2017	
<b>8 Trade Payables</b>				
a) Total Outstanding dues to Micro and Small & Medium Enterprises		-		-
b) Dues to other than Micro and Small & Medium Enterprises				
- Acceptances - LC payable*		17,93,65,577		15,13,69,034
- Other than acceptances		23,37,44,982		13,80,36,135
<b>Total</b>		<b>41,31,10,559</b>		<b>28,94,05,169</b>

\* Guaranteed by vijaya bank

Note	As at 31st March, 2018		As at 31st March, 2017	
<b>9 Other Current Liabilities</b>				
Current maturities of long term debt (Refer note-5)		42,49,320		5,40,588
Mobilisation advances from Contractees		2,34,16,066		18,91,88,067
Material advances from Contractees		8,64,61,360		21,19,17,325
Dues to employees		61,06,792		18,96,192
Statutory dues		3,15,62,054		1,48,35,576
Other liabilities		11,40,000		1,00,000
Dividend Payable		-		3,48,66,286
<b>Total</b>		<b>15,29,35,592</b>		<b>45,33,44,034</b>

Note	As at 31st March, 2018		As at 31st March, 2017	
<b>10 Short term provisions</b>				
Provisions for Gratuity		47,14,623		2,79,259
Income tax Provision (net of TDS, advance tax)		2,68,24,809		1,97,55,210
<b>Total</b>		<b>3,15,39,432</b>		<b>2,00,34,469</b>

## Notes forming part of the standalone financials statements

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018	As at 31st March, 2017
<b>12 Deferred Tax Asset (net)</b>		
on differences between depreciation as per books and Income tax act	82,75,886	67,38,797
on other timing differences		-
On employee benefits payable by employer	5,73,653	12,30,922
<b>Total</b>	<b>88,49,540</b>	<b>79,69,719</b>

Note	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>13 Non Current Investments</b>		
Investment in RKEC and Suryadevara JV*	8,543	-
<b>Total</b>	<b>8,543</b>	<b>-</b>

### \*interest in joint venture

The company discloses its investment in joint ventures at cost and recognises its share of profit/(loss) in the profit and loss account.

Interest of the company in profit - 51%, Share of profit/Loss for the year 2017-18 Rs. 8,543, interest of the other constituent name - M/s.

Suryadevara Engineers and contractors.

Note	As at 31st March, 2018	As at 31st March, 2017
<b>14 Inventories (as valued &amp; certified by management)</b>		
Construction Material, Stores & spares	10,23,12,586	27,96,59,614
Work-in-Progress	4,86,84,080	3,93,42,238
<b>Total</b>	<b>15,09,96,666</b>	<b>31,90,01,852</b>

Note	As at 31st March, 2018	As at 31st March, 2017
<b>15 Trade Receivables</b>		
<i>Unsecured, considered and good</i>		
a) Outstanding for a period exceeding six months from the date they are due for payment*	11,37,29,662	8,15,46,286
b) Others	70,66,06,533	82,03,36,195
<b>Total</b>	<b>82,03,36,195</b>	<b>39,52,49,867</b>

\* Includes amount due from M/s. IVRCL limited Rs. 1,06,44,944 and M/s. SEW infra Structure limited Rs. 2,35,04,121. In the case of M/s. IVRCL limited insolvency resolution process was under progress before NCLT. The Company is confident about full recovery of the dues from the said companies.

Note	As at 31st March, 2018	As at 31st March, 2017
<b>16 Cash and Bank balances</b>		
<b>a) Cash and Cash equivalents</b>		
Cash on hand	8,56,177	5,34,087
Balance in CC account	-	1,78,78,354
Balance with banks in Current accounts	2,14,72,593	2,67,61,302
	<b>2,23,28,770</b>	<b>4,51,73,744</b>
<b>b) Other Bank balances</b>		
held as margin money deposits *	15,57,34,254	17,35,89,450
held as deposits **	62,68,439	61,71,905
<b>Total</b>	<b>18,43,31,463</b>	<b>22,49,35,099</b>

\* Margin money deposits have been lodged with banks against guarantees issued by the banker.

\*\* Deposits held as performance guarantee with Contractees.

Note	As at 31st March, 2018	As at 31st March, 2017
<b>17 Short Term Loans and Advances</b>		
<i>(Unsecured, Considered and good, for the value to be received in cash or kind)</i>		
Security deposits	3,18,76,442	1,40,36,365
Balances with government authorities		
- VAT input credit receivable	2,31,40,448	3,18,51,615
- GST Receivable	10,13,55,078	26,79,923
Others advances **	1,81,05,133	1,25,81,018
<b>Total</b>	<b>17,44,77,100</b>	<b>6,11,48,920</b>

\*\* This includes an amount of Rs. 112.50 lakhs (Prev year Rs.112.50 Lakhs) paid for loan arrangement to individuals, who failed to arrange the said loan, in the fin year 2015-16. The company has lodged complaint with the Joint Commissioner of Police, Mumbai and no FIR is registered as on date. The management is taking steps for recovery and it is under process of mediation. No provision was made for the said amount in the books, the management is confident about the recovery of the said amount in full.

# Notes forming part of the standalone financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018	As at 31st March, 2017
<b>18 Other Current Assets</b>		
TDS receivable/carry forward to next year	88,03,554	1,61,41,418
Prepaid Expenses	65,63,999	-
<b>Total</b>	<b>1,53,67,553</b>	<b>1,61,41,418</b>
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>19 Revenue from operations</b>		
Contract revenue	2,39,58,15,963	1,97,04,79,848
Other operating revenue	14,27,000	19,63,500
<b>Total</b>	<b>2,39,72,42,963</b>	<b>1,97,24,43,348</b>
<i>Other Operating Revenue comprises of</i>		
- Hire charges received	13,56,400	18,30,000
- Scrap sale	20,600	-
- Sale of RMC	-	1,33,500
- Work Receipts Technical Services	50,000	-
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>20 Other Income</b>		
Interest income	1,04,49,117	1,29,60,951
Profit on sale of assets	-	1,58,11,648
Share of Profit from Joint Venture (Refer note no. 13)	8,543	-
<b>Total</b>	<b>1,04,57,660</b>	<b>2,87,72,599</b>
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>21 Cost of materials consumed</b>		
<b>Construction Materials, Stores and spares</b>		
Opening Stock	27,96,59,614	25,17,63,625
Add: Purchases	89,42,90,992	78,49,36,612
	1,17,39,50,606	1,03,67,00,237
Less: Closing Stock	10,23,12,586	27,96,59,614
<b>Total</b>	<b>1,07,16,38,021</b>	<b>75,70,40,623</b>
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>22 Construction Expenses</b>		
Project work expenses	57,23,50,481	41,16,91,581
Repairs and maintenance:		
- Plant & machinery, vehicles	53,27,422	2,13,75,737
Hire Charges for machinery and others	3,72,82,627	3,76,62,476
Transport Charges	2,40,49,044	1,04,33,202
Power and fuel:		
- Diesel & Petrol expenses	3,81,48,179	3,41,11,590
- Electricity expenses	7,79,693	12,71,872
Technical and engineering consultancy services	1,22,47,784	4,00,78,262
Testing charges	22,60,394	21,04,020
Labour cess (recoveries)	53,28,040	81,01,280
Other recoveries (by Contractees)	26,26,347	9,65,191
Loading and unloading charges	26,50,184	62,93,376
Water charges	32,30,654	28,21,201
Other Project expenses	34,31,499	30,63,259
<b>Total</b>	<b>70,97,12,346</b>	<b>57,99,73,047</b>

**Notes forming part of the standalone financials statements**  
(All amounts are in Indian Rupees, unless otherwise stated)

Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>23 Changes in inventories of work-in-progress</b>		
Opening balance	3,93,42,238	22,77,17,529
Closing balance	4,86,84,080	3,93,42,238
<b>Total</b>	<b>-93,41,842</b>	<b>18,83,75,291</b>

Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>24 Employee Benefit Expenses</b>		
Salaries and wages	12,37,65,832	11,08,10,316
Contribution to Provident fund and other funds	99,40,259	46,32,862
Staff Welfare Expenses	2,07,66,014	1,05,38,158
<b>Total</b>	<b>15,44,72,105</b>	<b>12,59,81,336</b>

Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>25 Finance Costs</b>		
Interest expense on		
Term loans	10,76,231	2,04,754
Working capital demand loans & Cash credit	1,21,81,230	1,92,36,196
Mobilisation advance	49,45,814	2,91,37,175
Others	83,50,516	1,01,31,314
Other borrowing costs (LC charges, BG commission etc..)	1,19,93,510	2,53,34,269
<b>Total</b>	<b>3,85,47,301</b>	<b>8,40,43,708</b>

Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>26 Other Expenses</b>		
Auditors' fee:		
- statutory audit fee	4,00,000	3,75,000
- tax audit fee	1,80,000	1,75,000
- for other services	67,500	1,05,000
Bank charges	12,86,586	2,45,630
Rent	83,30,255	53,19,033
Travelling & conveyance expenses	95,38,669	50,89,703
Repairs & maintenance of computers and others	1,56,810	8,13,014
Office maintenance	36,06,130	16,61,333
Security services	28,26,747	25,43,053
Rates and taxes	45,32,510	20,15,634
Communication expenses (Postage & telephone)	11,91,426	26,62,550
Insurance	36,81,690	41,77,001
Printing and stationery	6,77,852	10,24,686
Professional charges	1,84,51,641	33,53,155
IPO & Listing Expenses	2,11,51,048	-
CSR Expenses (Refer note 29.2)	1,75,000	-
Foreign Exchange (Gain)/Loss	6,56,904	-
Sitting Fee to Directors	3,50,000	-
Project site admin expenses	23,58,554	13,07,282
Tender expenses	4,40,892	1,71,623
Donations	6,85,699	3,98,798
Bad debts written off	19,017	12,03,237
Business promotion expenses	35,68,416	12,99,458
ROC charges	26,251	13,49,700
Loss on sale of fixed assets	9,531	-
Interest on TDS	18,80,420	-
Miscellaneous expenses	1,38,346	6,46,733
<b>Total</b>	<b>8,63,87,893</b>	<b>3,59,36,623</b>

## Notes forming part of the standalone financials statements

(All amounts are in Indian Rupees, unless otherwise stated)

### 27 EARNING PER SHARE (Face value of each share Rs. 10 /-)

(a) Surplus available to equity share holders	20,35,39,952	12,92,56,191
(b) Weighted average number of Shares ***	2,16,51,600	1,93,12,600
(c) Earning per share (Face value of each share Rs. 10 /-)	9.40	6.69
<b>*** Calculation of weighted average number of shares</b>		
Opening number of shares	1,93,12,600	1,93,12,600
Issued during the year	46,78,000	-
<b>Weighted average number of shares</b>	<b>2,16,51,600</b>	<b>1,93,12,600</b>

Notes forming part of the standalone financials statements											
11 Property, Plant and Equipment											
	Particulars	Gross block				Depreciation				Written Down Value	
		Opening Balance as on 01/04/2017	Additions during the year	Disposals during the year	Closing Balance as on 31/03/2018	Opening bal as on 01/04/2017	Depreciation provided for the year	Deletions during the year	Closing bal as on 31/03/2018	as on 01/04/2017	as on 31/03/2018
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
	(A) Tangible Assets										
	(a) Land Free-hold	50,00,000	-	-	50,00,000	-	-	-		50,00,000	50,00,000
	(b) Plant and Equipment										
	Plant & Machinery	13,52,69,660	1,38,74,370	5,18,200	14,86,25,830	9,84,18,532	1,04,34,193	4,19,044	10,83,34,524	3,68,51,128	4,02,91,306
	Electrical	97,65,089	5,00,000	-	1,02,65,089	47,59,131	13,07,406	-	60,66,538	50,05,958	41,98,551
	Barge, TUG others	7,97,79,984	2,21,21,428	-	10,19,01,412	4,13,44,552	87,60,775	-	5,01,05,327	3,84,35,432	5,17,96,085
	Heavy lift	3,08,02,008	-	-	3,08,02,008	1,90,54,743	22,11,418	-	2,12,66,161	1,17,47,265	95,35,847
	(c) Furniture and Fixtures	7,69,431	10,70,110	-	18,39,541	4,69,306	2,26,954	-	6,96,259	3,00,125	11,43,282
	(d) Vehicles										
	Office vehicles	1,62,57,425	1,69,89,254	-	3,32,46,679	90,77,255	50,08,955	-	1,41,85,365	71,80,170	1,90,61,314
	Construction	3,48,34,543	-	-	3,48,34,543	3,29,92,560	1,00,254	-	3,30,92,816	18,41,983	17,41,727
	(e) Office equipment										
	Office Equipment	33,20,228	61,80,274	-	95,00,502	22,18,521	14,49,121	-	36,67,642	11,01,707	58,32,860
	Computers	24,30,271	42,85,712	-	67,15,983	18,53,861	13,27,678	-	31,81,539	5,76,410	35,34,444
	Sub-total	31,82,28,639	6,50,21,148	5,18,200	38,27,31,587	21,01,88,461	3,08,26,755	4,19,044	24,05,96,171	10,80,40,178	14,21,35,416
	(B) Intangible Assets										
	Goodwill	-	-	-	-	-	-	-	-	-	-
	Software	1,03,589	3,75,608	-	4,79,197	57,777	50,065	-	1,07,842	45,812	3,71,355
	TOTAL	31,83,32,228	6,53,96,756	5,18,200	38,32,10,784	21,02,46,237	3,08,76,820	4,19,044	24,07,04,013	10,80,85,991	14,25,06,771

Notes to the Standalone Statement of Profit and Loss for the year ended 31st March, 2018		
28.0 The company has classified the various benefits prescribed to employees as under:		
Particulars	31st March, 2018	31st March, 2017
<b>I. Defined Contribution Plans:</b>		
Employer's Contribution to Provident Fund	32,70,452	25,21,132
Employer's Contribution to ESI	13,81,121	1,75,487
<b>II. Defined benefit plans:</b>		
Provision for Gratuity has been provided in accordance with AS-15. Actuarial valuation was performed in respect of the Gratuity based on the following assumptions:		
All actuarial gains and losses arising during the year are recognized in the Statement of Profit and Loss for the year.		
The following table sets out the status of the gratuity plans as required under AS-15(Revised)		
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation :</b>		
Particulars	31st March, 2018	31st March, 2017
<b>Change in the present value of defined obligation</b>		
Opening present value of defined benefit obligation	36,21,424	23,11,820
Current services cost	11,21,355	10,07,515
Interest cost	2,89,714	1,84,946
Expected return on planned assets	-	-
Actuarial losses/ (gain) on obligation	33,03,554	1,17,143
Benefits paid	-	-
Closing present value of defined benefit obligation	83,36,047	36,21,424
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	-	-
Expected return on plan assets	76,099	-
Actuarial gains/ (losses)	(76,099)	-
Contributions by employer	19,63,850	-
Benefits paid	-	-
Closing fair value of plan assets	19,63,850	-
<b>Amount recognized in the Balance Sheet</b>		
Present Value of Funded Obligations	83,36,047	36,21,424
Less: Fair Value of Plan Assets	19,63,850	-
<b>Net Liability</b>	<b>63,72,197</b>	<b>36,21,424</b>
<b>Expense recognized in Statement of Profit and Loss</b>		
Current services cost	11,21,355	10,07,515
Interest on Defined Benefit Obligation	2,89,714	1,84,946
Expected return on plan assets	-	-
Net actuarial losses / (gains) recognized in year	33,03,554	1,17,143
Past service cost	-	-
Net benefit expense	47,14,623	13,09,604
Actual return on plan assets	-	-
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	7%	8%
Salary Escalation Rate	5%	5%
Attrition Rate	10%	10%

**Notes forming part of the standalone financial statements**

**29 Additional notes to the financial statements**

**29.1**

Comparison between Consumption of Imported and Indigenous raw materials, spare parts and components during the financial year :

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Construction materials				
(i) Imported	290	3%	-	-
(ii) Indigenous	8,772	97%	7,391	100
b) Stores & spares				
(i) Imported	-	0%	-	-
(ii) Indigenous	385	100%	179	100

**29.2 Corporate Social Responsibility:**

In light of section 135 of the Companies Act, the company has incurred expenses on Corporate Social Responsibility (CSR) which details are as follows.

Years	Amount(Rs.)			
	Amount required to be spent	Amount brought forward from previous year	Amount spent	Amounts to be spent
2016-17	10,94,000	-	-	10,94,000
2017-18	21,00,000	10,94,000	1,75,000	30,19,000

**29.3 Related Party Disclosures:**

As required under Accounting Standard 18 "Related party Disclosures", following are details of transactions during the year with the related parties.

**a Name of the related parties and description of their relationship:**

**i) Key Managerial Personnel**

Garapati Radhakrishna	Managing Director
Garapati Parvathi devi	Director

**ii) Relatives of Key Managerial Personnel**

Nagapushyami	Daughter of Director
Himabindu sree	Daughter of Director
GV Ram Mohan	Son-in-law of Director
Karna Mahendra Raj	Son-in-law of Director

**iii) Enterprises controlled or significantly influenced by key management personnel or their relatives**

Naram Enterprises Private Limited

**iv) Associates, Subsidiaries and Joint Ventures**

RKEC and Suryadevara JV	Joint Venture
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**b Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31.03.2018**

Related party transactions summary	Rs. in lakhs				
	Key Management Personnel (KMP)	Relatives of Key Management Personnel (KMP)	Enterprises controlled or significantly influenced by KMP or relatives	Joint venture	TOTAL
	2017-18	2017-18	2017-18	2017-18	2017-18
<b>Note: ** Amounts in brackets were pertains to previous year 2016-17</b>					
1 Lease of machinery	-	20.00	-	-	20.00
	(0.60)	(27.00)	-	-	(27.60)
2 Managerial Remuneration	320.00	-	-	-	320.00
	(466.00)	-	-	-	(466.00)
3 Salaries & wages	-	70.48	-	-	70.48
	-	(45.00)	-	-	(45.00)
4 Commission to bank guarantees	19.78	1.47	-	-	21.25
	(19.77)	(1.46)	-	-	(21.23)
5 Purchases	-	-	594.96	-	594.96
	-	-	(144.16)	-	(144.16)
6 Profit from Joint Venture	-	-	-	0.09	0.09
	-	-	-	-	-
7 Balance as at 31st March					
Payables/(Receivables)	(26.50)	2.20	0.17	-	(24.13)
	(3.32)	(0.39)	-	-	(3.71)

**Notes forming part of the standalone financials statements**

<b>c Information Regarding Significant Transactions / balances</b>		<b>Rs. in lakhs</b>	
<b>Related party transactions summary</b>		<b>For the year 2017-18</b>	<b>For the year 2016-17</b>
1 Lease of machinery			
Naga pushyami		20.00	27.00
2 Commission on guarantees to bank			
Garapati Radhakrishna		12.76	12.76
Garapati Parvathi devi		7.02	7.01
3 <b>Managerial Remuneration</b>			
Garapati Radhakrishna		160.00	290.00
Garapati Parvathi devi		160.00	176.00
4 Purchase of Materials			
Naram Enterprises Pvt Ltd		594.96	144.16
5 Investment in Joint Venture			
RKEC & Suryadevara JV		0.09	-
<b>29.4 Disclosure in Accordance with Accounting Standard 7 (revised)</b>			<b>Rs. in lakhs</b>
	<b>Particulars</b>	<b>for the year ended 31st March, 2018</b>	<b>for the year ended 31st March, 2017</b>
a	Contract Revenue recognized as revenue in the period	23,958	19,705
b	For contracts in progress at the reporting date:		
	- aggregate amount of cost incurred and recognized profits (less recognised losses) upto the reporting date	45,617	25,105
	- advance amounts received	999	3,911
	- amount of retentions	2,048	815
c	Gross amount due from customers for contract work as an asset	8,203	3,952
d	Gross amount due to customers for contract work as a liability	3,047	4,011
<b>29.5 IPO Expenses:</b>			
The IPO expenses amounting to Rs. 2,84,02,400 (net off GST) have been allocated between the Company and the selling shareholder in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the existing shareholders.			
<b>29.6 IPO Proceeds utilization:</b>			
During the year ended 31 March 2018, the Company had completed the initial public offer (IPO), the proceeds from IPO was Rs. 21,05,10,000 to the company:			
Details of utilization of IPO proceeds are as follows:			
a) IPO Expenses net of recovery from selling shareholders : Rs. 2,08,31,989.			
b) General corporate purposes – Working capital: Rs. 18,96,78,011.			
<b>29.7 Foreign Exchange earnings and outgo</b>		<b>Amount(Rs.)</b>	<b>Amount(Rs.)</b>
	<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
	Foreign exchange earnings	Nil	Nil
	Foreign exchange outgo		
	Towards import of materials and consumables	296.50	-
<b>29.8 Dividend</b>			
The Board of Directors at its meeting held on May 30, 2018 have recommended a final dividend of Rs.1.00 per equity share of face value of Rs.10.00 each for the financial year ended March 31, 2018. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.			

## Notes forming part of the standalone financials statements

### 29.9 Segment Reporting

The Company's operations predominantly consist of construction / project activities. The Company also in to the business of survey works under Unmanned Aerial Systems (UAS). The Business of UAS is not very significant to identify as reportable segment. Hence there are no reportable segments under Accounting Standard – 17. During the year under report, Company has carried out all the business operations in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

### 29.10 Operating Lease Obligation

- The Company entered into operating lease agreement for the premises for its corporate office.
- Lease rental payments will be as follows:

Period	2017-18	2016-17
0-12 Months	2,92,215	2,78,300
12-60 Months	2,53,575	5,45,790
Above 60 months	-	-

### 29.11 Contingent Liabilities :

#### a) Guarantees

	Year ended 31-03-2018 Rs. Lakhs	Year ended 31-03-2017 Rs. Lakhs
1 Counter Guarantees given to bankers in respect of Bank Guarantees <i>for the operations carrying out by the Company</i>	7,995.00	8,496.68

#### b) Matters under Litigation

2 Disputed sales tax / entry tax liability for which the Company preferred appeal to High Court, Andhra Pradesh	160.38	160.38
3 Disputed service tax liability for the period 2004-05 to 2008-09 which the Company preferred appeal to CESTAT, Bangalore	592.04	592.04
4 Levy of labour cess @ 1% (w.e.f. July 2007) on the construction contracts executed by the Company in the State of Andhra Pradesh contested before the Honourable	69.99	69.99
5 Disputed Income tax liability for which the Company preferred appeal to CIT appeals (AY 2015-16)	59.41	-
6 Disputed service tax liability for the period 2012-13 to 2015-16, which the Company preferred appeal to CESTAT, Hyderabad	1,874.86	-

29.12 Company has no Capital commitments pending for execution on balance sheet date (previous year nil).

29.13 Based on the information available with the Company, there are no suppliers registered as micro & small enterprises under Micro, Small, Medium Enterprises Development Act, 2006. Accordingly, no interest is due or payable or paid or accrued and remaining unpaid to such suppliers.

29.14 Previous year's figures have been regrouped/reclassified, wherever considered necessary to conform to this year's classification.

### As per our Report of even date attached

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

Sd/-  
(M.R. Brahmananda Reddy)  
Partner

Membership number: 023958  
Visakhapatnam  
May 30, 2018.

for and on behalf of board of directors of  
RKEC Projects Ltd

Sd/-  
(G. Radhakrishna)  
Managing Director  
DIN: 00073080

Sd/-  
(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

Sd/-  
Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

**To the Members of,**

**M/s RKEC Projects Limited**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s. RKEC Projects Limited (hereinafter referred to as "the Company") its jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

## **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company including its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the company and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the

disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We have audited the accounts of the company M/s. RKEC Projects Limited and the joint venture entity M/s. RKEC and Suryadevara JV was audited by others and we relied upon their audited statements for the audit of consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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, of the consolidated state of affairs of the Company as at 31st March, 2018, its Profit and its cash flows for the year ended on that date.

### Emphasis of Matter

#### We draw your attention to –

Note no. 14 of the accompanied consolidated financial statements for considering the trade receivables as good for the period more than 6 months includes amounts due from M/s. IVRCL Limited undergoing insolvency proceedings since February 2018 and M/s. SEW Infrastructure Limited which the company was under process of legal action for recovery.

### Report on Other Legal and Regulatory Requirements

- a) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, not applicable to consolidated financial statements and hence not commented upon.
- b) As required by section 143 (3) of the Act, we report that:
- c) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- d) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.

- e) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- f) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- g) On the basis of the written representations received from the directors of the company as on 31st March, 2018, taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- j) The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements. - Refer Note 16 to the financial statements.
- k) The Company and its jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- l) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**for Brahmananda Reddy & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 016662S**

**Sd/-**  
**(M.R. Brahmananda Reddy)**  
**Partner**  
**Membership Number: 023958**

**Visakhapatnam,**  
**30th May, 2018.**

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

We have audited the internal financial controls over financial reporting of M/s RKEC Projects Limited ('the Company/RKEC') as of 31 March 2018 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date. For the purpose of consolidation of the financial statements of the company (RKEC) and the joint controlled entity M/s. RKEC and Suryadevara JV (AOP) was considered and in respect of joint controlled entity the audited statement of accounts of another auditor was considered. We have not audited the internal controls, books of accounts of the AOP and we are relied on the certified accounts of the said auditor for the jointly controlled entity.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and the Guidance note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for Brahmananda Reddy & Associates**

**Chartered Accountants**

**Firm Registration Number: 016662S**

**Sd/-**

**(M.R. Brahmananda Reddy)**

**Partner**

**Membership Number: 023958**

**Visakhapatnam, 30th May, 2018.**

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

		Amount in Rs.	
Particulars	Note	As at 31 <sup>st</sup> Mar, 2018	As at 31 <sup>st</sup> Mar, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	23,99,06,000	19,31,26,000
Reserves and Surplus	4	50,74,26,911	16,90,34,120
		<b>74,73,32,911</b>	<b>36,21,60,120</b>
<b>Non-Current Liabilities</b>			
Long Term borrowings	5	1,19,58,334	42,46,908
Long-term provision	6	16,57,574	33,42,165
		<b>1,36,15,908</b>	<b>75,89,073</b>
<b>Current Liabilities</b>			
Short-term borrowings	7	13,83,36,787	-
Trade Payables	8	41,97,21,373	28,94,05,169
Other Current liabilities	9	15,29,35,592	45,33,44,034
Short Term provisions	10	3,15,42,072	2,00,34,469
		<b>74,25,35,824</b>	<b>76,27,83,672</b>
<b>TOTAL</b>		<b>1,50,34,84,645</b>	<b>1,13,25,32,865</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	14,21,35,416	10,80,40,178
Intangible assets	11	3,71,355	45,812
Capital Work-in-Progress			
Deferred tax asset (Net)	12	88,49,540	79,69,719
		<b>15,13,56,311</b>	<b>11,60,55,709</b>
<b>Current Assets</b>			
Inventories	13	15,58,53,781	31,90,01,852
Trade receivables	14	82,03,36,195	39,52,49,867
Cash and Bank balances	15	18,48,86,322	22,49,35,099
Short-term Loans and advances	16	17,56,82,775	6,11,48,920
Other Current assets	17	1,53,69,262	1,61,41,418
		<b>1,35,21,28,335</b>	<b>1,01,64,77,156</b>
<b>TOTAL</b>		<b>1,50,34,84,645</b>	<b>1,13,25,32,865</b>

### Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements

### As per our Report of even date attached

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

for and on behalf of board of directors of  
RKEC Projects Ltd

(M.R. Brahmananda Reddy)  
Proprietor  
Membership number: 023958  
Visakhapatnam  
May 30, 2018.

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

		Amount in Rs.	
Particulars	Note	for the year ended 31 <sup>st</sup> March, 2018	for the year ended 31 <sup>st</sup> March, 2017
<b>REVENUE</b>			
Revenue from operations	18	2,39,72,42,963	1,97,24,43,348
Other income	19	1,04,57,660	2,87,72,599
<b>Total Revenue - A</b>		<b>2,40,77,00,623</b>	<b>2,00,12,15,946</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	1,07,60,47,297	75,70,40,623
Construction expenses	21	71,00,52,629	57,99,73,047
Changes in inventories of work-in-progress	22	(1,41,98,958)	18,83,75,291
Employee benefits expense	23	15,44,72,105	12,59,81,336
Finance costs	24	3,85,47,301	8,40,43,708
Depreciation expense	11	3,08,76,820	2,73,83,426
Other expenses	25	8,64,95,450	3,59,36,623
<b>Total expenses - B</b>		<b>2,08,22,92,644</b>	<b>1,79,87,34,054</b>
<b>Profit / (Loss) before tax: C = (A - B)</b>		<b>32,54,07,978</b>	<b>20,24,81,892</b>
<b>Tax expense:</b>			
Current tax		11,97,21,468	6,84,10,000
Tax expense of earlier years		30,29,019	8,07,280
Deferred tax		(8,79,821)	40,08,420
<b>Total tax expense (D)</b>		<b>12,18,70,666</b>	<b>7,32,25,700</b>
<b>Profit / (Loss) for the year (C - D)</b>		<b>20,35,37,312</b>	<b>12,92,56,191</b>
<b>Earnings per share (for face value of Rs 10/- each):</b>			
Basic & Diluted	26	<b>9.40</b>	<b>6.69</b>
<b>Summary of significant accounting policies</b>			
The accompanying notes form an integral part of the financial statements			

## As per our report of even date attached

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

(M.R. Brahmananda Reddy)  
Proprietor  
Membership number: 023958

Visakhapatnam  
May 30, 2018.

for and on behalf of board of directors  
RKEC Projects Ltd

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Amount in Rs.

Particulars	for the year ended 31st Mar, 2018	for the year ended 31st Mar, 2017
<b>Cash flows from operating activities</b>		
Profit before tax	32,54,07,978	20,24,81,892
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	3,08,76,820	2,73,83,426
Loss/(profit) on sale of fixed assets	9,531	(1,58,11,648)
Interest expense	3,85,47,301	8,40,43,708
Interest income	(1,04,57,660)	(1,29,60,951)
<b>Operating profit before working capital changes</b>	<b>38,43,83,971</b>	<b>28,51,36,427</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating liabilities:</b>		
Increase/(decrease) in trade payables	13,03,16,204	9,54,31,068
Increase/(Decrease) in long-term Provisions	(16,84,591)	
Increase/(decrease) in other current liabilities	(26,11,06,792)	(10,93,40,870)
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Decrease/(increase) in trade receivables	(42,50,86,328)	(20,43,64,111)
Decrease/(increase) in inventories	16,31,48,071	16,04,79,302
Decrease/(increase) in short-term loans and advances	(11,45,33,855)	54,68,257
Decrease/(increase) in other current assets	7,72,157	1,21,47,066
<b>Cash generated from / (used in) operations</b>	<b>(12,37,91,163)</b>	<b>24,49,57,139</b>
Less: Income tax paid	11,56,78,248	4,99,84,722
<b>Net cash flow from (used in) operating activities (A)</b>	<b>(23,94,69,411)</b>	<b>19,49,72,417</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(6,53,96,756)	(2,52,57,501)
Proceeds from sale of fixed assets	89,625	3,40,70,000
Bank balances not considered as cash and cash equivalents	1,72,41,828	(12,68,465)
Interest received	1,04,57,660	1,29,60,951
<b>Net cash used in investing activities (B)</b>	<b>(3,76,07,644)</b>	<b>2,05,04,985</b>
<b>Cash flows from financing activities</b>		
Proceeds from (repayment of) long term borrowings	77,11,426	47,87,496
Proceeds (repayment of) from short term borrowings	13,83,36,787	(14,98,33,476)
Proceeds from Issue of shares	21,05,10,000	-
Dividend(Final 2016-17) Paid during the year (Incl Dividend dist tax)	(3,48,66,286)	-
Dividend(Interim) Paid during the year (Incl Dividend dist tax)	(2,88,74,521)	-
Interest paid	(3,85,47,301)	(8,40,43,708)
<b>Net cash flow from financing activities (C)</b>	<b>25,42,70,107</b>	<b>(22,90,89,688)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(2,28,06,948)</b>	<b>(1,36,12,286)</b>
Cash and cash equivalents at the beginning of the year	4,51,73,743	5,87,86,029
<b>Cash and cash equivalents at the end of the year</b>	<b>2,23,66,795</b>	<b>4,51,73,743</b>

**Note:** The figures have been regrouped / rearranged, wherever considered necessary, for comparison purposes.

## As per our report of even date attached

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

for and on behalf of board of directors of  
RKEC Projects Ltd

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

(M.R. Brahmananda Reddy)  
Proprietor  
Membership number: 023958  
Visakhapatnam  
May 30, 2018.

Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### A. General Information:

RKEC Projects Limited (The Company/RKEC), having registered office at 10-12-1, Rednam Alcazar, 3rd Floor, Opp. SBI Main Branch, Old Jail Road, Rednam Gardens, Visakhapatnam, A.P.-530002, India was incorporated under the provisions of Companies Act, 1956 now Companies Act, 2013 with the Registrar of Companies, Hyderabad (CIN L45200AP2005PLC045795). The Company is engaged in the business of Civil Works and specialized in Marine Works, Construction of Roads, Buildings, Bridges & Fly overs, Survey works under Unmanned Aerial Systems etc. Company has been changed from Private Limited Company to a limited Company on November 10, 2016. Company was listed under SME platform of National Stock Exchange of India Ltd (NSE) in the month of October, 2017. The jointly controlled entity (AOP) M/s. RKEC and Suryadevara JV was formed for execution of railway work which participated jointly by the company and AOP.

### B. Significant accounting policies:

#### 1. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the accounting standards specified under section 133 of the Companies act, 2013 read with rule 7 of the Companies (accounts) rules, 2014, and the Companies (Accounting Standards) Amendment Rules, 2016. The Group financial statements have been prepared on an accrual basis and under the historical cost convention.

For preparing the Consolidated financial statements, the financial statements of the following entities are taken.

- i) M/s. RKEC Projects Limited
- ii) M/s. RKEC and Suryadevara JV (AOP)

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. For consolidation of RKEC and jointly controlled entity the method adopted was proportionate consolidation method as per AS 27 for the control interest (51%) held by RKEC.

#### 2. USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, if any, as at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### **3. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

### **4. DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT**

Depreciation on Property, Plant and Equipment is provided on the written down value method over the useful lives of assets as prescribed in schedule II to the Companies Act, 2013. Depreciation on addition / deletion of fixed assets during the year is provided on pro-rata basis with reference to the date of addition / deletion.

### **5. INTANGIBLE ASSETS**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Software acquired is measured at cost less accumulated amortisation and is amortised using the straight line method over a period of five years.

### **6. BORROWING COSTS**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## 7. IMPAIRMENT OF ASSETS

- (ii) The company assesses, at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's (including goodwill) recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation/ amortization is provided on the revised carrying amount of the asset over its remaining useful life.

## 8. INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## 9. INVENTORIES

Raw materials, construction materials, stores&consumables and finished goods are valued at lower of cost or net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by weighted average cost.

The work in progress has been determined by the Management at the estimated realizable value. The value of work in progress comprises of value of materials and expenses incurred at site including estimated profits thereon in-terms of guidelines provided under Accounting Standards AS 7 on Construction Contracts.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 10. REVENUE RECOGNITION

Contract Revenue:

- i. Revenue from Works Contract is recognized as per percentage of completion of contract activity gross of applicable taxes.
- ii. The stage of completion is determined by survey of work performed and / or on completion of a physical proportion of the contract work.
- iii. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Other revenues:

- iv. Revenue from sale of products/goods is recognized on delivery of the products, when all the significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net of sales tax /value added tax.

Revenue from services is recognised based on completion of contractual part upon which right to receive the amount is clearly established and there is no uncertainty about its realization.

- v. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vi. Dividend income is recognized when right to receive the payment is established.
- vii. Income from operating lease/equipment is recognised as rentals and other related services are accounted for accrual basis.

The Company presents revenues net of indirect taxes in its statement of profit and loss.

## 11. FOREIGN CURRENCY TRANSACTIONS

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction and any gain or loss on account of exchange difference either on settlement or on translation is recognized in the Statement of profit and Loss.

## 12. EMPLOYEE BENEFITS

Defined-contribution plans:

A defined contribution plan is a post-employment benefit plan under which the company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund. The Company's contributions to Employees Provident Fund are charged to statement of profit and loss every year.

- (ii) The company has no policy of encashment and accumulation of Leave. Therefore, no provision of Leave Encashment is being made. Leave encashment expenses are accounted on actual payment basis.

- (iii) Employee Gratuity Fund Scheme is the Defined Benefit Plan. The costs of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.
- (iv) Short Term Employee Benefits if any, are paid along with salary and wages on a month to month basis, bonus to employees are charged to profit and loss account on the basis of actual payment on year to year basis.

### 13. ACCOUNTING FOR TAXES ON INCOME

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount that are enacted or substantively enacted, at the reporting date.

- (i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- (ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that, they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### 14. SUNDRY DEBTORS / LOANS AND ADVANCES:

Sundry Debtors / Loans and Advances are stated net of provision for identified doubtful debts / advances wherever necessary. Sundry Debtors and Loans and Advances has been taken at reconciled amount for the parties from which the balance confirmation was received and for the rest Debtors and balances are taken as per book balance and are subject to adjustment and reconciliation, if any which will be done on receipts of confirmation from such parties. In the opinion of the management on which we have placed reliance, substantial part of Debtors and advances are outstanding for a period exceeding six months and they are subject to arbitration and other reconciliatory proceedings, the outcome and quantum of which is not ascertainable and determined, and subject to reconciliation referred to above, the debtors and Loans and advances to the extent as stated are considered good in the Balance Sheet.

## 15. CONTINGENT LIABILITIES AND PROVISIONS

Provisions are recognized 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.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b) Present obligations arising from the 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.
- c) Contingent Assets are not recognized in the financial statements, since this may result in the recognition of income that may never be realized.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 16. LEASES

Where the Company is lessee :

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit & Loss on a straight-line basis over the lease term.

Where the company is lessor :

Assets given on operating leases are included under fixed assets. Rent (lease) income is recognized in the statement of Profit and Loss on accrual basis. Direct costs, including depreciation are recognized as an expense in the statement of profit and loss.

## 17. EARNINGS PER SHARE:

In determining the Earnings Per share, the company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split, the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the

event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

#### **18. CASH FLOW:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

#### **19. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### **20. OPERATING CYCLE FOR CURRENT AND NON-CURRENT CLASSIFICATION:**

Operating Cycle for the business activities of the company covers the duration of the specific project/ contract/product/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business. Other than the project related assets and liabilities 12 months period is considered as normal operating cycle.

**Notes forming part of the Consolidated financials statements**

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018		As at 31st March, 2017	
	No of shares	Amount	No of shares	Amount
<b>3 Share capital</b>				
<b>Authorized share capital</b>				
Equity shares of Rs.10/- each	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
<b>Issued, Subscribed and fully paid-up</b>				
Equity shares of Rs.10/- each fully paid up	2,39,90,600	23,99,06,000	1,93,12,600	19,31,26,000
<b>Total</b>	<b>2,39,90,600</b>	<b>23,99,06,000</b>	<b>1,93,12,600</b>	<b>19,31,26,000</b>

**a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:**

Particulars	Number	Number
<b>Equity shares of Rs. 10/- each fully paid up</b>		
Number of Shares at the beginning	1,93,12,600	96,56,300
<b>Add : Bonus Issue Shares</b>	-	96,56,300
<b>Add : Public Issue Shares</b>	46,78,000	-
Number of Shares at the end of the year	<b>2,39,90,600</b>	<b>1,93,12,600</b>

**b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of Dividend declaration, Company will pay the amount in Indian rupees, if dividend proposed by Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting.

**c) Public issue of equity shares**

During the previous year ended 31 March 2018, the Company had completed the initial public offer (IPO), pursuant to which 63,78,000 equity shares of Rs. 10 each were allotted, at an issue price of Rs. 45, consisting of fresh issue of 46,78,000 equity shares and an offer for sale of 17,00,000 equity shares by selling shareholder.

The equity shares of the Company were listed on SME-Emerge of National Stock Exchange of India Limited (NSE) via Symbol RKEC on October 09, 2017.

**d) Details of shareholders holding more than 5% shares in the Company**

Name of share holder	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	% of Holding	No. of shares	% of Holding
<b>Equity shares of Rs.10/- each fully paid</b>				
G Radha Krishna	1,76,01,700	73.37%	1,93,01,700	99.94%

**e) Aggregate number of bonus shares issued during the period of Five years immediately preceding the reporting date**

During the FY 2016-17, 96,56,300 number of equity shares of Rs. 10 each (fully paid-up) have been issued as bonus shares by Capitalisation of General reserve in the ratio of 1:1 to all existing share holders.

Note	As at 31st March, 2018		As at 31st March, 2017	
<b>4 Reserves and Surplus</b>				
<b>Profit and loss account</b>				
Opening balance		16,90,34,120		21,41,49,624
<b>a) Less: Balances written off</b>				
Less: Goodwill written off		-		(2,55,58,614)
Less: TDS receivable pertains to earlier years (written off)		-		(1,02,15,122)
Less: Depreciation adjustment		-		(1,81,06,099)
Less: Gratuity provision pertains to previous years		-		(23,11,820)
Add: Deferred tax asset		-		99,98,311
<b>b) Less: Utilised for issue of Bonus shares (refer note - 3 (e))</b>		-		(9,65,63,000)
<b>c) Add: Income disclosed under IDS scheme (net of taxes)</b>		-		32,50,935
<b>d) Add: Securities Premium</b>		16,37,30,000		-
<b>e) Add : Profit / (Loss) for the year</b>		20,35,37,312		12,92,56,191
<b>Less: Appropriations:</b>				
	#		##	
Dividend Declared	2,39,90,600		2,89,68,900	
Tax on Dividend Distribution	48,83,921	(2,88,74,521)	58,97,386	(3,48,66,286)
<b>Closing balance</b>		<b>50,74,26,911</b>		<b>16,90,34,120</b>

#Interim Dividend during the financial year 2017-18. ## Final dividend for the financial year 2016-17 paid in financial year 2017-18.

## Notes forming part of the Consolidated financials statements

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018	As at 31 <sup>st</sup> March, 2017
<b>5 Long Term Borrowings</b>		
	Non-current portion	Current Maturities
	Non-current portion	Current Maturities
<b>CAR Loans:</b>		
<b>From banks *</b>		
CAR Loan-I	18,10,152	5,58,720
CAR Loan-II	14,21,186	4,38,960
CAR Loan-III	5,92,292	1,56,720
CAR Loan-IV	81,34,704	30,94,920
<b>Total</b>	<b>1,19,58,334</b>	<b>42,49,320</b>
	<b>42,46,908</b>	<b>5,40,588</b>

\* Secured against the specific assets purchased out of the loans taken from Vijaya Bank.

Note	As at 31st March, 2018	As at 31 <sup>st</sup> March, 2017
<b>6 Long Term Provisions</b>		
Provisions for Gratuity	16,57,574	33,42,165
<b>Total</b>	<b>16,57,574</b>	<b>33,42,165</b>

Note	As at 31st March, 2018	As at 31 <sup>st</sup> March, 2017
<b>7 Short Term Borrowings</b>		
Secured Loans, from banks		
Cash Credit	13,83,36,787	-
<b>Total</b>	<b>13,83,36,787</b>	<b>-</b>

### 7 Nature of Security & Terms of repayment

Company availed Cash credit limit of Rs. 15.00 crores from Vijaya Bank, at an interest rate of base rate+3.00% (present effective rate is 12.65% p.a.) and the outstanding balance as on 31st March, 2017 was Nil. The loan was secured by way of first charge on current assets of company, collateral security on assets of the directors & Company and personal guarantee of certain Directors.

Note	As at 31st March, 2018	As at 31st March, 2017
<b>8 Trade Payables</b>		
a) Total Outstanding dues to Micro and Small & Medium Enterprises	-	-
b) Dues to other than Micro and Small & Medium Enterprises		
- Acceptances - LC payable*	17,93,65,577	15,13,69,034
- Other than acceptances	24,03,55,797	13,80,36,135
<b>Total</b>	<b>41,97,21,373</b>	<b>28,94,05,169</b>

\* Guaranteed by vijaya bank

Note	As at 31st March, 2018	As at 31st March, 2017
<b>9 Other Current Liabilities</b>		
Current maturities of long term debt (Refer note-5)	42,49,320	5,40,588
Mobilisation advances from Contractees	2,34,16,066	18,91,88,067
Material advances from Contractees	8,64,61,360	21,19,17,325
Dues to employees	61,06,792	18,96,192
Statutory dues	3,15,62,054	1,48,35,576
Other liabilities	11,40,000	1,00,000
Dividend Payable	-	3,48,66,286
<b>Total</b>	<b>15,29,35,592</b>	<b>45,33,44,034</b>

Note	As at 31st March, 2018	As at 31st March, 2017
<b>10 Short term provisions</b>		
Provisions for Gratuity	47,14,623	2,79,259
Income tax Provision (net of TDS, advance tax)	2,68,27,449	1,97,55,210
<b>Total</b>	<b>3,15,42,072</b>	<b>2,00,34,469</b>

## Notes forming part of the Consolidated financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018	As at 31st March, 2017
<b>12 Deferred Tax Asset (net)</b>		
on differences between depreciation as per books and Income	82,75,886	67,38,797
on other timing differences		-
On employee benefits payable by employer	5,73,653	12,30,922
<b>Total</b>	<b>88,49,540</b>	<b>79,69,719</b>

Note	As at 31st March, 2018	As at 31st March, 2017
<b>13 Inventories (as valued &amp; certified by management)</b>		
Construction Material, Stores & spares	10,23,12,586	27,96,59,614
Work-in-Progress	5,35,41,196	3,93,42,238
<b>Total</b>	<b>15,58,53,781</b>	<b>31,90,01,852</b>

Note	As at 31st March, 2018	As at 31st March, 2017
<b>14 Trade Receivables</b>		
<i>Unsecured, considered and good</i>		
a) Outstanding for a period exceeding six months from the date they are due for payment*	11,37,29,662	8,15,46,286
b) Others	70,66,06,533	82,03,36,195
<b>Total</b>	<b>82,03,36,195</b>	<b>39,52,49,867</b>

\* Includes amount due from M/s. IVRCL limited Rs. 1,06,44,944 and M/s. SEW infra Structure limited Rs. 2,35,04,121. In the case of M/s. IVRCL limited insolvency resolution process was under progress before NCLT. The Company is confident about full recovery of the dues from the said companies.

Note	As at 31st March, 2018	As at 31st March, 2017
<b>15 Cash and Bank balances</b>		
<b>a) Cash and Cash equivalents</b>		
Cash on hand	8,89,745	5,34,087
Balance in CC account	-	1,78,78,354
Balance with banks in Current accounts	2,14,77,050	2,67,61,302
	<b>2,23,66,795</b>	<b>4,51,73,744</b>
<b>b) Other Bank balances</b>		
held as margin money deposits *	15,57,34,254	17,35,89,450
held as deposits **	67,85,273	61,71,905
<b>Total</b>	<b>18,48,86,322</b>	<b>22,49,35,099</b>

\* Margin money deposits have been lodged with banks against guarantees issued by the banker.

\*\* Deposits held as performance guarantee with Contractees.

Note	As at 31st March, 2018	As at 31st March, 2017
<b>16 Short Term Loans and Advances</b>		
<i>(Unsecured, Considered and good, for the value to be received in cash or kind)</i>		
Security deposits	3,22,25,929	1,40,36,365
Balances with government authorities		
- VAT input credit receivable	2,31,40,448	3,18,51,615
- GST Receivable/Service Tax	10,22,11,265	26,79,923
Others advances **	1,81,05,133	1,25,81,018
<b>Total</b>	<b>17,56,82,775</b>	<b>6,11,48,920</b>

\*\* This includes an amount of Rs. 112.50 lakhs (Prev year Rs.112.50 Lakhs) paid for loan arrangement to individuals, who failed to arrange the said loan, in the fin year 2015-16. The company has lodged complaint with the Joint Commissioner of Police, Mumbai and no FIR is registered as on date. The management is taking steps for recovery and it is under process of mediation. No provision was made for the said amount in the books. the management is confident about the recovery of the said amount in full.

**Notes forming part of the Consolidated financials statements**

(All amounts are in Indian Rupees, unless otherwise stated)

Note	As at 31st March, 2018	As at 31st March, 2017
<b>17 Other Current Assets</b>		
TDS receivable/carry forward to next year	88,05,263	1,61,41,418
Prepaid Expenses	65,63,999	-
<b>Total</b>	<b>1,53,69,262</b>	<b>1,61,41,418</b>
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>18 Revenue from operations</b>		
Contract revenue	2,39,58,15,963	1,97,04,79,848
Other operating revenue	14,27,000	19,63,500
<b>Total</b>	<b>2,39,72,42,963</b>	<b>1,97,24,43,348</b>
<i>Other Operating Revenue comprises of</i>		
- Hire charges received	13,56,400	18,30,000
- Scrap sale	20,600	-
- Sale of RMC	-	1,33,500
- Work Receipts Technical Services	50,000	-
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>19 Other Income</b>		
Interest income	1,04,57,660	1,29,60,951
Profit on sale of assets	-	1,58,11,648
<b>Total</b>	<b>1,04,57,660</b>	<b>2,87,72,599</b>
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>20 Cost of materials consumed</b>		
<b>Construction Materials, Stores and spares</b>		
Opening Stock	27,96,59,614	25,17,63,625
Add: Purchases	89,87,00,269	78,49,36,612
	1,17,83,59,883	1,03,67,00,237
Less: Closing Stock	10,23,12,586	27,96,59,614
<b>Total</b>	<b>1,07,60,47,297</b>	<b>75,70,40,623</b>
Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>21 Construction Expenses</b>		
Project work expenses	57,26,73,913	41,16,91,581
Repairs and maintenance:		
- Plant & machinery, vehicles	53,27,422	2,13,75,737
Hire Charges for machinery and others	3,72,82,627	3,76,62,476
Transport Charges	2,40,49,044	1,04,33,202
Power and fuel:		
- Diesel & Petrol expenses	3,81,48,179	3,41,11,590
- Electricity expenses	7,79,693	12,71,872
Technical and engineering consultancy services	1,22,47,784	4,00,78,262
Testing charges	22,77,244	21,04,020
Labour cess (recoveries)	53,28,040	81,01,280
Other recoveries (by Contractees)	26,26,347	9,65,191
Loading and unloading charges	26,50,184	62,93,376
Water charges	32,30,654	28,21,201
Other Project expenses	34,31,499	30,63,259
<b>Total</b>	<b>71,00,52,629</b>	<b>57,99,73,047</b>

**Notes forming part of the Consolidated financial statements**  
(All amounts are in Indian Rupees, unless otherwise stated)

Note	for the year ended 31st March, 2018	for the year ended 31st March, 2017
<b>22 Changes in inventories of work-in-progress</b>		
Opening balance	3,93,42,238	22,77,17,529
Closing balance	5,35,41,196	3,93,42,238
<b>Total</b>	<b>-1,41,98,958</b>	<b>18,83,75,291</b>
<b>23 Employee Benefit Expenses</b>		
Salaries and wages	12,37,65,832	11,08,10,316
Contribution to Provident fund and other funds	99,40,259	46,32,862
Staff Welfare Expenses	2,07,66,014	1,05,38,158
<b>Total</b>	<b>15,44,72,105</b>	<b>12,59,81,336</b>
<b>24 Finance Costs</b>		
Interest expense on		
Term loans	10,76,231	2,04,754
Working capital demand loans & Cash credit	1,21,81,230	1,92,36,196
Mobilisation advance	49,45,814	2,91,37,175
Others	83,50,516	1,01,31,314
Other borrowing costs (LC charges, BG commission etc.,)	1,19,93,510	2,53,34,269
<b>Total</b>	<b>3,85,47,301</b>	<b>8,40,43,708</b>
<b>25 Other Expenses</b>		
Auditors' fee:		
- statutory audit fee	4,00,000	3,75,000
- tax audit fee	1,80,000	1,75,000
- for other services	67,500	1,05,000
Bank charges	13,85,167	2,45,630
Rent	83,30,255	53,19,033
Travelling & conveyance expenses	95,38,669	50,89,703
Repairs & maintenance of computers and others	1,56,810	8,13,014
Office maintenance	36,06,130	16,61,333
Security services	28,26,747	25,43,053
Rates and taxes	45,32,510	20,15,634
Communication expenses (Postage & telephone)	11,91,426	26,62,550
Insurance	36,81,690	41,77,001
Printing and stationery	6,77,852	10,24,686
Professional charges	1,84,51,641	33,53,155
IPO & Listing Expenses	2,11,51,048	-
CSR Expenses	1,75,000	-
Foreign Exchange (Gain)/Loss	6,56,904	-
Sitting Fee to Directors	3,50,000	-
Project site admin expenses	23,58,554	13,07,282
Tender expenses	4,45,992	1,71,623
Donations	6,85,699	3,98,798
Bad debts written off	19,017	12,03,237
Business promotion expenses	35,68,416	12,99,458
ROC charges	26,251	13,49,700
Loss on sale of fixed assets	9,531	-
Interest on TDS	18,80,420	-
Miscellaneous expenses	1,42,222	6,46,733
<b>Total</b>	<b>8,64,95,450</b>	<b>3,59,36,623</b>
<b>26 EARNING PER SHARE (Face value of each share Rs. 10 /-)</b>		
(a) Surplus available to equity share holders	20,35,37,312	12,92,56,191
(b) Weighted average number of Shares ***	2,16,51,600	1,93,12,600
(c) Earning per share (Face value of each share Rs. 10 /-)	9.40	6.69
<b>*** Calculation of weighted average number of shares</b>		
Opening number of shares	1,93,12,600	1,93,12,600
Issued during the year	46,78,000	-
<b>Weighted average number of shares</b>	<b>2,16,51,600</b>	<b>1,93,12,600</b>

Notes forming part of the Consolidated financial statements

11 Property, Plant and Equipment

	Particulars	Gross block				Depreciation				Written Down Value	
		Opening Balance as on 01/04/2017	Additions during the year	Disposals during the year	Closing Balance as on 31/03/2018	Opening bal as on 01/04/2017	Depreciation provided for the year	Deletions during the year	Closing bal as on 31/03/2018	as on 01/04/2017	as on 31/03/2018
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
(A) Tangible Assets											
(a) Land Free-hold		50,00,000	-	-	50,00,000	-	-	-		50,00,000	50,00,000
(b) Plant and Equipment											
Plant & Machinery		13,52,69,660	1,38,74,370	5,18,200	14,86,25,830	9,84,18,532	1,04,34,193	4,19,044	10,83,34,524	3,68,51,128	4,02,91,306
Electrical Equipment		97,65,089	5,00,000	-	1,02,65,089	47,59,131	13,07,406	-	60,66,538	50,05,958	41,98,551
Barge, TUG others		7,97,79,984	2,21,21,428	-	10,19,01,412	4,13,44,552	87,60,775	-	5,01,05,327	3,84,35,432	5,17,96,085
Heavy lift equipment		3,08,02,008	-	-	3,08,02,008	1,90,54,743	22,11,418	-	2,12,66,161	1,17,47,265	95,35,847
(c) Furniture and Fixtures		7,69,431	10,70,110	-	18,39,541	4,69,306	2,26,954	-	6,96,259	3,00,125	11,43,282
(d) Vehicles											
Office vehicles		1,62,57,425	1,69,89,254	-	3,32,46,679	90,77,255	50,08,955	-	1,41,85,365	71,80,170	1,90,61,314
Construction vehicles		3,48,34,543	-	-	3,48,34,543	3,29,92,560	1,00,254	-	3,30,92,816	18,41,983	17,41,727
(e) Office equipment											
Office Equipment		33,20,228	61,80,274	-	95,00,502	22,18,521	14,49,121	-	36,67,642	11,01,707	58,32,860
Computers		24,30,271	42,85,712	-	67,15,983	18,53,861	13,27,678	-	31,81,539	5,76,410	35,34,444
Sub-total		31,82,28,639	6,50,21,148	5,18,200	38,27,31,587	21,01,88,461	3,08,26,755	4,19,044	24,05,96,171	10,80,40,178	14,21,35,416
(B) Intangible Assets											
Goodwill		-	-	-	-	-	-	-	-	-	-
Software		1,03,589	3,75,608	-	4,79,197	57,777	50,065	-	1,07,842	45,812	3,71,355
<b>TOTAL</b>		<b>31,83,32,228</b>	<b>6,53,96,756</b>	<b>5,18,200</b>	<b>38,32,10,784</b>	<b>21,02,46,237</b>	<b>3,08,76,820</b>	<b>4,19,044</b>	<b>24,07,04,013</b>	<b>10,80,85,991</b>	<b>14,25,06,771</b>

**Notes forming part of the consolidated financial statements**

**27 Additional notes to the financial statements**

**27.1 Comparison between Consumption of Imported and Indigenous raw materials, spare parts and components during the financial year :**

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Construction materials				
(i) Imported	290	3%	-	-
(ii) Indigenous	8,858	97%	7,391	100
b) Stores & spares				
(i) Imported	-	0%	-	-
(ii) Indigenous	385	100%	179	100

**27.2 Related Party Disclosures:**

As required under Accounting Standard 18 "Related party Disclosures", following are details of transactions during the year with the related parties.

**a Name of the related parties and description of their relationship:**

**i) Key Managerial Personnel**

Garapati Radhakrishna	Managing Director
Garapati Parvathi devi	Director

**ii) Relatives of Key Managerial Personnel**

Nagapushyami	Daughter of Director
Himabindu sree	Daughter of Director
GV Ram Mohan	Son-in-law of Director
Karna Mahendra Raj	Son-in-law of Director

**iii) Enterprises controlled or significantly influenced by key management personnel or their relatives**

Naram Enterprises Private Limited

**iv) Joint Venture Constituent**

M/s. Suryadevara Engineers and Contractors

**b Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31.03.2017**

Related party transactions summary	Key Management Personnel (KMP)	Relatives of Key Management Personnel (KMP)	Enterprises controlled or significantly influenced by KMP or relatives	Joint Venture constituent	Rs. in lakhs
					TOTAL
					2017-18
	2017-18	2017-18	2017-18	2017-18	2017-18
<b>Note: ** Amounts in brackets were pertains to previous year 2016-17</b>					
1 Lease of machinery	-	20.00	-	-	20.00
	(0.60)	(27.00)	-	-	(27.60)
2 Managerial Remuneration	320.00	-	-	-	320.00
	(466.00)	-	-	-	(466.00)
3 Salaries & wages	-	70.48	-	-	70.48
	-	(45.00)	-	-	(45.00)
4 Commission to bank guarantees	19.78	1.47	-	-	21.25
	(19.77)	(1.46)	-	-	(21.23)
5 Purchases	-	-	594.96	-	594.96
	-	-	(144.16)	-	(144.16)
6 Balance as at 31st March					
Payables/(Receivables)	(26.50)	2.20	0.17	12.52	(11.60)
	(3.32)	(0.39)	-	-	(3.71)

**c Information Regarding Significant Transactions / balances**

Related party transactions summary	Rs. in lakhs	
	For the year 2017-18	For the year 2016-17
1 Lease of machinery		
Naga pushyami	20.00	27.00
2 Commission on guarantees to bank		
Garapati Radhakrishna	12.76	12.76
Garapati Parvathi devi	7.02	7.01
3 Managerial Remuneration		
Garapati Radhakrishna	160.00	290.00
Garapati Parvathi devi	160.00	176.00
4 Purchase of Materials		
Naram Enterprises Pvt Ltd	594.96	144.16

**Notes forming part of the consolidated financial statements**

27.3 Disclosure in Accordance with Accounting Standard 7 (revised)		Rs. in lakhs	
Particulars	for the year ended 31st March, 2018	for the year ended 31st March, 2017	
a Contract Revenue recognized as revenue in the period	23,958	19,705	
b For contracts in progress at the reporting date:			
- aggregate amount of cost incurred and recognized profits (less recognised losses) upto the reporting date	45,712	25,105	
- advance amounts received	999	3,911	
- amount of retentions	2,048	815	
c Gross amount due from customers for contract work as an asset	8,203	3,952	
d Gross amount due to customers for contract work as a liability	3,047	4,011	

**27.4 Operating Lease Obligation**

a) The Company entered into operating lease agreement for the premises for its corporate office.

b) Lease rental payments will be as follows:

Period	Amount(Rs.)	
	2017-18	2016-17
0-12 Months	2,92,215	2,78,300
12-60 Months	2,53,575	5,45,790
Above 60 months	-	-

27.5 Contingent Liabilities :		Year ended	Year ended
a) Guarantees		31-03-2018	31-03-2017
		Rs. Lakhs	Rs. Lakhs
1	Counter Guarantees given to bankers in respect of Bank Guarantees <i>for the operations carrying out by the Company</i>	7,995.00	8,496.68
b) Matters under Litigation			
2	Disputed sales tax / entry tax liability for which the Company preferred appeal to High Court, Andhra Pradesh	160.38	160.38
3	Disputed service tax liability for the period 2004-05 to 2008-09 which the Company preferred appeal to CESTAT, Bangalore	592.04	592.04
4	Levy of labour cess @ 1% (w.e.f. July 2007) on the construction contracts executed by the Company in the State of Andhra Pradesh contested before the Honourable	69.99	69.99
5	Disputed Income tax liability for which the Company preferred appeal to CIT appeals (AY 2015-16)	59.41	-
6	Disputed service tax liability for the period 2012-13 to 2015-16, which the Company preferred appeal to CESTAT, Hyderabad	1,874.86	-

27.6 Company has no Capital commitments pending for execution on balance sheet date (Previous year nil).

27.7 Based on the information available with the Company, there are no suppliers registered as micro & small enterprises under Micro, Small, Medium Enterprises Development Act, 2006. Accordingly, no interest is due or payable or paid or accrued and remaining unpaid to such suppliers.

27.8 Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to this year's classification. However this is the first year of consolidation (FY 2017-18) due to jointly controlled entity (AOP) and there is no consolidation applicable for the FY 2016-17 but for the purpose of comparison Standalone figures of RKEC was provided.

27.9 For other notes please refer Standalone financial statements of RKEC ( Note no. 28 & 29).

**As per our Report of even date attached**

for Brahmananda Reddy & Associates  
Chartered Accountants,  
Firm Registration Number: 016662S

(M.R. Brahmananda Reddy)  
Proprietor  
Membership number: 023958  
Visakhapatnam  
May 30, 2018.

for and on behalf of board of directors of  
RKEC Projects Ltd

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961

Swapna Bansode Rajaram  
Company Secretary, ACS  
M.No.A47035

## PROXY FORM

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

CIN: **L45200AP2005PLC045795**

Name of the Company: **RKEC PROJECTS LIMITED**

Registered office: **10-12/1, 3rd Floor, Rednam Alcazar, Rednam Gardens, Opp SBI Main Branch, Visakhapatnam – 530002.**

Name of the Member (s)		
Registered Address		
E-mail Id	Folio No./Client ID	DP ID
I/We, being the member(s) of _____ shares of the above named Company. Hereby appoint		
Name:	E-mail Id	
Address;		
Signature, or failing him		
Name:	E-mail Id	
Address:		
Signature, or failing him		

**As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at \_\_\_\_\_ Annual General Meeting of members of the Company, to be held on \_\_\_\_\_ at the \_\_\_\_\_ registered office of the Company at \_\_\_\_\_ and at any adjournment thereof in respect of such resolutions as are indicated below:**

**Resolution No:**

S. No	Resolutions	Vote	
1	Adoption of Statement of Profit & loss, Balance Sheet, Report of Directors and Auditors for the Financial Year ended 31st March, 2018		
2	To Declare Final Dividend for the Financial /year 2017-18		
3	To re-appoint Smt. G Parvathi Devi Who retires by rotation		
4	Appointment of M/s Bramhananda Reddy & Associates, Chartered Accountants as Statutory Auditors of the Company & Fixing the remuneration		
5	Appointment of Mr. Uppalapati Prakash as Cost Accountant of the Company & Fixing the remuneration		
6	Authorization to Board of Directors for borrowings (u/s 180 (1) (c))		

**\*Applicable for investors holding shares in Electronic Form.**

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Signature of Shareholder

Signature of Proxy holder

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting
2. The proxy need not be a member of the Company



## ATTENDANCE SLIP

RKEC Projects Limited

CIN: L45200AP2005PLC045795

10-12/1, 3rd Floor, Rednam Alcazar, Rednam Gardens, Opp.

SBI Main Branch, Visakhapatnam – 530002.

Attendance Slip of

Thirteenth Annual General Meeting

Of RKEC Projects Limited

To be held on 27th day of September, 2018 At 11 a.m. at \_\_\_\_\_ (Venue) Visakhapatnam, Andhra Pradesh 530002.

Regd. Folio / DP ID & Client ID	

I hereby record my presence at the Thirteenth Annual General Meeting on 27th Sept 2018 at 11.00 a.m at \_\_\_\_\_Hotel Visakhapatnam, Andhra Pradesh – 530002.

\_\_\_\_\_  
Shareholder's/Proxy's name in Block Letters

\_\_\_\_\_  
Shareholder's/Proxy's Signature

Note: Shareholders wishing to attend the meeting must bring the attendance slip, duly signed to the meeting and hand it over at the entrance of the hall.