



# RKEC Projects Limited

Specialists in Construction of Bridges and Marine Works

ISO 9001, 14001 and OHSAS 18001 Certified Company



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## 14<sup>th</sup> ANNUAL REPORT

FY 2018 - 19

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[www.rkecprojects.com](http://www.rkecprojects.com)



# **RKEC Projects Limited**

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

to be held on

26th September, 2019 at 11:30 A.M.

Venue

“TRIVENI”, Hotel Daspalla

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

Visakhapatnam - 530002

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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Web : [www.rkecprojects.com](http://www.rkecprojects.com)



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## INTRODUCTION

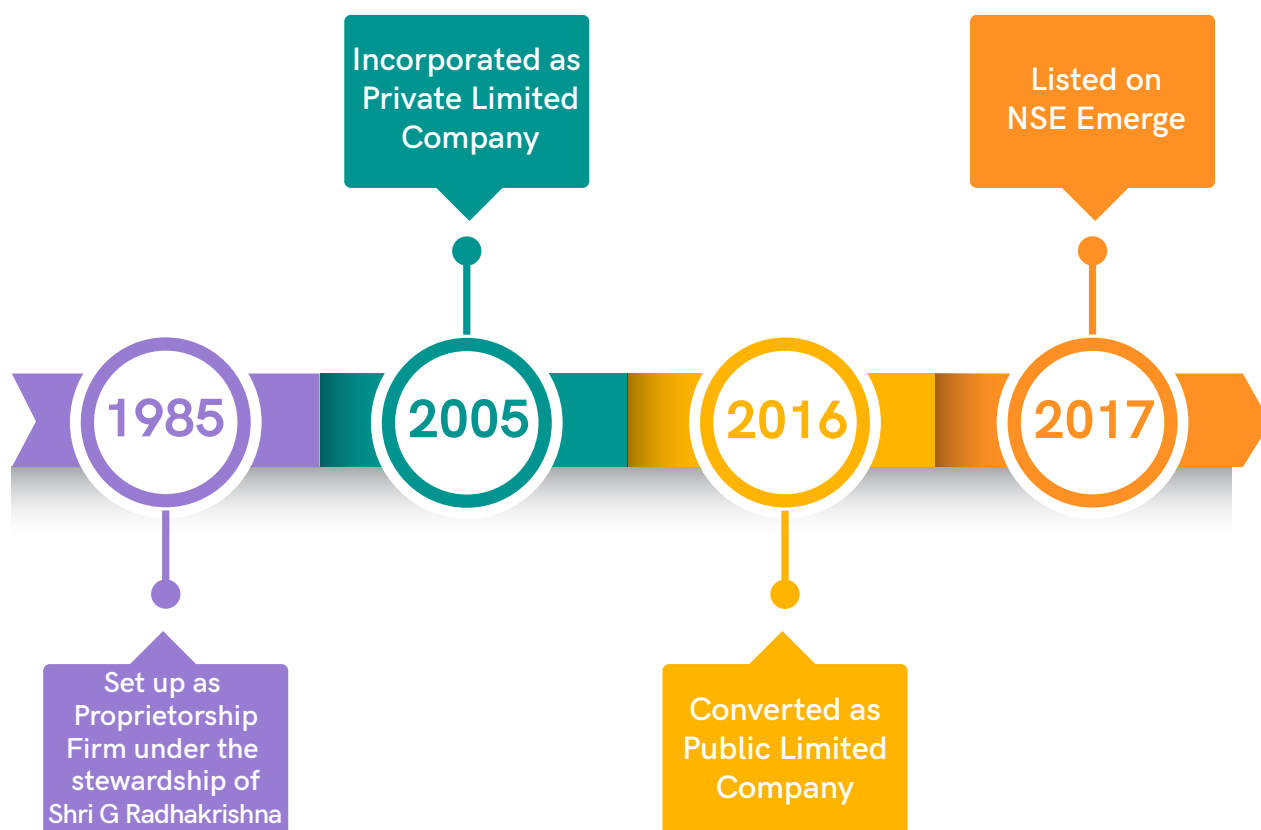
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RKEC Projects Limited is a Construction Company, over 34 years old, specialized in the business of Civil and Defence Construction such as construction of Buildings, Highways, Marine Works and Bridges. During the last decade, the Company has undertaken and successfully completed many construction projects across India such as Andhra Pradesh, Tamil Nadu, Gujarat, Odisha, Rajasthan, Maharashtra, Kerala, Puducherry, Manipur, and Uttar Pradesh. In addition, the Company has expanded its presence to two more states, West Bengal and Karnataka with ongoing projects. The Company has so far completed 92 Projects, worth over Rs 1700 Crores and currently handling 10 Projects amounting to Rs 995 Crores. The Company achieved a Turn Over of Rs 245.46 Crores during FY 2018-19 and been able to achieve targets by fusing tremendous engineering knowledge with groundbreaking skills, experienced team, binding an optimum mix of men, machine and materials across diverse projects.

RKEC Projects Limited 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 unlimited tendering capability.

RKEC Projects Limited 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, Vedanta Limited, Rashtriya Ispat Nigam Limited and ESSAR etc.

## BRIEF HISTORY OF RKEC PROJECTS LIMITED



## STRENGTH OF THE COMPANY

- RKEC Projects Limited gets its core strength from the Founder Chairman and Managing Director Shri Garapati 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.
- The Company has only earned laurels and plaudits in every project undertaken since inception without exception. The Managing Director 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 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

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- To be the most admired and responsible DIVERSIFIED company dealing in Integrated Marine and all-purpose construction and also to diversify into areas such as Rural Electrification, National Highways, Smart City Projects, Firefighting system and Pipeline projects with a National and International footprint, delivering sustainable value to all stakeholders

## OUR VALUES

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- **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.

## FROM CHAIRMAN'S DESK

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*Dear Shareholders,*

It's a great pleasure for us to be a part of Indian Infrastructure development story. Over the last 34 years, we have been building infrastructure of the country and successfully executed projects across India and across segments like Roads, Bridges, Buildings, Marine works etc.

The company has reported 19% growth in the profitability during the current year. This was primarily led by better execution of our projects and operational efficiencies in the process.

Indian economy may have seen some moderation in the recent times because of liquidity issues or lower consumption by households, but I believe that, with the stable government at centre again, the country's economy will be back on high growth track soon. I am very positive on the country's growth story which will be led by growth in consumption and investments in the coming period.

The government has a clear agenda of augmenting Infrastructure of this country through building roads & highways, railways, ports, airports, smart cities, metros etc. I believe that the improvement in infrastructure of this country is very much required if we want to reach the target of Rs.5 trillion economy in the next five years.

Government's focus on building infrastructure and commitment of investing Rs.100 Lakh Crore in the next five years is commendable. We would surely tap some of these projects for our growth.

We have good experience in construction sector with better track record of timely execution of projects. Moreover, our highly skilled & focused team and cost efficiencies during the process would help us in getting more contracts in the coming periods.

It's a great opportunity for us to participate in this country's immense growth story in Infrastructure and pick feasible projects which would help us in growth of our turnover and profitability in the coming years.

Robust order book of the Company stands at Rs.783 Crore as on 31st March 2019 and would be executed in the next 12-36 months, which should take care of growth for the next two years. We are currently bidding projects to the tune of Rs.500 Crore and there is fair chance of success in these projects.

I am also happy to share that we are associated with a prestigious project - Construction of new 4 Lane Bridge over River Ganga at Farakka Barrage. We had bagged the project in joint venture with China's Qingdao Construction Engineering. We have executed portion of the project before the time of its completion.

I am equally confident that all the stakeholders and shareholders of the company will revel in the journey of its growth and diversification

Thank You

**G Radhakrishna**  
Chairman & Managing Director

## CORPORATE INFORMATION

### Board of Directors

Name of the Director	Nature of Directorship
Shri G Radhakrishna	Chairman & Managing Director
Smt. G Parvathi Devi	Whole Time Director
Shri G V Rammohan	Whole Time Director
Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd.)	Independent Director
Shri Lucas Peter Thalakala (IRS) (Retd.)	Independent Director
Brig. J K Rao, VSM	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
CS J Vijay Kumar	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

M/s Uppalapati & Associates, Cost Auditors

### 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	Chairman and 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
Shri Radhakrishna Garapati	Member	Chairman and Managing 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	Chairman and Managing Director

### Bankers

Vijaya Bank, now Bank of Baroda

### 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 Fourteenth Annual General Meeting of the members of RKEC Projects Limited will be held on Thursday, the 26th September 2019 at 11:30 A.M. at "Triveni", Hotel Daspalla, #28-2-48, Suryabagh, Jagadamba Jn., Visakhapatnam - 530002 to transact the following business:

### ORDINARY BUSINESS

1. **To receive, consider and adopt:**

- a) the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2019 together with the Reports of the Board of Directors and Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the Financial Year end 31<sup>st</sup> March 2019 together with the Report of the Auditors thereon to pass the following resolution as Ordinary Resolution:

**"RESOLVED THAT** the Audited Financial Statements (both Standalone & Consolidated Financial Statements) of the Company for the Financial Year ended 31<sup>st</sup> March 2019, consisting of Balance Sheet as at 31<sup>st</sup> March, 2019 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 declare a Dividend of Rs. 2/- for every Equity Share for the Financial Year 2018-19**

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

**"RESOLVED THAT** a Dividend of Rs.2/- (Rupees Two only) per Equity Share of the Company for the Financial Year 2018-19, as recommended by the Board of Directors be and is hereby declared and approved."

3. **To re-appoint Smt. G Sita Ratnam (DIN: 07344104), who retires 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** Dr. G Sita Ratnam (DIN: 07344104), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

### SPECIAL BUSINESS:

4. **Regularisation of Shri G V Rammohan as Whole-Time Director**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution

**"RESOLVED THAT** pursuant to the provisions of section 160, 161 and other applicable provisions of the Companies Act, 2013 and the rules made there under, Mr. G.V. Rammohan (DIN: 06602693) who was appointed as additional director of the Company on 29th May, 2019 and who holds office till the date of this Annual General Meeting and whose candidature is proposed for directorship of the Company be and is hereby appointed as director liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to provisions of Section 196, 197, 198 and 203 and schedule

V of the Companies Act, 2013 and any other applicable provisions, of the Companies Act, 2013 and the Rules made there under (including statutory modification(s) or re-enactment thereof for the time being in force) the approval of the Company be and is hereby accorded for the appointment of Mr G.V. Rammohan (DIN: 06602693) as a Whole-time Director of the Company for a period of five years with effect from 29th August, 2019 whose office is liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of directors of the Company will have the power to revise the terms of remuneration subject to the limits specified in Schedule V of the Companies Act, 2013 and subject to the compliance of the provisions of the other rules and regulations as will be applicable to the Company from time to time."

5. **Regularisation of Brig J K Rao, VSM (DIN: 08508140) as an Independent Director**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution

**"RESOLVED THAT** Brig J K Rao, VSM (DIN: 08508140) who was appointed by the Board as an Additional Director of the Company with effect from 29 Aug 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 104 of the Articles of Association of the Company but who is eligible for appointment be and is hereby appointed as Independent Director of the Company.

**RESOLVED THAT** that pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014 read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 "(SEBI Listing Regulations), as amended from time to time, the appointment of Brig J K Rao, VSM (DIN: 08508140) who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and the regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing 29 Aug 2019 to 28 Aug 2024."

6. **Ratification of Remuneration of Cost Auditors of the Company**

To Consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification/s or re-enactment/s thereof, for the time being in force) M/s Uppalapati & Associates, Cost Accountants, Visakhapatnam (Firm Registration No. 100506) whose appointment as the Cost Auditors of the Company, for the FY 2019-20 ending 31st March 2020, has been duly approved by the Board of Directors based on the recommendations of Audit Committee of the Company, be paid a sum Rs. 75,000/- (Rupees Seventy Five Thousand) only plus applicable tax (GST) and reimbursement of actual out of pocket expenses, if any, as a remuneration for audit of cost records of the Company for the FY 2019-20 ending 31st March 2020, as recommended by the Board of Directors based on the recommendation of the Audit Committee of the Company, be and hereby ratified."

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** 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.1000.00 Crore (Rupees One Thousand Crore Only) at any one point of time."

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised 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 authorised 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."

8. 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.1000.00 Crore (Rupees One Thousand Crore 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 authorised to finalise 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."

**By the Order of the Board of the Directors**

**For RKEC Projects Limited**

Sd/-

**Vijay Kumar Jannada**

**Company Secretary & Compliance Officer**

Date: 29<sup>th</sup> August, 2019

Place: Visakhapatnam

## NOTES

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 20<sup>th</sup> day of September 2019 to Thursday, the 26<sup>th</sup> day of September, 2019 (both days inclusive).
4. The Company has appointed M/s Bigshare 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 prelist furnished by NSDL and CDSL as Beneficial Owner as on 29<sup>th</sup> August, 2019 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 29<sup>th</sup> August, 2019 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 Sita Ratnam</b>
Date of Birth	<b>17.01.1967</b>
Date of Appointment as Director	<b>19.11.2015</b>
No. of shares held in the Company	<b>NIL</b>

## Explanatory Statement Pursuant to the Provisions of Section 102 of the Companies Act, 2013:

### Item No. 4

#### Regularisation of Shri G V Rammohan (DIN: 06602693) as Whole-Time Director of the Company

Shri G V Rammohan, Director-Projects, is 31 Years Old having ten years of stimulating experience in Marine Structures and Buildings. Over a Period of time, he has graduated from being a Jr. Engineer to Managing big ticket Projects for " RKEC Projects Limited", by providing guidance and leading the Team from concept to completion. He has many Projects to his credit, significant of them being

(a) Second Chemical Berth for Mumbai Port Trust, Value Rs.130,00,00,000/- from Jan 2013 to Jan 2016.

(b) Multi Liquid Cargo berth for IOCL at Cochin, Value Rs.220,00,00,000/- Feb 2016 to Nov 2018.

He has graduated from GITAM University, Visakhapatnam obtaining a Degree in Bachelor of Engineering (Mechanical), in the year 2009. He also has an exposure to "London South Bank University" for doing a Diploma in International Business in the year 2012.

The Board of Directors at its meeting held on 29 May 2019, after considering the recommendation of Nomination and Remuneration Committee of its meeting held on 29 May 2019, has approved and appointed, Shri G V Rammohan (DIN: 06602693) as an Additional Director [Category - Whole Time Director] of the Company, liable to retire by rotation, to hold the office till the conclusion of the 14th Annual General Meeting of the Company.

Shri G V Rammohan is the relative of Shri Garapati Radhakrishna, Managing Director of the Company and Smt. Garapati Parvathi Devi, Whole-Time Director of the Company.

Accordingly, the Board of Directors recommends to the Shareholders (Members), for their approval, the Ordinary Resolution for an appointment of Shri G V Rammohan as Whole-Time Director of the Company, liable to retire by rotation, in the interest of the Company.

### Item No. 5

#### Regularisation of Brig J K Rao, VSM, as an Independent Director

Brig J K Rao, VSM, (DIN: 08508140), aged 56 years, holds Masters Degree in Strategy & Quantity Survey and Valuation. He has also completed MDMA (Marketing and International Marketing) and PG DM in HR and Finance. He has 32 Years of Experience in Indian Army including 11 years of experience in insurgency operations, 10 years in Infrastructure development and 12 years in HR.

The Nomination & Remuneration Committee at its Meeting held on 29 Aug 2019 considered, approved and recommended to the Board and/or Shareholders (Members), the appointment of Brig J K Rao, VSM, (DIN: 08508140), as an Independent Director for a period of five (5) years effective from 29 Aug 2019.

Subsequently, the Board of Directors at its meeting held on 29 Aug 2019, considered and approved, Brig J K Rao, VSM, (DIN: 08508140) as an Additional Director [Category - Independent Director] of the Company, to hold the office till the conclusion of the 14th Annual General Meeting of the Company.

### Item No. 6

#### Ratification of Remuneration of Cost Auditors of the Company

On recommendations of the Audit Committee, the Board of Directors of the Company, at its meeting held on 29<sup>th</sup> May 2019, approved and appointed, M/s Uppalapati & Associates, Cost Accountants, Visakhapatnam (Firm Registration No. 100506) as the Cost Auditors of the Company for the FY 2019-20

ending 31<sup>st</sup> March 2020 to audit the cost records of the Company at a remuneration of Rs. 75,000/- Only, plus applicable tax (GST) and reimbursement of actual out of pocket expenses, if any.

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended), the remuneration as recommended by the Board of Directors, is subject to ratification by the Shareholders (Members) of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Accordingly, the Board of Directors of the Company recommends the Ordinary Resolution for ratification of the Shareholders (Members) in the interest of the Company.

#### **Item No. 7 & 8**

#### **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) clause (c) of section 180, it is hereby proposed to authorize Board to borrow up to a sum of Rs.1000.00 Crore (Rupees One Thousand Crore 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. 8.

None of the Directors or Key Managerial Personnel of the Company or their relatives is 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/-

**Vijay Kumar Jannada**

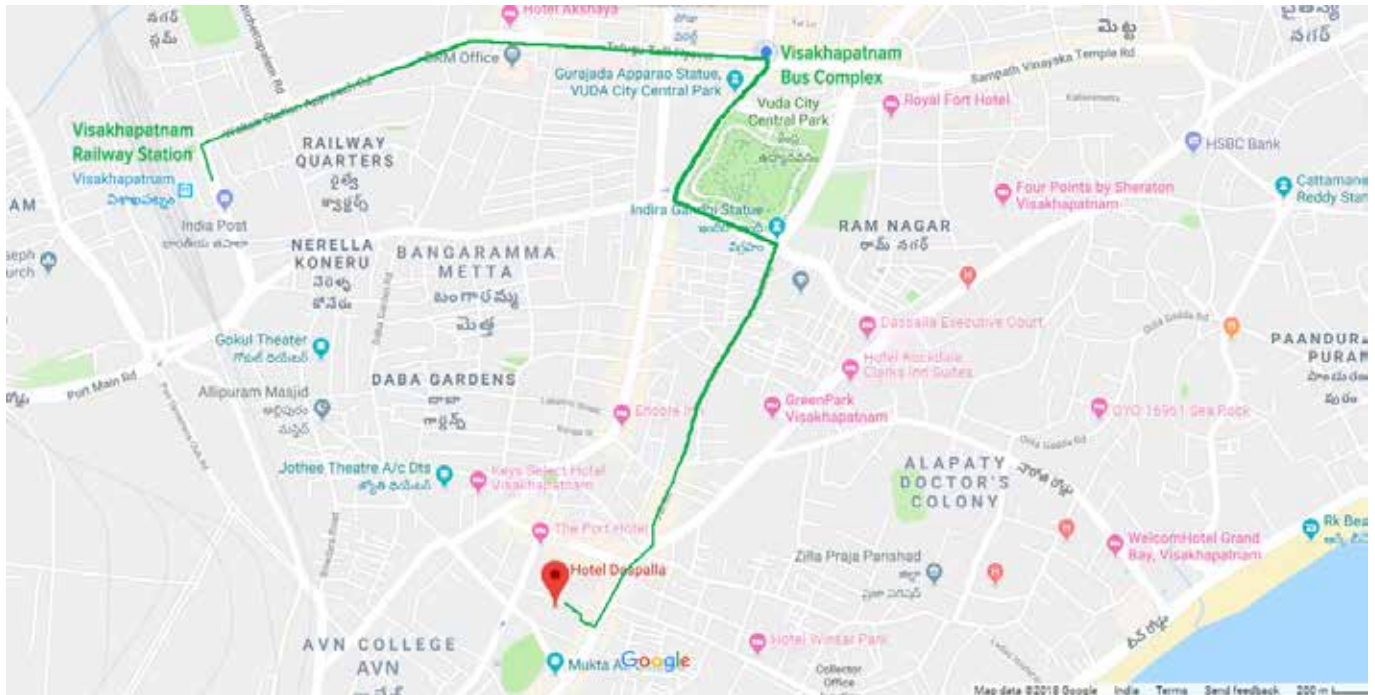
**Company Secretary & Compliance Officer**

Date: 29<sup>th</sup> August, 2019

Place: Visakhapatnam

## ROUTE MAP OF THE VENUE

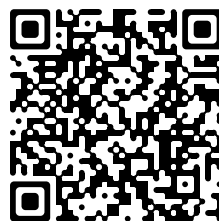
### Route Map of the Venue - Annual General Meeting :



Venue:

**“TRIVENI”, Hotel Daspalla**

# 28-2-48, Suryabagh, Jagadamba Jn.,  
Visakhapatnam - 530002  
Andhra Pradesh, India



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## DIRECTORS' REPORT

To

### THE MEMBERS

#### RKEC Projects Limited

Your Directors have pleasure in presenting before you the Fourteenth Annual Report of the Company along with audited Annual Financial Statements for the year ended 31<sup>st</sup> March, 2019.

#### 1. Financial Performance/Highlights (Standalone & Consolidated):

During the year under review, the Company has earned net profit of Rs. 24,13,37,643/-. There is notable increase in profit after tax during the current year comparison to the previous year. Your Directors are confident that the performance of the Company will be improved on all fronts in the current Financial Year.

**The summarized Financial Results of the Company for the period ended 31<sup>st</sup> March, 2019 is as follows:**

(Amt. in Lakh)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2018-19
Revenue from operations	24,399.08	23,972.43	22,576.55	23,972.43
Other Income	146.59	104.57	133.27	104.57
Total Income	24545.67	24,077.00	22,709.82	24,077.00
Less: Expenditure	20,187.34	20,128.68	18,545.44	20,128.68
Profit/(loss) before Interest, Depreciation and Tax	3,948.32	3,948.32	4031.11	3,948.32
Less: Finance Cost	544.14	385.47	584.16	385.47
Less: Depreciation & Amortization Cost	353.54	308.77	353.55	308.77
Prior Period Items	-	-	-	-
Less: Extraordinary items	-	-	-	-
Profit/(loss)Before Tax	3,460.64	3,254.08	3226.67	3,254.08
Less: Tax Expenses	1047.27	1,227.48	992.55	1,227.48
Less: Deferred Tax	-9.14	-8.79	-9.13	-8.79
Profit/(loss)after Tax	2413.38	2035.40	2243.25	2035.40

## 2. Proposed Dividend

Your Board takes pleasure in recommending a Dividend of Rs.2/- per Equity Share of Rs.10/- each (20%) similar to previous year dividend of Rs.2/- (Interim -Re.1/- and Final-Re.1/-) for consideration and approval of the members of the Company at the forthcoming Annual General Meeting.

Note: Dividend and Dividend Distribution tax represent dividend declared at the 13th Annual General Meeting held on 27 Sep 2018. No appropriation for dividend and dividend distribution tax has been made in the Accounts for the dividend recommended for the Financial Year 2018-19, pending approval by the Members at the ensuing Annual General Meeting in line with Accounting Standard.

## 3. Capital Structure

The paid up share capital of the Company is Rs.23,99,06,000/- (Rupees Twenty Three Crores Ninety Nine Lakhs Six Thousand only) divided into 2,39,90,600 (Two Crore Thirty Nine Lakh Ninety Thousand and Six Hundred) equity shares of Rs.10/- 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 2018-19 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 (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 Limited and its JV Firms 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 to Reserves

The Directors have decided to retain the entire amount of Rs.2413.38 lakhs in the retained earnings.

## 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 Out-go:**

##### **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.
  - e) The expenditure incurred on Research and Development: NA

### C. Foreign Exchange Earning & Out-Go:

Foreign Exchange Earning: NIL

Foreign Exchange Outgo: NIL

### 14. Corporate Social Responsibility

A detailed outline of the Corporate Social Responsibility (CSR) policy of the Company on CSR activities during the Financial Year 2018-19 are set out in **"Annexure - 1A"** 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 are 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- 1B"**.

### 17. Directors

In pursuance of Section 152 of the Companies Act, 2013, Smt. G Sita Ratnam (DIN: 07344104) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

The Independent Directors of the Company have submitted the declaration of independence pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provide in section 149 (6) of the Companies Act, 2013.

Your Board has appointed Shri G.V.Rammohan as an Additional director of the Company on 29.05.2019. Pursuant to the provisions of section 161 of the Companies Act, 2013, he shall hold office up to the date of the ensuing annual general meeting and being eligible offered himself for appointment as director by the members in the annual general meeting.

### 18. Key Managerial Personnel

Mr. G Radhakrishna, Managing Director, Mrs. G Parvathi Devi, Whole Time Director, Brig G S Narayana, VSM (Retd), Chief Financial Officer and CS J Vijay Kumar, Company Secretary & Compliance Officer are Key Managerial Personnel of the Company in accordance with the provisions of section 2 (51) and Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel ) Rules, 2014.

Mrs. Swapna Bansode has resigned as Company Secretary and in her place Mr. J. Vijay Kumar was appointed as Company Secretary and Compliance Officer. Except this, there are no other changes in the Key Managerial Personnel (KMP) during the year under review.

## 19. Meetings of the Board of Directors

The Board met 5 times in the Financial Year 2018-19 viz, 30 May 2018, 31 Aug 2018, 10 Nov 2018, 18 Jan 2019 and 22 Mar 2019.

Details of Directors as on 31 Mar 2019 and their attendance at the Board Meetings and Annual General Meeting (AGM) during the Financial Year 2018-19 are given below:

Name of Directors	Designation	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM
Shri G Radhakrishna	Chairman & Managing Director	5	5	Yes
Smt G Parvathi Devi	Director	5	5	Yes
Vice Admiral Satish Soni PVSM, AVSM, NM (Retd)	Independent Director	5	5	No
Shri Lucas Peter Thalakala (IRS) (Retd)	Independent Director	5	4	No
Smt G Sita Ratnam	Director	5	5	No

## 20. Meetings of the Committees

### Audit Committee

Name of Members	No. of Committee Meeting entitled	No. of Committee Meetings Attended
Shri Lucas Peter Thalakala (IRS) (Retd)	5	4
Vice Admiral Satish Soni PVSM, AVSM, NM (Retd)	5	5
Shri G Radhakrishna	5	5

### Nomination & Remuneration Committee

Name of Members	No. of Committee Meeting entitled	No. of Committee Meetings Attended
Shri Lucas Peter Thalakala (IRS) (Retd)	1	1
Vice Admiral Satish Soni PVSM, AVSM, NM (Retd)	1	1
Shri G Radhakrishna	1	1

## Corporate Social Responsibility (CSR) Committee

Name of Members	No. of Committee Meeting entitled	No. of Committee Meetings Attended
Shri Lucas Peter Thalakala (IRS) (Retd)	1	1
Vice Admiral Satish Soni PVSM, AVSM, NM (Retd)	1	1
Shri G Radhakrishna	1	1

### 21. 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.

### 22. 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 behaviour, 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).

### 23. Details of Investor's Grievances/ Complaints:

The Company has not received any complaints during the year. The pending complaints of the Shareholders/ Investors registered with SEBI at the end of the current Financial Year ended on 31st March, 2019 are NIL.

There were no pending requests for share transfer/dematerialization of shares as of 31st March 2019.

### 24. 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.

## 25. Compliance with the Secretarial Standards

The company has complied with applicable provisions of Secretarial standards issued by the Institute of Company Secretaries of India and approved by Government of India under section 118 (10) of the Companies Act, 2013.

## 26. Protection of Women at Workplace

The company has formulated a policy on prevention of sexual harassment of women at workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the Financial Year ended 31st March, 2019, the Company has not received any complaints pertaining to sexual harassment.

## 27. Subsidiaries, Joint Ventures and Associate Companies

The Company has entered into Joint Venture with M/s Suryadevara Engineers & Contractors, Vijayawada and "M/s Qingdao Construction Engineering Group Co. Ltd." The statement containing the salient feature of the JVs are given in **"Annexure - 1C"**.

## 28. 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 Brahmananda Reddy & Co., Chartered Accountants, the Statutory Auditors of the Company, in their report..

### ii. Secretarial Auditor

M/s P N Rao & Co., Practicing Company Secretaries, Visakhapatnam was appointed as Secretarial Auditors of the Company to conduct Secretarial Audit pursuant to the provisions of Section 204 of the Companies Act, 2013 for FY 2018-19. Secretarial Audit Report given by M/s P N Rao & Co, Company Secretaries, Visakhapatnam forms part of this report and is marked as **"Annexure-1D"**

There were no qualifications reservations or adverse remarks made by the Secretarial Auditors of the Company in their report except on non-spending of CSR expenditure.

### iii. Cost Auditors

The Company has appointed M/s Uppalapati & Associates, Cost & Management Accountants, as Cost Auditors as pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014.

## 29. 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 - 1E"**. 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.

### 30. Extract of the Annual Return

The extract of the annual return of the Company in Form MGT-9 for the Financial Year ended 31st march, 2019 is given in annexure-2 and forms part of the report.

Pursuant to the provisions in sub-section (3) of Section 134 of the Companies Act, 2013 the annual return referred to in sub-section (3) of section 92 has been placed on the website of the Company. [www.rkecprojects.com](http://www.rkecprojects.com).

### 31. 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.

### 32. Particulars of Loans, Guarantees and Investments

The Company has not given any loan or guarantee or security or made investment under Section 186 of the Companies Act, 2013 during the Financial Year.

### 33. 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 to report in respect of Rule 4(4), Rule (13), Rule 12(9) and Rule 16 of the Companies (Share Capital & Debentures) Rules, 2014.

### 34. 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.

### 35. Management's Discussion and Analysis Report

The Management 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.

### 36. 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 : 29 Aug 2019**  
**Place: Visakhapatnam**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Company's Operational & Financial Overview

RKEC Projects' 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.

The Company's total revenues grew marginally by 1.79% to Rs 243.99 crores in FY19 from Rs 239.72 crore last year. Operating margin improved by 139 bps during the year which led to EBITDA growth of 10.41% to Rs 43.58 crore in FY19 as compared to Rs 39.47 crore in FY18. Profit after tax increased by 18.57% to Rs 24.13 crore with PAT margin improving by 140 bps to 9.89% in FY19. The improvement in profitability was led by better execution of projects and focus on operational efficiencies.

During the year under review, the Company was awarded 7 projects worth Rs 712 crore. It is currently working on total 10 projects amounting to Rs. 995 crore. The un-executed order book as on 31 Mar 2019 stands at Rs 783 crore.

The Company has been able to achieve targets by blending tremendous engineering knowledge with ground-breaking skills, experienced team, binding an optimum mix of men, machine and materials across diverse projects. It has 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.

RKEC Projects has expanded its presence into two more states, Karnataka and West Bengal with its ongoing projects. The Company has already been present into states like Andhra Pradesh, Tamil Nadu, Gujarat, Odisha, Rajasthan, Maharashtra, Kerala and Manipur with successful completion of 92 projects in total till now.

Farakka Bridge Project (construction of 4 Lane Bridge over River Ganga) was the largest contract received during the year. The contract value of the project is Rs 521.2 crore and duration for completion is 36 months.

## Macro Overview and Outlook

The Financial Year 2018-19 has seen some moderation in economic growth which was impacted by slowdown in private consumption and lower government spending. The primary reason behind this has been decline in household savings rate and increase in consolidated fiscal deficit of government.

However, with the huge mandate to the government again in the recent election results, their focus will be on getting the economy back on high growth track. The government has laid out its agenda in budget 2019-20 for 8% annually economic growth to reach USD 5 trillion in the next 5 years. The main agenda of government would be reviving rural growth, infusing liquidity into the system, boosting household savings & consumption, recapitalisation of public sector banks, stimulating capex cycle and labour reforms.

## Industry Outlook

Infrastructure development in India has been the prime objective of any government. Now, with the stable government at centre, it is inevitable that the construction activities are set to pick-up across the key Infrastructure sectors like Roads & Highways, Bridges, Buildings, Ports, Irrigation and Urban development projects like smart cities and metros.

The government has budgeted Rs100 lakh crore of investment in Infrastructure in the next 5 years. This is huge positive for the sector as the tendering and bidding activities across all the key segments like Ports, Roads, Buildings and Electrification are expected to pick-up in the coming period which would eventually help companies, with strong balance sheet and high capability, to get the orders and execute them in stipulated time.

In Budget 2019-20, the government has also announced bank re-capitalisation of Rs70,000 crore for PSBs (Public Sector Banks), which is another big positive for augmenting private spending through easing credit into markets. Moreover, interest rates are also expected to come down in the coming years which would also help in financing of projects. Government is also looking for tapping overseas

markets for borrowings for infrastructure projects.

With the unexecuted order-book of Rs. 783 crore, the Company has a strong revenue visibility for the coming years. Moreover, the Company has been exploring bids for projects and expected to add good amount of fresh orders going ahead.

The Company's balance sheet also remains healthy with Debt/equity at 0.022x in FY19. This makes the Company well placed to better execute its projects and further look for opportunities in this space leading to increase in profitability.

Government is looking for implementing major labour reforms, refinancing of banks and liquidity issues.

### Strengths – Opportunities – Threats

#### 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 equipment.

#### 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.

#### Threats

- a) Any change in economic and political scenario in the country.
- b) Any environmental issues in the execution of the projects.

### 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.

### 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.

### 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 : 29 Aug 2019

Place: Visakhapatnam

## Annexure-“1A”

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19.

#### 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.	Shri Lucas Peter Thalakala (IRS) (Retd)	Chairman
2.	Vice Admiral Satish Soni, PVSM, AVSM, NM (Retd)	Member
3.	Shri G Radhakrishna	Member

For the Financial Year 2018-19, the Company has carried out the CSR activities.

1. Average Net Profit of the Company for last three financial years:	Rs. 20,19,34,750
2. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	Rs. 40,38,695
3. Details of CSR spent during the financial year:	
(a) Total amount to be spent for the financial year:	Rs. 40,38,695
(b) Total amount spent:	Rs. 20,10,000
(c) Amount unspent, if any:	Rs.20,28,695

Manner in which the amount of CSR spent : (i)Kerala Flood Relief  
(ii) Titli Flood Relief  
(iii) CSR Trust registration expenses.

There was delay in identifying suitable projects for spending balance CSR fund.

#### 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 : 29 Aug 2019  
Place: Visakhapatnam

## Annexure-“1B”

### 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	18.00	Nil
2	Naram Enterprises Pvt Ltd (Associate Company)	Purchases	One year	253.62	Nil
3	G.Radhakrishna	Guarantee given for Bank loan	One Year	32.31	Nil
4	G. Parvathi Devi	Guarantee given for Bank Loan	One year	31.03	Nil
5	G. V. Rammohan (Son- in-law of MD)	Salaries	One year	36.00	Nil
6	Karna MahendraRaj (Son-in-Law of MD)	Salaries	Four months	2.00	Nil
7	G. Hima Bindu Sree (Daughter of MD)	Salaries	One year	18.00	Nil

BY ORDER OF THE BOARD OF DIRECTORS

For RKEC Projects Limited

Sd/-

G Radhakrishna

Chairman & Managing Director

DIN : 00073080

Date : 29 Aug 2019

Place: Visakhapatnam

## Annexure-“1C”

### Form AOC-I

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

S.No	Name of Associates/Joint Ventures	RKEC and Suryadevara JV	CQCE-RKEC JV
1	Latest audited Balance Sheet Date	29-05-2019	29-05-2019
2	Shares of Associate/Joint Ventures held by the company on the year end	51%	99%
	Amount of Investment in Associates/Joint Venture	Rs 13,41,227/-	NA
	Extend of Holding %	51%	99%
3	Description of how there is significant influence	No	NA
4	Reason why the associate/ joint venture is not Consolidated	Consolidated	Consolidated
5	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs 95,97,51,257/-	Rs 95,97,51,257/-
6	Profit / Loss for the year		
6(i)	Considered in Consolidation Considered in Consolidation	Rs 32,26,67,978/-	Rs 32,26,67,258/-
6(ii)	Not Considered in Consolidation	Rs 2,33,96,977/-	Rs 2,33,96,977/-

## Annexure-“1D”

FORM NO. MR - 3

### SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2019

[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, 2019 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, 2019 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.**

**The company has constituted the CSR committee and its constitution was as per regulation. Company is required to spend Rs.40,38,695 in the financial year 2018-19 towards CSR expenditure being 2% of the average net profits of the company for the previous three years. The unspent amount for the earlier years was Rs.30,19,000 as on 31st March, 2018. During the financial year 2018-19, company has spent only Rs.20,10,000 on this account. The aggregate unspent amount was Rs.50,47,695 as per company records and audited statement of accounts for the year ended 31st March, 2019.**

**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. There are no changes in the composition of the Board of Directors during the period under review.

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: 27 Aug 2019**

**Form No. MR 3 ("Annexure-A")**

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: 27 Aug 2019**

## Annexure-“1E”

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	NIL
		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, 2019	292	
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	NIL	
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  
DIN : 00073080

Date: 29 Aug 2019  
Place : Visakhapatnam

# FORM No. MGT 9 (ANNEXURE - 2)

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on Financial year ended on 31.03.2019**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L45200AP2005PLC045795
2	Registration Date	01-04-2005
3	Name of the Company	RKEC PROJECTS LIMITED
4	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES INDIAN NON-GOVERNMENT COMPANY
5	Address of the Registered office & contact details	D.NO. 10-12/1, REDNAM ALCAZAR, 3RD FLOOR, OPP. SBI MAIN BRANCH, OLD JAIL ROAD, REDNAM GARDENS, VISAKHAPATNAM - 530002. Email ID: cs@rkecprojects.com Ph.No. 0891 - 2574517
6	Whether listed company	YES
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	BIGSHARE SERVICES PRIVATE LIMITED Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Next to Keys Hotel Makwana Road, Andheri - East, Mumbai - 400059, Maharashtra, India.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	CONSTRUCTION OF BRIDGE AND NATIONAL HIGHWAY	421	25.40
2	CONSTRUCTION OF JETTIES	429	43.09
	others		31.51

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	COMPANY DOES NOT HAVE ANY HOLDING, SUBSIDIARY OR ASSOCIATE COMPANY		NIL		

## IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	1,76,11,900		1,76,11,900	73.41%	1,76,62,900		1,76,62,900	73.62%	0.21%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.			-	0.00%			-	0.00%	0.00%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	1,76,11,900	-	1,76,11,900	73.41%	1,76,62,900		1,76,62,900	73.62%	0.21%
(2) <b>Foreign</b>									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>TOTAL (A)</b>	1,76,11,900	-	1,76,11,900	73.41%	1,76,62,900	-	1,76,62,900	73.62%	0.21%

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds			-	0.00%			-	0.00%	0.00%
b) Banks / FI			-	0.00%			-	0.00%	0.00%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance			-	0.00%			-	0.00%	0.00%
g) FIs			-	0.00%			-	0.00%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	13,60,043		13,60,043	5.68%	11,59,772		11,59,772	4.83%	-0.85%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	44,30,657	-	44,30,657	18.51%	44,99,928		44,99,928	21.92%	3.41%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	5,88,000		5,88,000	2.46%	6,68,000		6,68,000	2.78%	13.61%
c) Others (specify)									
Non Resident Indians			-	0.00%			-	0.00%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	63,27,700	-	63,27,700	26.43%	63,27,700	-	63,27,700	26.38%	0.00%
<b>Total Public (B)</b>	63,27,700	-	63,27,700	26.43%	63,27,700	-	63,27,700	26.38%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			-	0.00%				0.00%	0.00%
<b>Grand Total (A+B+C)</b>	2,39,39,600	-	2,39,39,600	100.00%	2,39,90,600	-	2,39,90,600	100.00%	0.00%

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	GARAPATI RADHAKRISHNA	1,76,01,700	73.37000%	0	1,76,01,700	73.37%	0	0.00%
2	GARAPATI HIMA BINDU SREE	100	0.00042%	0	30,100	0.13%	0	0.13%
3	GARAPATI NAGA PUSHYAMI	100	0.00042%	-	21,100	0.09%	0	0.09%
4	GARAPATI PARVATHI DEVI	10,000	0.04200%	-	10,000	0.04%	0	0.00%
	<b>TOTAL</b>	1,76,11,900	73.41%	0	1,76,62,900	73.62%	0	0.21%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year			1,76,11,900	73.57%		0.00%
	Changes during the year		Offer for sale	51,000	0.21%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year			1,76,62,900	73.78%		0.00%

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name :	MAVERICK SHARE					
	At the beginning of the year	200000	0.83%	NIL	0.00%	2,00,000	0.83%
	Changes during the year	NIL	-	NIL	0.00%	NIL	NIL
	At the end of the year	200000	0.83%	NIL	0.00%	2,00,000	0.83%
2	Name	VIJAY MOHAN KARNANI					
	At the beginning of the year	201000	0.84%	NIL	0.00%	2,01,000	0.84%
	Changes during the year	NIL	NIL	NIL	0.00%	NIL	NIL
	At the end of the year	201000	0.84%	NIL	0.00%	2,01,000	0.84%
3	Name	TECK CONSULTANCY AND					
	At the beginning of the year	198000	0.83%	NIL	0.00%	1,98,000	0.83%
	Changes during the year	96000	0.40%	NIL	0.00%	1,02,000	0.42%
	At the end of the year	102000	0.42%	NIL	0.00%	1,02,000	0.42%
4	Name	SUBHKAM VENTURES I PVT LTD					
	At the beginning of the year	144000	0.60%	NIL	0.00%	1,44,000	0.60%
	Changes during the year	NIL	NIL	NIL	0.00%	NIL	NIL
	At the end of the year	NIL	NIL	NIL	0.00%	1,44,000	0.60%
5	Name	SANJAY POPATLAL JAIN					
	At the beginning of the year	141000	0.59%	NIL	0.00%	1,41,000	0.59%
	Changes during the year	23000	0.09%	NIL	0.00%	23,000	0.09%
	At the end of the year	118000	0.49%	NIL	0.00%	1,18,000	0.49%
6	Name	JITENDRA H PANJABI					
	At the beginning of the year	135000	0.56%	NIL	0.00%	1,35,000	0.56%
	Changes during the year	NIL	NIL	NIL	0.00%	NIL	NIL
	At the end of the year	135000	0.56%	NIL	0.00%	1,35,000	0.56%
7	Name	RITA CHHAWCHHARIA					
	At the beginning of the year	111000	0.46%	NIL	0.00%	1,11,000	0.46%
	Changes during the year	NIL	NIL	NIL	0.00%	NIL	NIL
	At the end of the year	111000	0.46%	NIL	0.00%	1,11,000	0.46%
8	Name	ANLAGE INFOTECH INDIA					
	At the beginning of the year	111000	0.46%	NIL	0.00%	1,11,000	0.46%
	Changes during the year	NIL	NIL	NIL	0.00%	NIL	NIL
	At the end of the year	111000	0.46%	NIL	0.00%	1,11,000	0.46%
9	Name	HRIDAAN CHOPRAA					
	At the beginning of the year	NIL	NIL	NIL	0.00%	-	0.00%
	Changes during the year	103000	0.42%	NIL	0.00%	1,03,000	0.42%
	At the end of the year	103000	0.42%	NIL	0.00%	1,03,000	0.42%
10	Name	BIYANI FINANCIAL					
	At the beginning of the year	75000	0.31%	NIL	0.00%	75,000	0.31%
	Changes during the year	NIL	NIL	NIL	0.00%	NIL	NIL
	At the end of the year	75000	0.31%	NIL	0.00%	75,000	0.31%

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	GARAPATI RADHAKRISHNA						
	At the beginning of the year	17601700		1,76,01,700	73.53%	1,76,01,700	73.37%
	Changes during the year	0		-	0.00%	-	0.00%
	At the end of the year	17601700		1,76,01,700	73.53%		0.00%
2	GARAPATI PARVATHI DEVI - DIRECTOR						
	At the beginning of the year	10000		10,000	0.04%	10,000	0.04%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	10000		10,000	0.04%	10,000	0.04%

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	15,45,44,441.00			15,45,44,441.00
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	15,45,44,441.00	-	-	15,45,44,441.00
<b>Change in Indebtedness during the financial year</b>				
* Addition	42,77,78,989.00	1,23,16,479.00		44,00,95,468.00
* Reduction	9,13,33,123.00	76,13,290.00		9,89,46,413.00
Net Change	33,64,45,866.00	1,99,29,769.00	-	53,90,41,881.00
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	49,09,90,307.00	47,03,189.00	-	49,56,93,496.00
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	49,09,90,307.00	47,03,189.00	-	49,56,93,496.00

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Name	Designation	(Rs/Lac)
		Garapati Radhakrishna	Garapati Parvathi Devi	
		Managing Director	Whole time director	
1	Gross salary	16000000	16000000	3,20,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
	Commission			-
4	- as % of profit			-
	- others, specify (Commission on BG)			-
5	Others, please specify (Rent Paid)			
	<b>Total (A)</b>	1,60,00,000.00	1,60,00,000.00	<b>3,20,00,000.00</b>
	<b>Ceiling as per the Act</b>			

#### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Vice Admiral Satish Soni	Lucas Peter		(Rs/Lac)
1	Independent Directors				
	Fee for attending board committee meetings	1,25,000.00	1,00,000.00		2,25,000.00
	Commission	-			-
	Others, please specify	-			-
	Total (1)	1,25,000.00	1,00,000.00	-	2,25,000.00
2	Other Non-Executive Directors	-			-
	Fee for attending board committee meetings	-			-
	Commission	-			-
	Others, please specify	-			-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	1,25,000.00	1,00,000.00	-	2,25,000.00
	Total Managerial Remuneration				3,22,25,000.00
	Overall Ceiling as per the Act				

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Name	NA	G S NARAYANA	J. VIJAY KUMAR
		Designation	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		18,00,000.00	6,60,000.00	24,60,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act,				-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	18,00,000.00	6,60,000.00	24,60,000.00

\* CS Swapna Bansode is the CS from 01 Apr 2018 to 28 Feb 2019 during the FY 2018-19

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
		NIL			
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
		NIL			
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
		NIL			
Penalty					
Punishment					
Compounding					

# INDEPENDENT AUDITOR'S REPORT

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To the Members of,

M/s RKEC Projects Limited

Report on the Standalone Financial Statements

## Opinion

1. We have audited the accompanying standalone financial statements of M/s RKEC Projects Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Statement of Cashflows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. 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 Companies Act, 2013 ("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 March 31, 2019, the profit and its cashflows for the year ended on that date.
3. Basis for Opinion
4. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.
5. Emphasis of Matter Paragraph
6. We Draw your attention to -
7. Note no. 15 the Trade receivables & Note no.17 the Short-term loans & advances of the standalone financial statements, for considering as good for the period more than 6 months includes amounts due from various parties and issues involved are furnished. The company is confident in getting full recovery of the same and hence, in the opinion of the management no provision is required for doubtful debts.
8. Key Audit Matters:
9. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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.

S.No.	Key Audit Matter	Auditor Response
5(i)	<p><b>Revenue Recognition on Construction Contracts(Contract Revenue) involves significant judgement</b></p> <p>The work receipts from Long term Contracts is complex and exposes the Company to various business and financial reporting risks. The recognition of revenue and the estimation of the outcome of construction contracts requires significant management judgement, in particular, with respect to the estimation of cost to complete and the amounts of variation orders to be recognized. In addition, significant management judgement is required to assess the consequences of various legal proceedings in respect of Construction Contracts.</p> <p>Reference is made to Standalone Financial Statements a) Accounting Principles, b) Critical Accounting Policies, c) Revenue-Construction Contracts and d) Trade receivables for recoverability (Note 15 &amp; 19).</p>	<p>We identified revenue from construction contracts as a significant risk, requiring special audit consideration. Our audit procedures included, by selecting a sample of continuing and new contracts, an evaluation of the significant judgements made by management, Management estimates, amongst others based on an examination of the associated project documentation and discussion on the status of projects under construction with finance team and management of the Company. We also tested the controls that the company has put in place over its process to record contract costs and contract revenues and the calculation of stage of completion and work in progress. Furthermore, we discussed the status of legal proceedings in respect of construction contracts and its receivables and examined various documents in this respect as obtained from the company.</p>
5(ii)	<p><b>Liability for uncertain tax positions</b></p> <p>The company has uncertain tax positions, Cess dues amounting to Rs.2756.68 Lakhs, which involves significant judgment and its outcome and liability.</p> <p>Reference is made to Note-29.11 of Standalone financial statements Contingent Liabilities-Matters under litigation.</p>	<p>Obtained the details of matters under litigation for the Direct Tax, Indirect Taxes and Labour Cess disputes. We have examined the relevant demand notices, appeals filed before various forums. Discussed with the management and evaluated the documents. Discussed with the management for possible provision and likely outcome of the said cases.</p>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

10. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard based on the other information existing as on the date of this report.

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

11. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation 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. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

13. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

18. As required by Section 143(3) of the Act, based on our audit 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 Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion the aforesaid standalone financial statements complied with the accounting standards specified under Sec133 of the act, read with Rule 7 of Companies (Accounts) Rules2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended 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 standalone financial statements - Refer Note 29.11.8, 29.12, 29.13 to the standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
19. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable for the year under audit.

**For Brahmananda Reddy & Associates**

**Chartered Accountants**

**Firm Registration Number: 016662S**

**Sd/-**

**(G. Govinda Rao)**

**Partner**

**Membership Number: 244754**

**29th May, 2019**  
**Visakhapatnam**

## **ANNEXURE 'A' TO THE INDEPENDENT AUDITORS REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of RKEC Projects Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of M/sRKEC Projects Limited("the Company") as of March 31, 2019 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**

2. The Board of Directors of the Company 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. 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 respective 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.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

6. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

7. 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**

8. In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2019, 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/-**

**(G. Govinda Rao)**

**Partner**

**Membership Number: 244754**

**29th May, 2019  
Visakhapatnam**

## 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)

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, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. 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 guarantee or 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, Goods and Service tax, Duty of Customs, Value Added Tax, Employees' State Insurance, 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, Goods and Service tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Goods and Service Tax, Duty of Customs, Value Added Tax and Cess which have not been deposited as on March 31, 2019 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. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company. Hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- 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, reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii). According to the information and explanations given to us and based on our examination of therecords of the Company, transactions with the related parties are in compliance with sections 177and 188 of the Companies Act,2013 where applicable and details of such transactions have been disclosed in the standalone 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 and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- 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 its directors or persons connected to its directors. 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/-**  
**(G. Govinda Rao)**  
**Partner**  
**Membership Number: 244754**

**29th May, 2019**  
**Visakhapatnam**

## STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Note	As at 31 <sup>st</sup> Mar, 2019	As at 31 <sup>st</sup> Mar, 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	23,99,06,000	23,99,06,000
Reserves and Surplus	4	71,98,45,257	50,74,29,551
		<b>95,97,51,257</b>	<b>74,73,35,551</b>
<b>Non-Current Liabilities</b>			
Long Term borrowings	5	1,50,75,160	1,19,58,334
Long-term provisions	6	61,82,101	16,57,574
		<b>2,12,57,261</b>	<b>1,36,15,908</b>
<b>Current Liabilities</b>			
Short-term borrowings	7	46,64,42,112	13,83,36,787
Trade Payables	8	75,06,95,617	41,31,10,559
Other Current liabilities	9	12,34,79,459	15,29,35,592
Short Term provisions	10	2,44,25,969	3,15,39,432
		<b>1,36,50,43,157</b>	<b>73,59,22,370</b>
<b>TOTAL</b>		<b>2,34,60,51,674</b>	<b>1,49,68,73,830</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	19,55,09,957	14,21,35,416
Intangible assets	11	1,97,968	3,71,355
Capital Work In Progress		9,97,18,191	-
Deferred tax asset (Net)	12	97,63,314	88,49,540
Non Current Investments	13	13,41,227	8,543
		<b>30,65,30,658</b>	<b>15,13,64,853</b>
<b>Current Assets</b>			
Inventories	14	44,51,79,377	15,09,96,666
Trade receivables	15	82,15,33,403	82,03,36,195
Cash and Bank balances	16	33,04,91,328	18,43,31,463
Short-term Loans and advances	17	42,12,46,616	17,44,77,100
Other Current assets	18	2,10,70,293	1,53,67,553
		<b>2,03,95,21,016</b>	<b>1,34,55,08,977</b>
<b>TOTAL</b>		<b>2,34,60,51,674</b>	<b>1,49,68,73,830</b>

### Summary of significant accounting policies 1 - 2

The accompanying notes form an integral part of the financial statements

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

Sd/-  
G Govinda Rao  
Partner  
Membership No.244754

Visakhapatnam  
29-05-2019

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

Sd/-  
G S Narayana  
CFO

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

Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March, 2019

Particulars	Note	for the year ended 31 <sup>st</sup> March, 2019	for the year ended 31 <sup>st</sup> March, 2018
<b>REVENUE</b>			
Revenue from operations	19	2,43,99,07,510	2,39,72,42,963
Other income	20	1,46,59,734	1,04,57,660
<b>Total Revenue - A</b>		<b>2,45,45,67,244</b>	<b>2,40,77,00,623</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	1,10,76,95,237	1,07,16,38,021
Construction expenses	22	90,60,42,382	70,97,12,346
Changes in inventories of work-in-progress	23	(25,51,03,537)	(93,41,842)
Employee benefit expense	24	13,40,33,542	15,44,72,105
Finance costs	25	5,44,14,361	3,85,47,301
Depreciation expense	11	3,53,54,754	3,08,76,820
Other expenses	26	12,60,66,270	8,63,87,893
<b>Total expenses - B</b>		<b>2,10,85,03,009</b>	<b>2,08,22,92,644</b>
<b>Profit / (Loss) before tax: C = (A - B)</b>		<b>34,60,64,235</b>	<b>32,54,07,978</b>
<b>Tax expense:</b>			
Current tax		10,30,58,997	11,97,18,828
Tax expense of earlier years		25,81,369	30,29,019
Deferred tax		(9,13,774)	(8,79,821)
<b>Total tax expense (D)</b>		<b>10,47,26,592</b>	<b>12,18,68,026</b>
<b>Profit / (Loss) for the year (C - D)</b>	8.45	<b>24,13,37,643.29</b>	<b>20,35,39,952</b>
<b>Earnings per share (for face value of Rs 10/- each):</b>			
Basic & Diluted	27	<b>10.06</b>	<b>9.40</b>
<b>Summary of significant accounting policies</b>	1 - 2		
The accompanying notes form an integral part of the financial statements			

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

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

Sd/-  
G Govinda Rao  
Partner  
Membership No.244754

Visakhapatnam  
29-05-2019

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

Sd/-  
G S Narayana  
CFO

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

Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	for the year ended 31st Mar, 2019	for the year ended 31st Mar, 2018
<b>Cash flows from Operating activities</b>		
<b>Profit before tax</b>	34,60,64,235	32,54,07,978
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	3,53,54,754	3,08,76,820
Loss/(Profit) on sale of fixed assets	(1,790)	9,531
Loss/(Profit) from Joint Venture	(13,32,685)	(8,543)
Interest expense	5,44,14,361	3,85,47,301
Interest income	(1,33,25,259)	(1,04,49,117)
<b>Operating profit before working capital changes</b>	<b>42,11,73,617</b>	<b>38,43,83,971</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating liabilities:</b>		
Increase/(Decrease) in Trade payables	33,75,85,058	12,37,05,389
Increase/(Decrease) in Long-term Provisions	45,24,527	(16,84,591)
Increase/(Decrease) in Short-term Provisions	(71,13,463)	
Increase/(Decrease) in /Other current liabilities	(2,94,56,133)	(26,11,06,792)
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Decrease/(Increase) in Trade receivables	(11,97,208)	(42,50,86,328)
Decrease/(Increase) in Inventories	(29,41,82,711)	16,80,05,186
Decrease/(Increase) in Short-term loans and advances	(24,67,69,515)	(11,33,28,180)
Decrease/(Increase) in Other current assets	(66,16,514)	7,73,865
<b>Cash generated from / (used in) operations</b>	<b>17,79,47,657</b>	<b>(12,43,37,479)</b>
Less: Income tax paid	10,47,26,592	11,56,78,248
<b>Net cash flow from (used in) operating activities (A)</b>	<b>7,32,21,065</b>	<b>(24,00,15,727)</b>
<b>Cash flows from Investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(9,64,00,331)	(6,53,96,756)
CWIP	(9,97,18,191)	
Profit/(Loss) from Joint Venture	13,32,685	8,543
Investment in Joint Venture	(13,32,685)	(8,543)
Proceeds from sale of fixed assets	78,46,213	89,625
Bank balances not considered as cash and cash equivalents	(16,43,57,161)	1,77,58,662
Interest received	1,33,25,259	1,04,49,117
<b>Net cash used in investing activities (B)</b>	<b>(33,93,04,211)</b>	<b>(3,70,99,352)</b>
<b>Cash flows from Financing activities</b>		
Proceeds from (repayment of) long term borrowings	31,16,826	77,11,426
Proceeds from (repayment of) short term borrowings	32,81,05,325	13,83,36,787
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)	(2,89,21,938)	(2,88,74,521)
Repayment of unsecured loans	-	-
Repayment of share application money	-	-
Interest paid	(5,44,14,361)	(3,85,47,301)
<b>Net cash flow from financing activities (C)</b>	<b>24,78,85,853</b>	<b>25,42,70,106</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(1,81,97,293)</b>	<b>(2,28,44,973)</b>
Cash and cash equivalents at the beginning of the year	2,23,28,770	4,51,73,743
<b>Cash and cash equivalents at the end of the year</b>	<b>41,31,474</b>	<b>2,23,28,770</b>

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

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

Sd/-  
G Govinda Rao  
Partner  
Membership No.244754  
Visakhapatnam

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

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

Sd/-  
G S Narayana  
CFO

Sd/-  
(G. Parvathi Devi)  
Whole-time Director  
DIN: 00094961  
  
Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

## **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, RednamAlcazar, 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 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 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 year

#### **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

Note		As at 31st March, 2019	As at 31st March, 2018
	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	2,39,90,600 23,99,06,000
<b>Total</b>	<b>2,39,90,600</b>	<b>23,99,06,000</b>	<b>2,39,90,600 23,99,06,000</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	2,39,90,600	1,93,12,600
<b>Add : Bonus Issue Shares</b>		-
<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>2,39,90,600</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 is proposed by the Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting.

### c) Public issue of equity shares

During the Financial year ended 31st 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, 2019	As at 31st March, 2018
	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%	1,76,01,700 73.37%

### 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 31st March, 2019	As at 31st March, 2018
<b>4 Reserves and Surplus</b>		
<b>a) Security Premium</b>	<b>16,37,30,000</b>	16,37,30,000
<b>Profit and loss account</b>		
Opening balance	34,36,99,551	16,90,34,120
Add : Profit / (Loss) for the year	24,13,37,643	20,35,39,952
<b>Less: Appropriations:</b>		
	##	#
Dividend Declared in the Year	2,39,90,600	2,39,90,600
Tax on Dividend Distribution	49,31,338 (2,89,21,938)	48,83,921 (2,88,74,521)
<b>Closing balance</b>	<b>71,98,45,257</b>	<b>50,74,29,551</b>

# Interim Dividend During the financial year 2017-18. ## Final dividend for the financial year 2017-2018 paid in financial year 2018-19.

Note	As at 31st March, 2019		As at 31st March, 2018	
<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>Secured:</b>				
<b>Rupee Term Loans from Banks*</b>				
CAR Loan-I - Vijaya Bank	14,54,206	5,58,720	18,10,152	5,58,720
CAR Loan-II - Vijaya Bank	11,41,406	4,38,960	14,21,186	4,38,960
CAR Loan-III - Vijaya Bank	4,99,722	1,56,720	5,92,292	1,56,720
CAR Loan-IV - Vijaya Bank	59,57,429	30,94,920	81,34,704	30,94,920
PLANT & MACHINERY Loan - Indusind Bank	22,85,621	23,98,800	-	-
<b>Rupee Term Loans from Non Banking Financial Companies (NBFC) *</b>				
PLANT & MACHINERY Loan -I Mahindra	5,80,120	11,68,716	-	-
PLANT & MACHINERY Loan -II Mahindra	12,46,110	25,10,412	-	-
PLANT & MACHINERY Loan -III Mahindra	9,55,273	19,24,488	-	-
PLANT & MACHINERY Loan -IV Mahindra	9,55,273	19,24,488	-	-
	<b>1,50,75,160</b>	<b>1,41,76,224</b>	<b>1,19,58,334</b>	<b>42,49,320</b>

\* Secured against the primary security of specific assets purchased out of the loans taken i.e Plant & Machinery, HCV & Motor Cars .

Note	As at 31st March, 2019	As at 31st March, 2018
<b>6 Long Term Provisions</b>		
Provisions for Gratuity	61,82,101.00	16,57,574
<b>Total</b>	<b>61,82,101</b>	<b>16,57,574</b>

Note	As at 31st March, 2019	As at 31st March, 2018
<b>7 Short Term Borrowings</b>		
Secured Loans, from banks		
Cash Credit (See Note-7.1)	46,17,38,922.44	13,83,36,787
<b>Unsecured Loans from Non Banking Financial Companies (NBFC) *</b>		
Short Term loans (See Note-7.2)	47,03,189.81	-
<b>Total</b>	<b>46,64,42,112</b>	<b>13,83,36,787</b>

#### 7.1 Nature of Security & Terms of repayment

Company availed Cash credit limit of Rs. 50.00 crores (Prev Year 15.00 Crores) from Vijaya Bank, at an interest rate of base rate+3.00% (present effective rate is 10.65% p.a., Previous Year 12.65% P.a) . 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.

#### 7.2 Terms of repayment

Company availed Unsecured Working Capital Loan of Rs. 1.10 crores from Bajaj finance Ltd , Magama fincorp ltd & Tata capital financial at an interest rate of & Repayable period of Bajaj (19.15% repayable in 12months) , Magama fincorp ltd ( @19.5% , repayable in 24 months ) Tata Capital Financial (@18% repayable in 18 months)

Note	As at 31st March, 2019	As at 31st March, 2018
<b>8 Trade Payables</b>		
a) Total Outstanding dues to Micro and Small & Medium Enterprises (Refer Note 29.14)	40,22,041.00	-
b) Dues to other than Micro and Small & Medium Enterprises		
- Acceptances - LC payable*	40,86,32,917.00	17,93,65,577
- Other than acceptances	33,80,40,658.98	23,37,44,982
<b>Total</b>	<b>75,06,95,616.98</b>	<b>41,31,10,559</b>

\* Guaranteed by vijaya bank

Note	As at 31st March, 2019	As at 31st March, 2018
<b>9 Other Current Liabilities</b>		
Current maturities of long term debt (Refer note-5)	1,41,76,224	42,49,320
Mobilisation advances from Contractees	2,34,68,649	2,34,16,066
Material advances from Contractees	3,47,19,817	8,64,61,360
Retention money payable	1,10,91,260	
Dues to employees	1,43,28,243	61,06,792
Statutory dues	2,53,69,180	3,15,62,054
Other liabilities	72,086	11,40,000
Dividend Payable	2,54,000	-
<b>Total</b>	<b>12,34,79,459</b>	<b>15,29,35,592</b>

Note	As at 31st March, 2019	As at 31st March, 2018
<b>10 Short term provisions</b>		
Provisions for Gratuity	11,68,335	47,14,623
Income tax Provision (net of TDS, advance tax)	1,23,53,560	2,68,24,809
Other provisions	<b>1,09,04,074</b>	
<b>Total</b>	<b>2,44,25,969</b>	<b>3,15,39,432</b>

Note	As at 31st March, 2019	As at 31st March, 2018
<b>12 Deferred Tax Asset (net)</b>		
On differences between depreciation as per books and Income tax act	75,67,511	82,75,886
On other timing differences		
On employee benefits payable by employer	21,95,803	5,73,653
<b>Total</b>	<b>97,63,314</b>	<b>88,49,540</b>

Note	As at 31st March, 2019	As at 31st March, 2018
<b>13 Non Current Investments</b>		
Investment in RKEC and Suryadevara JV*	13,41,227	8,543
Investment in CQCE AND RKEC JV*	-	NA
<b>Total</b>	<b>13,41,227</b>	<b>8,543</b>

**\*Interest in joint venture**

Name of the Joint Venture	Other constituent name	Interest of the company in profit / (Loss) (%)	Share of profit/Loss for the year Ended 31st March 2019 (Rs)	Share of profit/Loss for the year Ended 31st March 2018 (Rs)
RKEC and Suryadevara JV	M/s. Suryadevara Engineers and contractors	51	13,32,685	8,543
CQCE AND RKEC JV	M/s. Qingdao Construction Engineering Group Company Limited	99	-	NA

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

Note	As at 31st March, 2019	As at 31st March, 2018
<b>14 Inventories (as valued &amp; certified by management)</b>		
Construction Material, Stores & spares	14,13,91,760	10,23,12,586
Work-in-Progress	30,37,87,617	4,86,84,080
Stores, Spares & Loose Tools		
<b>Total</b>	<b>44,51,79,377</b>	<b>15,09,96,666</b>

Note	As at 31st March, 2019	As at 31st March, 2018
<b>15 Trade Receivables</b>		
Unsecured, considered and good		
a) Outstanding for a period exceeding six months from the date they are due for payment* [including retention of Rs. 32.11 Cr, ]	69,81,96,662	11,37,29,662
b) Others [including retention of Rs. 23.03 Lcs ]	12,33,36,741	70,66,06,533
<b>Total</b>	<b>82,15,33,403</b>	<b>82,03,36,195</b>

\* Refer note 29.12

Note	As at 31st March, 2019	As at 31st March, 2018
<b>16 Cash and Bank balances</b>		
<b>a) Cash and Cash equivalents</b>		
Cash in hand	2,75,278	8,56,177
Balance in CC account		-
Balance with banks in Current accounts	38,56,196	2,14,72,593
	<b>41,31,474</b>	<b>2,23,28,770</b>
<b>b) Other Bank balances</b>		
in Fixed Deposit accounts		
held as margin money deposits *	32,31,91,670	15,57,34,254
held as deposits **	31,68,184	62,68,439
<b>Total</b>	<b>33,04,91,328</b>	<b>18,43,31,463</b>

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

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

Note	As at 31st March, 2019	As at 31st March, 2018
<b>17 Short Term Loans and Advances</b> (Unsecured, Considered and good, for the value to be received in cash or kind)		
Security deposits	16,98,95,885	3,18,76,442
Deposits for enlistment	50,69,017	
Earnest money and other deposits *	1,49,19,811	
Advances to material suppliers**	11,95,61,226	-
Balances with government authorities		
- VAT input credit receivable	57,84,869	2,31,40,448
- GST Receivable	9,41,48,102	10,13,55,078
- Service Tax Receivable	70,30,500	
Others advances ***	48,37,205	1,81,05,133
<b>Total</b>	<b>42,12,46,616</b>	<b>17,44,77,100</b>

\* EMD as a tender security

\*\* Refer note 29.13

\*\*\* This includes an amount of Rs. 40.00 lakhs (Previous Year 112.50 Lakhs) paid for loan arrangement to individuals & other for supply of material & for execution of work, who failed to arrange the said loan & fail to deliver the goods & fail to execution of work, in the past years. The company has lodged police complaint 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.

Note	As at 31st March, 2019	As at 31st March, 2018
<b>18 Other Current Assets</b>		
TDS receivable/carry forward to next year/Advance Tax	1,19,45,243	88,03,554
Prepaid Expenses	91,25,050	65,63,999
<b>Total</b>	<b>2,10,70,293</b>	<b>1,53,67,553</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>19 Revenue from operations</b>		
Contract revenue	2,43,02,91,559	2,39,58,15,963
Other operating revenue	96,15,951	14,27,000
<b>Total</b>	<b>2,43,99,07,510</b>	<b>2,39,72,42,963</b>
<b>Other Operating Revenue comprises of</b>		
- Hire charges received	1,63,600	13,56,400
- Scrap sale	41,17,245	20,600
- Work Receipts Technical Services	53,35,106	50,000
	96,15,951	14,27,000

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>20 Other Income</b>		
Interest income	1,33,25,259	1,04,49,117
Profit on sale of assets	1,790	-
Share of Profit from Joint Venture (Refer note no. 13)	13,32,685	8,543
<b>Total</b>	<b>1,46,59,734</b>	<b>1,04,57,660</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>21 Cost of materials consumed</b>		
<b>Construction Materials, Stores and spares</b>		
Opening Stock	10,23,12,586	27,96,59,614
Add: Purchases	1,14,67,74,411	89,42,90,992
	1,24,90,86,997	1,17,39,50,606
Less: Closing Stock	14,13,91,760	10,23,12,586
<b>Total</b>	<b>1,10,76,95,237</b>	<b>1,07,16,38,021</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>22 Construction Expenses</b>		
Project work expenses	68,92,41,889	57,23,50,481
Repairs and maintenance:		
- Plant & machinery, vehicles	10,40,414	53,27,422
Hire Charges for machinery and others	5,38,42,086	3,72,82,627
Transport Charges	4,61,58,487	2,40,49,044
Power and fuel:		
- Diesel & Petrol expenses	4,27,96,971	3,81,48,179
- Electricity expenses	16,08,110	7,79,693
Technical and engineering consultancy services	2,59,55,707	1,22,47,784
Testing charges	11,92,814	22,60,394
Labour cess (recoveries)	1,43,89,202	53,28,040
Other recoveries (by Contractees)	1,74,08,760	26,26,347
Loading and unloading charges	17,05,572	26,50,184
Water charges	32,97,589	32,30,654
Other Project expenses	74,04,782	34,31,499
<b>Total</b>	<b>90,60,42,382</b>	<b>70,97,12,346</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>23 Changes in inventories of work-in-progress</b>		
Opening balance	4,86,84,080	3,93,42,238
Closing balance	30,37,87,617	4,86,84,080
<b>Total</b>	<b>-25,51,03,537</b>	<b>-93,41,842</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>24 Employee Benefit Expenses</b>		
Salaries and wages	11,77,70,392	12,37,65,832
Contribution to Provident fund and other funds	60,53,068	99,40,259
Staff Welfare Expenses	1,02,10,082	2,07,66,014
Directors remuneration		
<b>Total</b>	<b>13,40,33,542</b>	<b>15,44,72,105</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>25 Finance Costs</b>		
Interest expense on		
Term loans	29,84,166	10,76,231
Working capital demand loans & Cash credit	3,67,94,200	1,21,81,230
Mobilisation advance		49,45,814
Others		83,50,516
Other borrowing costs (LC charges, BG commission etc.,)	1,46,35,995	1,19,93,510
<b>Total</b>	<b>5,44,14,361</b>	<b>3,85,47,301</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>26 Other Expenses</b>		
Auditors' fee:		
- statutory audit fee	5,00,000	4,00,000
- tax audit fee	1,80,000	1,80,000
- for other services	54,160	67,500
Bank charges	48,50,785	12,86,586
LC & BG Issue charges	2,11,67,588	
Commission on - bank guarantees	74,03,290	
Rent	1,07,07,815	83,30,255
Travelling & conveyance expenses	81,83,145	95,38,669
Repairs & maintenance of computers and others	-	1,56,810
Office maintenance	1,04,153	36,06,130
Security services	34,37,618	28,26,747
Rates and taxes	41,89,694	45,32,510
Communication expenses (Postage & telephone)	8,17,589	11,91,426
Insurance	1,30,76,596	36,81,690
Printing and stationery	15,19,422	6,77,852
Professional charges	2,17,60,775	1,84,51,641
IPO & Listing Expenses	-	2,11,51,048
CSR Expenses (Refer note 29.2)	20,10,000	1,75,000
Foreign Exchange (Gain)/Loss	-	6,56,904
Sitting Fee to Directors	2,00,000	3,50,000
Project site admin expenses	67,49,987	23,58,554
Tender expenses	5,53,158	4,40,892
Donations	7,48,989	6,85,699
Bad debts written off **	72,50,000	19,017
Business promotion expenses	51,64,441	35,68,416
ROC charges	28,824	26,251
Loss on sale of fixed assets	-	9,531
Interest on Statutory Dues	54,18,241	18,80,420
Miscellaneous expenses	-	1,38,346
<b>Total</b>	<b>12,60,66,270</b>	<b>8,63,87,893</b>

\*\* During the year Company has written off the advance paid to Sudhakar Jagtap & various individual who fail to arrange the loan & Case was closed with a decision of paying Rs 40 lacs as full & final settlement. The difference amount of Rs 72.5 lacs is written off as Bad Debts.

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

(a) Surplus available to equity share holders	24,13,37,643	20,35,39,952
(b) Weighted average number of Shares ***	2,39,90,600	2,16,51,600
(c) Earning per share (Face value of each share Rs. 10 /-)	10.06	9.40
<b>*** Calculation of weighted average number of shares</b>		
Opening number of shares	2,39,90,600	1,93,12,600
Issued during the year		46,78,000
<b>Weighted average number of shares</b>	<b>2,39,90,600</b>	<b>2,16,51,600</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 11. Property, Plant and Equipment

Particulars	Gross block				Depreciation				Written Down Value	
	Opening Balance as on 01/04/2018	Additions during the year	Disposals during the year	Closing Balance as on 31/03/2019	Opening bal as on 01/04/2018	Depreciation provided for the year	Deletions during the year	Closing bal as on 31/03/2019	as on 01/04/2018	as on 31/03/2019
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>(A) Tangible Assets</b>										
(a) Land Free-hold	50,00,000	-	-	50,00,000	-	-	-	-	50,00,000	50,00,000
(b) Plant and Equipment										
Plant & Machinery	14,86,25,830	4,86,56,238	35,71,782	19,37,10,286	10,83,34,524	1,24,97,508	7,07,959	12,01,24,073	4,02,91,306	7,35,86,213
Electrical Equipment	1,02,65,089	-	-	1,02,65,089	60,66,538	10,56,634	-	71,23,172	41,98,551	31,41,917
Barge, TUG others	10,19,01,412	-	-	10,19,01,412	5,01,05,327	78,91,832	-	5,79,97,158	5,17,96,085	4,39,04,254
Heavy lift equipment	3,08,02,008	2,31,88,369	-	5,39,90,377	2,12,66,161	17,53,617	-	2,30,19,779	95,35,847	3,09,70,598
(c) Furniture and Fixtures	18,39,541	3,45,927	-	21,85,468	6,96,259	2,96,827	-	9,93,086	11,43,282	11,92,382
(d) Vehicles										
Office vehicles	3,32,46,679	44,08,049	4,64,195	3,71,90,533	1,41,85,365	66,73,506	4,40,986	2,04,17,886	1,90,61,314	1,67,72,647
Construction vehicles	3,48,34,543	1,72,16,115	-	5,20,50,658	3,30,92,816	16,77,842	-	3,47,70,658	17,41,727	1,72,80,000
(e) Office equipment										
Office Equipment	95,00,502	8,31,872	39,22,821	64,09,553	36,67,642	19,48,727	15,04,363	41,20,324	58,32,860	22,89,229
Computers	67,15,983	13,48,328	32,08,608	48,55,703	31,81,539	14,48,183	11,38,418	34,82,986	35,34,444	13,72,717
<b>Sub-total</b>	<b>38,27,31,587</b>	<b>9,59,94,897</b>	<b>1,11,67,406</b>	<b>46,75,59,078</b>	<b>24,05,96,171</b>	<b>3,52,44,674</b>	<b>37,91,726</b>	<b>27,20,49,121</b>	<b>14,21,35,416</b>	<b>19,55,09,957</b>
<b>(B) Intangible Assets</b>										
Goodwill		-	-	-		-	-	-	-	-
Software	4,79,197	4,05,434	5,37,734	3,46,897	1,07,842	1,10,079	1,34,332	83,589	3,71,355	1,97,968
<b>TOTAL</b>	<b>38,32,10,784</b>	<b>9,64,00,331</b>	<b>1,17,05,140</b>	<b>46,79,05,975</b>	<b>24,07,04,013</b>	<b>3,53,54,754</b>	<b>39,26,058</b>	<b>27,21,32,710</b>	<b>14,25,06,771</b>	<b>19,57,07,926</b>

## NOTES TO THE STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

28.0 The company has classified the various benefits prescribed to employees as under:

Particulars	31st March, 2019	31st March, 2018
<b>I. Defined Contribution Plans:</b>		
Employer's Contribution to Provident Fund	36,65,158	32,70,452
Employer's Contribution to ESI	8,33,069	13,81,121

### II. Defined benefit plans:

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)

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation :

Particulars	31st March, 2019	31st March, 2018
<b>Change in the present value of defined obligation</b>		
Opening present value of defined benefit obligation	83,36,047	36,21,424
Current services cost	13,82,031	11,21,355
Interest cost	6,16,867	2,89,714
Expected return on planned assets	-	-
Actuarial losses/ (gain) on obligation	(7,12,577)	33,03,554
Benefits paid	(1,90,096)	-
Closing present value of defined benefit obligation	94,32,272	83,36,047
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	19,63,850	-
Expected return on plan assets	1,58,575	76,099
Actuarial gains/ (losses)	(40,589)	(76,099)
Contributions by employer	20,81,836	19,63,850
Benefits paid	-	-
Closing fair value of plan assets	20,81,836	19,63,850
Actual Return on Asset	1,17,986	-
<b>Amount recognized in the Balance Sheet</b>		
Present Value of Funded Obligations	94,32,272	83,36,047
Less: Fair Value of Plan Assets	20,81,836	19,63,850
<b>Net Liability</b>	<b>73,50,436</b>	<b>63,72,197</b>
<b>Expense recognized in Statement of Profit and Loss</b>		
Current services cost	13,03,285	11,21,355
Interest on Defined Benefit Obligation	6,16,867	2,89,714
Expected return on plan assets	(1,58,575)	(76,099)
Net actuarial losses / (gains) recognized in year	(6,71,988)	33,79,653
Past service cost	78,746	-
Net benefit expense	11,68,335	47,14,623
Actual return on plan assets	-	-
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	7.35%	7.40%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	9.70	9.50%

## NOTES FORMING PART OF THE STANDALONE FINANCIALS STATEMENTS

### Notes forming part of the Standalone Financials 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, 2019		As at 31st March, 2018	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Construction materials				
(i) Imported	-		290	3%
(ii) Indigenous	11,468	100%	8,772	97%
b) Stores & spares				
(i) Imported	-		-	0%
(ii) Indigenous	506	100%	385	100%

##### 29.2 Corporate

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	#REF!	#REF!
2018-19	40,38,695	#REF!	20,10,000	#REF!

##### 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	Whole-Time 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
CQCE and RKEC JV	Joint Venture

##### b Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2019

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
	2018-19	2018-19	2018-19	2018-19	2018-19
<b>Note: ** Amounts in brackets were pertains to previous year 2017-18</b>					
1 Lease of machinery	-	18.00	-	-	<b>18.00</b>
		(20.00)	-	-	(20.00)
2 Managerial Remuneration	320.00	-	-	-	<b>320.00</b>
	(320.00)	-	-	-	(320.00)
3 Salaries & wages	-	56.00	-	-	<b>56.00</b>
	-	(70.48)	-	-	(70.48)
4 Commission to bank guarantees	63.35	10.67	-	-	<b>74.02</b>
	(19.78)	(1.47)	-	-	(21.25)
5 Purchases	-	-	-	-	-
	-	-	(594.96)	-	(594.96)
6 Construction Exp	-	-	253.62	-	253.62
7 Borrowings (Unsecured Loans received)	-	-	-	-	-
8 Profit from Joint Venture	-	-	-	13.32	<b>13.32</b>
	-	-	-	(0.09)	(0.09)
9 Contract Revenue	-	-	-	6,092.82	6,092.82
10 Investment in Joint Venture	-	-	-	#REF!	#REF!
	-	-	-	#REF!	#REF!
11 <b>Balance as at 31st March</b>					
Payables/(Receivables)	79.12	2.76	100.65	(485.22)	<b>(302.69)</b>
	(26.50)	2.20	0.17	-	(24.13)

**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</b>	<b>For the year 2018-19</b>	<b>For the year 2017-18</b>	
1 Lease of machinery			
Naga pushyami	18.00		20.00
2 Commission on guarantees to			
Garapati Radhakrishna	32.31		12.76
Garapati Parvathi devi	31.03		7.02
Naga pushyami	4.77		1.47
Himabindu sree	5.90		-
3 Managerial Remuneration			
Garapati Radhakrishna	160.00		160.00
Garapati Parvathi devi	160.00		160.00
4 Purchase of Materials			
Naram Enterprises Pvt Ltd	-		594.96
5 Construction Expenses			
Naram Enterprises Pvt Ltd	253.62		
6 Contract Revenue			
CQCE and RKEC JV	6,092.82		
7 Investment in Joint Venture			
RKEC & Suryadevara JV	13.32		0.09
CQCE & RKEC JV	-		

<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, 2019</b>	<b>for the year ended 31st March, 2018</b>	
<b>a</b> Contract Revenue recognized as revenue in the period	24,303		#REF!
<b>b</b> For contracts in progress at the reporting date:			
- aggregate amount of cost incurred and recognized profits (less recognised losses) upto the reporting date	74,856		45,617
- advance amounts received	582		999
- amount of retentions	3,234		2,048
<b>c</b> Gross amount due from customers for contract work as	8,215		8,203
<b>d</b> Gross amount due to customers for contract work as	3,816		3,047

**29.5 IPO Expenses (Fin Year 2017-18)**

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.

**29.6 IPO Proceeds Utilization (Fin Year 2017-18)**

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>2018-19</b>	<b>2017-18</b>	
<b>a</b> Foreign exchange earnings	Nil		
<b>b</b> Foreign exchange outgo			Nil
Towards import of materials and consumables	Nil	296.50	

**29.8 Dividend**

The Board of Directors at its meeting held on May 29, 2019 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, 2019. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

**29.9 Segment Reporting**

The Company's operations predominantly consist of construction / project activities. The Company is 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. The business was discontinued during the year 2018-19.

**29.10 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:

<b>Period</b>	<b>2018-19</b>	<b>2017-18</b>
0-12 Months	3,06,826	2,92,215
12-60 Months	53,251	2,53,575
Above 60 months	-	-

Notes forming part of the Standalone Financials Statements

29.11 Contingent Liabilities :

a) Guarantees		Year ended 31/03/2019 Rs. Lakhs	Year ended 31/03/2018 Rs. Lakhs
1	Collateral given to bankers in respect of Bank Guarantees <i>for the operations carrying out by the Company</i>	16,293.78	7,995.00
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	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	1,874.86
c) Liability for Capital Commitments pending for execution			
7	Purchase of Machinery by Import under Foreign Letter of Credit with Bank	628.27	-
d) Legal cases filed against the company			
8	Some of the parties have filed legal case(s) against the company with legal authorities, Courts/ for delay/non payment of dues, due to dispute in execution of works, quality-supply defects/early termination etc. For their dues the company is in the process of negotiation and will win certain cases without any payments due to merits on the company as per management opinion. (Interest not material)	230.87	-

29.12 Trade Receivables includes the following for which the Management is confident in full recovery of the same:

		Rs (in Lakhs)	Rs (in Lakhs)
a)	IVRCL Limited	106.45	106.45
	Amount due from the party, which the said company was under Insolvency process and claim made by the company, was not admitted and the communication was yet to be received for further appeal by the company.		
b)	SEW Infrastructure Ltd	235.04	235.04
	Amount due from the party, notice of demand under Insolvency Act was sent against the company and no further action was initiated as on this date.		
c)	<b>Suspended, Delayed Contracts:</b> The company entered into a contract aggregating 11894.61 lakhs with one of the party. The work was completed more than 50% and the said party suspended the work due to serious irregularities. The party blacklisted the company and invoked bank guarantees. The company filed a writ petition before the Honourable Highcourt of Allahabad at Lucknow.		

C.1) Trade receivables includes amount due from the said party for execution of work and Retention money	3,207.40	-
C.2) Trade receivables includes amount due from the said party on account of bank guarantees invoked.	1,593.51	-
C.3) The company's work in progress as on 31/03/2019 includes unbilled work at site	516.13	-

The company, preferred Arbitration proceedings and to settle the dispute with the party through inspection committee. The management is confident in getting full revenue and recovery of the said receivables.

d) Amounts receivable on final bills from the parties for works executed, for the escalation and other pending issues which the company filed Arbitration proceedings for recovery, and confident in getting full recovery in the opinion of the management.	409.57	-
--	--------	---

29.13 Advance to Suppliers includes, amounts to be recovered from parties, for which legal action is initiated through courts for recovery and supply of the same. The management is confident for full recovery of the same.	148.57	148.57
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#### Notes forming part of the Standalone Financials Statements

**29.14** Based on the information available with the Company, there are suppliers registered as micro & small enterprises (MSE) under Micro, Small, Medium Enterprises Development Act, 2006.

	40.22	-
a Principal amount remaining unpaid to MSEs at the end of the year	-	-
b Interest Due thereon at the end of the year	-	-
Interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the		
c payment made to the supplier beyond the appointed day during period;	-	-
Interest due and payable for the period for delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;		
d	-	-
e Interest accrued and remaining unpaid at the end of the Year	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
f		

29.15 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

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

Sd/-  
G Govinda Rao  
Partner  
Membership No.244754

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

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

Visakhapatnam  
May 29, 2019

Sd/-  
G S Narayana  
CFO

Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

# INDEPENDENT AUDITOR'S REPORT

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To the Members of,

M/s RKEC Projects Limited

## Report on the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying Consolidated Financial Statements of M/s. RKEC Projects Limited (hereinafter referred to as "the Company") its jointly controlled entities , which comprise the Consolidated Balance Sheet as at 31st March, 2019, 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")
2. We have audited the accounts of the company M/s. RKEC Projects Limited, joint venture entity M/s. CQCE-RKEC JV 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.
3. 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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

4. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

### Emphasis of Matter

5. We Draw your attention to -

Note no. 14 the Trade receivables & Note no.16 the Short term loans & advances of the consolidated financial statements, for considering as good for the period more than 6 months includes amounts due from various parties and issues involved are furnished. The company has confident in getting

full recovery of the same and hence, in the opinion of the management no provision was required for doubtful debts.

### Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor Response
6(i)	<p><b>Revenue Recognition on Construction Contracts(Contract Revenue) involves significant judgement</b></p> <p>The work receipts from Long term Contracts is complex and exposes the Company to various business and financial reporting risks. The recognition of revenue and the estimation of the outcome of construction contracts requires significant management judgement, in particular, with respect to the estimation of cost to complete and the amounts of variation orders to be recognized. In addition, significant management judgement is required to assess the consequences of various legal proceedings in respect of Construction Contracts.</p> <p>Reference is made to Consolidated Financial Statements a) Accounting Principles, b) Critical Accounting Policies, c) Revenue-Construction Contracts and d) Trade receivables for recoverability (Note 14&amp; 18)</p>	<p>We identified revenue from construction contracts as a significant risk, requiring special audit consideration. Our audit procedures included, by selecting a sample of continuing and new contracts, an evaluation of the significant judgements made by management, Management estimates, amongst others based on an examination of the associated project documentation and discussion on the status of projects under construction with finance team and management of the Company. We also tested the controls that the company has put in place over its process to record contract costs and contract revenues and the calculation of stage of completion and work in progress. Furthermore, we discussed the status of legal proceedings in respect of construction contracts and its receivables and examined various documents in this respect as obtained from the company.</p>
6(ii)	<p><b>Liability for uncertain tax positions</b></p> <p>The company has uncertain tax positions, cess dues amounting to Rs.2756.68 Lakhs, which involves significant judgment and its outcome and liability.</p> <p>Reference is made to Note-28.11 of consolidated financial statements Contingent liabilities-Matters under litigation.</p>	<p>Obtained the details of matters under litigation for the Direct Tax, Indirect Taxes and Labour Cess disputes. We have examined the relevant demand notices, appeals filed before various forums. Discussed with the management and evaluated the documents. Discussed with the management for possible provision and likely outcome of the said cases.</p>

### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

7. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

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

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows including its Jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies and of its jointly controlled entities are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies and of its jointly controlled entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which companies are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

16. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements.
- b) 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.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows 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.
- d) In our opinion, the aforesaid consolidated financial statements comply with the AS 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 of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness

of the internal financial control over financial reporting of those companies, for reasons stated therein.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group - Refer note 28.11.8, 28.12 and 29.13 to the consolidated financial statements.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

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

**Sd/-**  
**(G. Govinda Rao)**  
**Partner**  
**Membership Number: 244754**

**Visakhapatnam,**  
**29th May, 2019.**

## 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)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") .**

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **M/s. RKEC Projects Limited** (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective 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 Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India

### Meaning of Internal Financial Controls over Financial Reporting

6. 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

7. 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

8. In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies 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/-**  
**(G. Govinda Rao)**  
**Partner**  
**Membership Number: 244754**

**Visakhapatnam,**  
**29th May, 2019.**

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Note	As at 31 <sup>st</sup> Mar, 2019	As at 31 <sup>st</sup> Mar, 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	23,99,06,000	23,99,06,000
Reserves and Surplus	4	70,28,30,471	50,74,26,911
		<b>94,27,36,471</b>	<b>74,73,32,911</b>
<b>Non-Current Liabilities</b>			
Long Term borrowings	5	1,50,75,160	1,19,58,334
Long-term provision	6	61,82,101	16,57,574
		<b>2,12,57,261</b>	<b>1,36,15,908</b>
<b>Current Liabilities</b>			
Short-term borrowings	7	46,65,41,562	13,83,36,787
Trade Payables	8	76,23,31,091	41,97,21,373
Other Current liabilities	9	38,80,70,565	15,29,35,592
Short Term provisions	10	1,74,36,780	3,15,42,072
		<b>1,63,43,79,999</b>	<b>74,25,35,824</b>
<b>TOTAL</b>		<b>2,59,83,73,731</b>	<b>1,50,34,84,645</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	19,55,09,957	14,21,35,416
Intangible assets	11	1,97,968	3,71,355
Capital Work in Progress		9,97,18,191	
Deferred tax asset (Net)	12	97,63,314	88,49,540
Non Current Investments		-	-
		<b>30,51,89,431</b>	<b>15,13,56,311</b>
<b>Current Assets</b>			
Inventories	13	65,84,39,317	15,58,53,781
Trade receivables	14	80,54,61,341	82,03,36,195
Cash and Bank balances	15	33,34,34,937	18,48,86,322
Short-term Loans and advances	16	46,53,46,732	17,56,82,775
Other Current assets	17	3,05,01,973	1,53,69,262
		<b>2,29,31,84,300</b>	<b>1,35,21,28,335</b>
<b>TOTAL</b>		<b>2,59,83,73,731</b>	<b>1,50,34,84,645</b>

### Summary of significant accounting policies 1 - 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/-  
G Govinda Rao  
Partner  
Membership No.244754  
  
Visakhapatnam  
29-05-2019

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

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

Sd/-  
G S Narayana  
CFO

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

Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March , 2019

Particulars	Note	for the year ended 31 <sup>st</sup> March, 2019	for the year ended 31 <sup>st</sup> March, 2018
<b>REVENUE</b>			
Revenue from operations	18	2,25,76,55,247	2,39,72,42,963
Other income	19	1,33,27,049	1,04,57,660
<b>Total Revenue - A</b>		<b>2,27,09,82,296</b>	<b>2,40,77,00,623</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	1,11,60,86,106	1,07,60,47,297
Construction expenses	21	94,18,09,728	71,00,52,629
Changes in inventories of work-in-progress	22	(46,35,06,361)	(1,41,98,958)
Employee benefit expense	23	13,40,41,192	15,44,72,105
Finance costs	24	5,84,16,417	3,85,47,301
Depreciation expense	11	3,53,54,754	3,08,76,820
Other expenses	25	12,61,13,202	8,64,95,450
<b>Total expenses - B</b>		<b>1,94,83,15,038</b>	<b>2,08,22,92,644</b>
<b>Profit / (Loss) before tax: C = (A - B)</b>		<b>32,26,67,258</b>	<b>32,54,07,978</b>
<b>Tax expense:</b>			
Current tax		9,66,74,166	11,97,21,468
Tax expense of earlier years		25,81,369	30,29,019
Deferred tax		(9,13,774)	(8,79,821)
<b>Total tax expense (D)</b>		<b>9,83,41,761</b>	<b>12,18,70,666</b>
<b>Profit / (Loss) for the year (C - D)</b>		<b>22,43,25,497</b>	<b>20,35,37,312</b>
<b>Earnings per share (for face value of Rs 10/- each):</b>			
Basic & Diluted	26	9.35	9.40
<b>Summary of significant accounting policies</b>	1 - 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  
RKEC Projects Ltd

Sd/-  
G Govinda Rao  
Partner  
Membership No.244754  
  
Visakhapatnam  
29-05-2019

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

Sd/-  
G S Narayana  
CFO

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

Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	for the year ended 31st Mar, 2019	for the year ended 31st Mar, 2018
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	32,26,67,258	32,54,07,978
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	3,53,54,754	3,08,76,820
Loss/(profit) on sale of fixed assets	(1,790)	9,531
Interest expense	5,84,16,417	3,85,47,301
Interest income	(1,33,25,259)	(1,04,57,660)
<b>Operating profit before working capital changes</b>	<b>40,31,11,380</b>	<b>38,43,83,971</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating liabilities:</b>		
Increase/(decrease) in trade payables	34,26,09,718	13,03,16,204
Increase/(Decrease) in long-term Provisions	45,24,527	(16,84,591)
Increase/(Decrease) in Short -term Provisions	(1,41,05,292)	
Increase/(decrease) in other current liabilities	23,51,34,973	(26,11,06,792)
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Decrease/(increase) in trade receivables	1,48,74,854	(42,50,86,328)
Decrease/(increase) in inventories	(50,25,85,535)	16,31,48,071
Decrease/(increase) in short-term loans and advances	(28,96,63,957)	(11,45,33,855)
Decrease/(increase) in other current assets	(1,60,46,486)	7,72,157
<b>Cash generated from / (used in) operations</b>	<b>17,78,54,181</b>	<b>(12,37,91,163)</b>
Less: Income tax paid	9,83,41,761	11,56,78,248
<b>Net cash flow from (used in) operating activities (A)</b>	<b>7,95,12,421</b>	<b>(23,94,69,411)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(9,64,00,331)	(6,53,96,756)
CWIP	(9,97,18,191)	
Proceeds from sale of fixed assets	78,46,213	89,625
Bank balances not considered as cash and cash equivalents	(16,52,11,579)	1,72,41,828
Interest received	1,33,25,259	1,04,57,660
<b>Net cash used in investing activities (B)</b>	<b>(34,01,58,629)</b>	<b>(3,76,07,644)</b>
<b>Cash flows from financing activities</b>		
Proceeds from (repayment of) long term borrowings	31,16,826	77,11,426
Proceeds (repayment of) from short term borrowings	32,82,04,775	13,83,36,787
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)	(2,89,21,938)	(2,88,74,521)
Interest paid	(5,84,16,417)	(3,85,47,301)
<b>Net cash flow from financing activities (C)</b>	<b>24,39,83,247</b>	<b>25,42,70,106</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(1,66,62,961)</b>	<b>(2,28,06,949)</b>
Cash and cash equivalents at the beginning of the year	2,23,66,794	4,51,73,743
<b>Cash and cash equivalents at the end of the year</b>	<b>57,03,832</b>	<b>2,23,66,794</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/-  
G Govinda Rao  
Partner  
Membership No.244754  
Visakhapatnam

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

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

Sd/-  
G S Narayana  
CFO

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

Sd/-  
Vijay Kumar Jannac  
Company Secretary,  
M.No.A41810

## 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.-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. 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. Further during the FY 2018-19 the company has formed a jointly controlled entity (AOP) M/s RKEC and CQEC JV for execution of NHAI work which is participated jointly by the company and JV.

### B. Significant accounting policies:

#### 14. 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)
- iii) M/s. RKEC and CQEC 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.

#### 15. 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.

#### 16. 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.

## **17. 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.

## **18. 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.

## **19. 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.

## **20. IMPAIRMENT OF ASSETS**

- (iv) 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.

## 21. 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.

## 22. 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.

## 23. 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.
- v. 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.

- vi. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vii. Dividend income is recognized when right to receive the payment is established.

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.

## 24. 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.

## 25. 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.

## 26. 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.

## **27. 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, the debtors and Loans and advances to the extent as stated are considered good in the Balance Sheet.

## **28. 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.

## **29. 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.

### **30. 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.

### **31. 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.

### **32. 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.

### **33. 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

Note		As at 31st March, 2019		As at 31st March, 2018	
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	2,39,90,600	23,99,06,000
	<b>Total</b>	<b>2,39,90,600</b>	<b>23,99,06,000</b>	<b>2,39,90,600</b>	<b>23,99,06,000</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	2,39,90,600	1,93,12,600
<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>2,39,90,600</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 Financial 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 2019		As at 31st March, 2018	
	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%	1,76,01,700	73.37%

**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 2019		As at 31 <sup>st</sup> March, 2018	
4	<b>Reserves and Surplus</b>				
	<b>a) Security Premium</b>		16,37,30,000		16,37,30,000
	<b>Profit and loss account</b>				
	Opening balance		34,36,96,911		16,90,34,120
	Add : Profit / (Loss) for the year		22,43,25,497		20,35,37,312
	<b>Less: Appropriations:</b>				
	Dividend Declared in the Year	2,39,90,600		2,39,90,600	
	Tax on Dividend Distribution	49,31,338	(2,89,21,938)	48,83,921	(2,88,74,521)
	<b>Closing balance</b>		<b>70,28,30,471</b>		<b>50,74,26,911</b>

#Interim Dividend During the financial year 2017-18. ## Final dividend for the financial year 2017-2018 paid in financial year 2018-19.

Note		As at 31st March 2019		As at 31st March, 2018	
5	<b>Long Term Borrowings</b>	<b>Non-current portion</b>	<b>Current Maturities</b>	<b>Non-current portion</b>	<b>Current Maturities</b>
	<b>Secured:</b>				
	<b>Rupee Term Loans from Banks*</b>				
	CAR Loan-I -Vijaya Bank	14,54,206	5,58,720	18,10,152	5,58,720
	CAR Loan-II - Vijaya Bank	11,41,406	4,38,960	14,21,186	4,38,960
	CAR Loan-III - Vijaya Bank	4,99,722	1,56,720	5,92,292	1,56,720
	CAR Loan-IV - Vijaya Bank	59,57,429	30,94,920	81,34,704	30,94,920
	PLANT & MACHINERY Loan - Indusind Bank	22,85,621	23,98,800		
	<b>Rupee Term Loans from Non Banking Financial Companies (NBFC) *</b>				
	PLANT & MACHINERY Loan -I Mahindra	5,80,120	11,68,716		
	PLANT & MACHINERY Loan -II Mahindra	12,46,110	25,10,412		
	PLANT & MACHINERY Loan -III Mahindra	9,55,273	19,24,488		
	PLANT & MACHINERY Loan -IV Mahindra	9,55,273	19,24,488		
		<b>1,50,75,160</b>	<b>1,41,76,224</b>	<b>1,19,58,334</b>	<b>42,49,320</b>

\* Secured against the primary security of specific assets purchased out of the loans taken i.e Plant & Machinery, HCV & Motar Cars .

Note	As at 31st March 2019	As at 31st March, 2018
<b>6 Long Term Provisions</b>		
Provisions for Gratuity	61,82,101	16,57,574
<b>Total</b>	<b>61,82,101</b>	<b>16,57,574</b>

Note	As at 31st March 2019	As at 31st March, 2018
<b>7 Short Term Borrowings</b>		
Secured Loans, from banks		
Cash Credit (See Note-7.1)	46,17,38,922.44	13,83,36,787
<b>Unsecured Loans from Non Banking Financial Companies (NBFC) *</b>		
Short Term loans (See Note-7.2)	48,02,639.81	
<b>Total</b>	<b>46,65,41,562</b>	<b>13,83,36,787</b>

#### 7.1 Nature of Security & Terms of repayment

Company availed Cash credit limit of Rs. 50.00 crores (Prev Year 15.00 Crores) from Vijaya Bank, at an interest rate of base rate+3.00% (present effective rate is 10.65% p.a., Previous Year 12.65% P.a). 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.

#### 7.2 Terms of repayment

Company availed Unsecured Working Capital Loan of Rs. 1.10 crores from Bajaj finance Ltd, Magma fincorp ltd & Tata capital financial at an interest rate of & Repayable period is Bajaj of (19.15% repayable in 12months), Magma fincorp ltd (@19.5%, repayable in 24 months) Tata Capital Financial (@18% repayable in 18 months)

Note	As at 31st March 2019	As at 31st March, 2018
<b>8 Trade Payables</b>		
a) Total Outstanding dues to Micro and Small & Medium Enterprises (Refer Note 27.7)	40,22,041.00	-
b) Dues to other than Micro and Small & Medium Enterprises		
- Acceptances - LC payable*	40,86,32,917.00	17,93,65,577
- Other than acceptances	34,96,76,133.22	24,03,55,797
<b>Total</b>	<b>76,23,31,091.22</b>	<b>41,97,21,373</b>

\* Guaranteed by vijaya bank

Note	As at 31st March 2019	As at 31st March, 2018
<b>9 Other Current Liabilities</b>		
Current maturities of long term debt (Refer note-5)	1,41,76,224	42,49,320
Mobilisation advances from Contractees	28,80,59,755	2,34,16,066
Material advances from Contractees	3,47,19,817	8,64,61,360
Retention money payable	1,10,91,260	
Dues to employees	1,43,28,243	61,06,792
Statutory dues	2,53,69,180	3,15,62,054
Other liabilities	72,086	11,40,000
Dividend Payable	2,54,000	-
<b>Total</b>	<b>38,80,70,565</b>	<b>15,29,35,592</b>

Note	As at 31st March 2019	As at 31st March, 2018
<b>10 Short term provisions</b>		
Provisions for Gratuity	11,68,335	47,14,623
Income tax Provision (net of TDS, advance tax)	53,64,371	2,68,27,449
other provisions	1,09,04,074	-
<b>Total</b>	<b>1,74,36,780</b>	<b>3,15,42,072</b>

Note	As at 31st March 2019	As at 31st March, 2018
<b>12 Deferred Tax Asset (net)</b>		
on differences between depreciation as per books and Income tax act	76,22,867	82,75,886
on other timing differences		
On employee benefits payable by employer	21,40,447	5,73,653
<b>Total</b>	<b>97,63,314</b>	<b>88,49,540</b>

Note	As at 31st March 2019	As at 31st March, 2018
<b>13 Inventories (as valued &amp; certified by management)</b>		
Construction Material, Stores & spares	14,13,91,760	10,23,12,586
Work-in-Progress	51,70,47,557	5,35,41,196
Stores, Spares & Loose Tools		
<b>Total</b>	<b>65,84,39,317</b>	<b>15,58,53,781</b>

Note	As at 31st March 2019	As at 31st March, 2018
<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*	69,81,96,662	11,37,29,662
[including retention of Rs. 32.11 Cr, ]		
b) Others	10,72,64,679	70,66,06,533
[including retention of Rs. 23.03 Lcs ]		
<b>Total</b>	<b>80,54,61,341</b>	<b>82,03,36,195</b>
* Refer note 27.6		

Note	As at 31st March 2019	As at 31st March, 2018
<b>15 Cash and Bank balances</b>		
<b>a) Cash and Cash equivalents</b>		
Cash on hand	18,46,483	8,89,745
Balance in CC account		
Balance with banks in Current accounts	38,57,348	2,14,77,050
	<b>57,03,832</b>	<b>2,23,66,795</b>
<b>b) Other Bank balances</b>		
in Fixed Deposit accounts		
held as margin money deposits *	32,45,62,922	15,57,34,254
held as deposits **	31,68,184	67,85,273
-		
<b>Total</b>	<b>33,34,34,937</b>	<b>18,48,86,322</b>
* Margin money deposits have been lodged with banks against LC & guarantees issued by the banker.		
** Deposits held as performance guarantee with Contractees.		

Note	As at 31st March 2019	As at 31st March, 2018
<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	16,98,95,885	3,22,25,929
Deposits for enlistment	50,69,017	
Earnest money and other deposits *	1,49,19,811	
Advances to material suppliers	11,95,61,226	-
Balances with government authorities		
- VAT input credit receivable	57,84,869	2,31,40,448
- GST Receivable	13,69,18,240	10,22,11,265
- Service Tax Receivable	70,30,500	
Others advances **	61,67,184	1,81,05,133
<b>Total</b>	<b>46,53,46,732</b>	<b>17,56,82,775</b>
* EMD as a tender security		
*** This includes an amount of Rs. 40.00 lakhs (Previous Year 112.50 Lakhs) paid for loan arrangement to individuals & other for supply of material & for execution of work, in the past years. The company has lodged police complaint 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.		

Note	As at 31st March 2019	As at 31st March, 2018
<b>17 Other Current Assets</b>		
TDS receivable/carry forward to next year/Advance Tax	2,13,76,923	88,05,263
Prepaid Expenses	91,25,050	65,63,999
<b>Total</b>	<b>3,05,01,973</b>	<b>1,53,69,262</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>18 Revenue from operations</b>		
Contract revenue	2,24,80,39,296	2,39,58,15,963
Other operating revenue	96,15,951	14,27,000
<b>Total</b>	<b>2,25,76,55,247</b>	<b>2,39,72,42,963</b>
<b>Other Operating Revenue comprises of</b>		
- Hire charges received	1,63,600	13,56,400
- Scrap sale	41,17,245	20,600
- Work Receipts Technical Services	53,35,106	50,000
	96,15,951	14,27,000

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>19 Other Income</b>		
Interest income	1,33,25,259	1,04,57,660
Profit on sale of assets	1,790	-
Miscellaneous income	-	-
<b>Total</b>	<b>1,33,27,049</b>	<b>1,04,57,660</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>20 Cost of materials consumed</b>		
Construction Materials, Stores and spares		
Opening Stock	10,23,12,586	27,96,59,614
Add: Purchases	1,15,51,65,281	89,87,00,269
	1,25,74,77,866	1,17,83,59,883
Less: Closing Stock	14,13,91,760	10,23,12,586
<b>Total</b>	<b>1,11,60,86,106</b>	<b>1,07,60,47,297</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>21 Construction Expenses</b>		
Project work expenses	71,88,54,875	57,26,73,913
Repairs and maintenance:		
- Plant & machinery, vehicles	10,40,414	53,27,422
Hire Charges for machinery and others	5,38,42,086	3,72,82,627
Transport Charges	4,61,58,487	2,40,49,044
Power and fuel:		
- Diesel & Petrol expenses	4,27,96,971	3,81,48,179
- Electricity expenses	16,08,110	7,79,693
Technical and engineering consultancy services	2,59,55,707	1,22,47,784
Testing charges	11,92,814	22,77,244
Labour cess (recoveries)	1,43,89,202	53,28,040
Other recoveries (by Contractees)	1,74,08,760	26,26,347
Loading and unloading charges	17,05,572	26,50,184
Water charges	32,97,589	32,30,654
Other Project expenses	1,35,59,141	34,31,499
<b>Total</b>	<b>94,18,09,728</b>	<b>71,00,52,629</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>22 Changes in inventories of work-in-progress</b>		
Opening balance	5,35,41,196	3,93,42,238
Closing balance	51,70,47,557	5,35,41,196
<b>Total</b>	<b>-46,35,06,361</b>	<b>-1,41,98,958</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>23 Employee Benefit Expenses</b>		
Salaries and wages	11,77,78,042	12,37,65,832
Contribution to Provident fund and other funds	60,53,068	99,40,259
Staff Welfare Expenses	1,02,10,082	2,07,66,014
<b>Total</b>	<b>13,40,41,192</b>	<b>15,44,72,105</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>24 Finance Costs</b>		
Interest expense on		
Term loans	29,84,166	10,76,231
Working capital demand loans & Cash credit	3,67,94,200	1,21,81,230
Mobilisation advance	39,91,106	49,45,814
Others	-	83,50,516
Other borrowing costs (LC charges, BG commission etc.,)	1,46,46,945	1,19,93,510
<b>Total</b>	<b>5,84,16,417</b>	<b>3,85,47,301</b>

Note	for the year ended 31st March, 2019	for the year ended 31st March, 2018
<b>25 Other Expenses</b>		
Auditors' fee:		
- statutory audit fee	5,02,550	4,00,000
- tax audit fee	1,80,000	1,80,000
- for other services	54,160	67,500
Bank charges	48,91,965	13,85,167
LC & BG Issue charges	2,11,67,588	
Commission on - bank guarantees	74,03,290	
Rent	1,07,07,815	83,30,255
Travelling & conveyance expenses	81,83,145	95,38,669
Repairs & maintenance of computers and others	-	1,56,810
Office maintenance	1,04,153	36,06,130
Security services	34,37,618	28,26,747
Rates and taxes	41,92,897	45,32,510
Communication expenses (Postage & telephone)	8,17,589	11,91,426
Insurance	1,30,76,596	36,81,690
Printing and stationery	15,19,422	6,77,852
Professional charges	2,17,50,775	1,84,51,641
IPO & Listing Expenses		2,11,51,048
CSR Expenses (Refer note 29.2 to the Standalone FS)	20,10,000	1,75,000
Foreign Exchange (Gain)/Loss		6,56,904
Sitting Fee to Directors	2,00,000	3,50,000
Project site admin expenses	67,49,987	23,58,554
Tender expenses	5,53,158	4,45,992
Donations	7,48,989	6,85,699
Bad debts written off	72,50,000	19,017
Business promotion expenses	51,64,441	35,68,416
ROC charges	28,824	26,251
Loss on sale of fixed assets		9,531
Interest on Statutory Dues	54,18,241	18,80,420
Miscellaneous expenses		1,42,222
<b>Total</b>	<b>12,61,13,202</b>	<b>8,64,95,450</b>

\*\* During the year Company has written off the advance paid to Sudhakar Jagtap & various individual who fail to arrange the loan & Case was closed with a decision of paying Rs 40 lacs as full & final settlement. The difference amount of Rs 72.5 lacs was written off as Bad debts.

**26 EARNING PER SHARE (Face value of each share Rs. 10 /-)**

(a) Surplus available to equity share holders	22,43,25,497	20,35,37,312
(b) Weighted average number of Shares ***	2,39,90,600	2,16,51,600
(c) Earning per share (Face value of each share Rs. 10 /-)	9.35	9.40
<b>*** Calculation of weighted average number of shares</b>		
Opening number of shares	2,39,90,600	1,93,12,600
Issued during the year		46,78,000
<b>Weighted average number of shares</b>	<b>2,39,90,600</b>	<b>2,16,51,600</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 11. Property, Plant and Equipment

Particulars	Gross block						Depreciation					Written Down Value		
	Opening Balance as on 01/04/2018	Adjustment made (refer note-28.7)	Additions during the year	Disposals during the year	Borrowing cost capitalised	Closing Balance as on 31/03/2019	Opening bal as on 01/04/2018	adjustment for excess depreciation (refer note- 28.7)	Depreciation provided for the year	Deletions during the year	Closing bal as on 31/03/2019	as on 01/04/2018	WDV as on 01.04.2016 after adjustment	as on 31/03/2019
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
(A) Tangible														
(a) Land Free-	50,00,000	-	-	-	-	50,00,000	-	-	-	-	-	50,00,000	-	50,00,000
(b) Plant and														
Plant &	14,86,25,830	-	4,86,56,238	35,71,782	-	19,37,10,286	10,83,34,524	-	1,24,97,508	7,07,959	12,01,24,073	4,02,91,306	-	7,35,86,213
Electrical	1,02,65,089	-	-	-	-	1,02,65,089	60,66,538	-	10,56,634	-	71,23,172	41,98,551	-	31,41,917
Barge,	10,19,01,412	-	-	-	-	10,19,01,412	5,01,05,327	-	78,91,832	-	5,79,97,158	5,17,96,085	-	4,39,04,254
Heavy lift	3,08,02,008	-	2,31,88,369	-	-	5,39,90,377	2,12,66,161	-	17,53,617	-	2,30,19,779	95,35,847	-	3,09,70,598
(c) Furniture	18,39,541	-	3,45,927	-	-	21,85,468	6,96,259	-	2,96,827	-	9,93,086	11,43,282	-	11,92,382
(d) Vehicles														
Office	3,32,46,679	-	44,08,049	4,64,195	-	3,71,90,533	1,41,85,365	-	66,73,506	4,40,986	2,04,17,886	1,90,61,314	-	1,67,72,647
Construct	3,48,34,543	-	1,72,16,115	-	-	5,20,50,658	3,30,92,816	-	16,77,842	-	3,47,70,658	17,41,727	-	1,72,80,000
(e) Office														
Office	95,00,502	-	8,31,872	39,22,821	-	64,09,553	36,67,642	-	19,48,727	15,04,363	41,20,324	58,32,860	-	22,89,229
Computer	67,15,983	-	13,48,328	32,08,608	-	48,55,703	31,81,539	-	14,48,183	11,38,418	34,82,986	35,34,444	-	13,72,717
Sub-total	38,27,31,587	-	9,59,94,897	1,11,67,406	-	46,75,59,078	24,05,96,171	-	3,52,44,674	37,91,726	27,20,49,121	14,21,35,416	-	19,55,09,957
(B) Intangible														
Goodwill		-	-	-	-	-	-	-	-	-	-	-	-	-
Software	4,79,197	-	4,05,434	5,37,734	-	3,46,897	1,07,842	-	1,10,079	1,34,332	83,589	3,71,355	-	1,97,968
TOTAL	38,32,10,784	-	9,64,00,331	1,17,05,140	-	46,79,05,975	24,07,04,013	-	3,53,54,754	39,26,058	27,21,32,710	14,25,06,771	-	19,57,07,925

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS 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, 2019		As at 31st March, 2018	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Construction materials				
(i) Imported			290	3%
(ii) Indigenous	11,633	100%	8,858	97%
b) Stores & spares				
(i) Imported				
(ii) Indigenous	506	100%	385	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	Whole-Time 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

#### b Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31.03.2019

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	TOTAL
	2018-19	2018-19	2018-19	2018-19
<b>Note: ** Amounts in brackets were pertains to previous year 2017-18</b>				
1 Lease of machinery	-	18.00	-	<b>18.00</b>
		(20.00)	-	(20.00)
2 Managerial Remuneration	320.00	-	-	<b>320.00</b>
	(320.00)	-	-	(320.00)
3 Salaries & wages	-	56.00	-	<b>56.00</b>
	-	(70.48)	-	(70.48)
4 Commission to bank guarantees	63.35	10.67	-	<b>74.02</b>
	(19.78)	(1.47)	-	(21.25)
5 Purchases	-	-	-	-
	-	-	(594.96)	(594.96)
6 Construction Exp			253.62	253.62
			-	-
7 <b>Balance as at 31st March</b>				
Payables/(Receivables)	79.12	2.76	100.65	<b>182.53</b>
	(26.50)	2.20	0.17	(24.13)

#### c Information Regarding Significant Transactions / balances

Related party transactions	Rs. in lakhs	
	For the year 2018-19	For the year 2017-18
1 Lease of machinery		
Naga pushyami	18.00	20.00
2 Commission on guarantees to		
Garapati Radhakrishna	32.31	12.76
Garapati Parvathi devi	31.03	7.02
Naga pushyami	4.77	1.47
Himabindu sree	5.90	-
3 Managerial Remuneration		
Garapati Radhakrishna	160.00	160.00
Garapati Parvathi devi	160.00	160.00
4 Purchase of Materials		
Naram Enterprises Pvt Ltd	-	594.96
5 Construction Expenses		
Naram Enterprises Pvt Ltd	253.62	-

27.3 Disclosure in Accordance with Accounting Standard 7 (revised)		Rs. in lakhs	
Particulars	for the year ended 31st March, 2019	for the year ended 31st March, 2018	
a Contract Revenue recognized	22,577	23,958	
as revenue in the period			
b For contracts in progress at			
- aggregate amount of cost incurred and recognized			
profits (less recognised losses) upto the reporting date	75,247	45,617	
- advance amounts received	3,162	999	
- amount of retentions	3,720	2,048	
c Gross amount due from customers for contract work	8,537	8,203	
d Gross amount due to customers for contract work	6,881	3,047	

#### 27.4 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. The business was discontinued during the year 2018-19.

27.5 Contingent Liabilities :		Year ended 31-03-2019	Year ended 31-03-2018
a) Guarantees		Rs. Lakhs	Rs. Lakhs
1	Collateral given to bankers in respect of Bank Guarantees <i>for the operations carrying out by the Company</i>	16,293.78	7,995.00
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	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	1,874.86
c) Liability for Capital Commitments pending for execution			
7	Purchase of Machinery by Import under Foreign Letter of Credit with Bank	628.27	-
d) Legal cases filed against the company			
8	Some of the parties have filed legal case(s) against the company with legal authorities, Courts/ for delay/non payment of dues, due to to dispute in execution of works, quality-supply defects/early termination etc,. For their dues the company is in the process of negotiation and will win certain cases without any payments due to merits on the company as per management opinion. (Interest not material)	230.87	-

<b>27.6</b>	Trade Receivables includes the following for which the Management is confident in full recovery of the same:		
a)	IVRCL Limited	Amount due from the party, which the said company was under Insolvency process and claim made by the company, was not admitted and the communication was yet to be received for further appeal by the company.	106.45
b)	SEW Infrastructure Ltd	Amount due from the party, notice of demand under Insolvency Act was sent against the company and no further action was initiated as on this date.	235.04
c)	<b>Suspended, Delayed Contracts:</b> The company entered into a contract aggregating 11894.61 lakhs with one of the party. The work was completed more than 50% and the said party suspended the work due to serious irregularities. The party blacklisted the company and invoked bank guarantees. The company filed a writ petition before the Honourable Highcourt of Allahabad at Lucknow.		
	C.1) Trade receivables includes amount due from the said party for execution of work and Retention money	3,207.40	-
	C.2) Trade receivables includes amount due from the said party on account of bank guarantees invoked.	1,593.51	-
	C.3) The company's work in progress as on 31/03/2019 includes unbilled work at site	516.13	-
	The company, preferred Arbitration proceedings and to settle the dispute with the party through inspection committee. The management is confident in getting full revenue and recovery of the said receivables.		
d)	Amounts receivable on final bills from the parties for works executed, for the escalation and other pending issues which the company filed Arbitration proceedings for recovery, and confident in getting full recovery in the opinion of the management.	409.57	-
<b>27.7</b>	Based on the information available with the Company, there are suppliers registered as micro & small enterprises (MSE) under Micro, Small, Medium Enterprises Development Act, 2006.		
a	Principal amount remaining unpaid to MSEs at the end of the year	40.22	-
b	Interest Due thereon at the end of the year	-	-
c	Interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during period;	-	-
d	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e	Interest accrued and remaining unpaid at the end of the Year	-	-
f	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

**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

Sd/-  
G Govinda Rao  
Partner  
Membership No.244754  
Visakhapatnam  
Visakhapatnam

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

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

Sd/-  
G S Narayana  
CFO

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

Sd/-  
Vijay Kumar Jannada  
Company Secretary, ACS  
M.No.A41810

# 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 Fourteenth Annual General Meeting of members of the Company, to be held on 26<sup>th</sup> 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, 2019		
2	To Declare Final Dividend for the Financial Year 2018-19		
3	To re-appoint Smt. G Sita Ratnam who retires by rotation		
4	Regularisation of Mr. G V Rammohan as Whole-time Director		
5	Regularisation of Brig J K Rao, VSM as Independent Director		
6	Ratification of Remuneration of Cost Auditors of the Company		
7	Authorization to Board of Directors for Borrowings (u/s 180 (1) (c))		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Signature of Shareholder

Signature of Proxy holder

Affix  
Revenue  
Stamp

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 Fourteenth Annual General Meeting of RKEC Projects Limited

To be held on 26<sup>th</sup> day of September, 2019 At 11:30 A.M. at 'TRIVENI' Hotel Daspalla, Jagadamba Junction, Visakhapatnam, Andhra Pradesh 530002.

Regd. Folio / DP ID & Client ID	

I hereby record my presence at the Fourteenth Annual General Meeting on 26th Sept 2019 at 11:30 A.M at 'TRIVENI' Hotel Daspalla, Jagadamba Junction, 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.

# 14<sup>th</sup> ANNUAL REPORT

FY 2018 - 19

To

If undelivered please return to :

## **RKEC Projects Limited**

#10-12-1, 3rd Floor, Rednam Alcazar  
Rednam Gardens, Opp. SBI Main Branch,  
Visakhapatnam - 530002

Ph: 0891-2574517, Tele Fax : 0891-2574703

Email: [info@rkecprojects.com](mailto:info@rkecprojects.com)

Web : [www.rkecprojects.com](http://www.rkecprojects.com)



