



**RAMA SUBBA RAO & Co**  
Chartered Accountants

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Sampath Vinayaka Temple Road  
Waltair Uplands, Visakhapatnam - 530 003  
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## INDEPENDENT AUDITORS' REPORT

To the Members of,  
**M/s RKEC Projects Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **M/s RKEC Projects Limited** ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

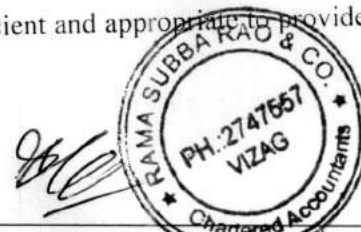
Our responsibility is to express an opinion on these financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

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



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March, 2017, its **Profit** and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure-A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure-B**"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - *Refer Note 16 to the financial statements.*
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the financial statements as to the holdings as well as dealing in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account as maintained and produced to us by the Management - *Refer Note 28.5 to the financial statements.*

for Rama Subba Rao & Co

Chartered Accountants

Firm Registration Number: 002855

(K Subrahmanyeswara Rao)

Partner

Membership Number: 209688

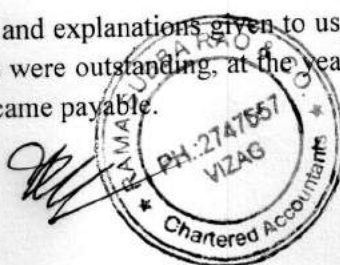
Visakhapatnam, 24<sup>th</sup> August, 2017.



## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS REPORT

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

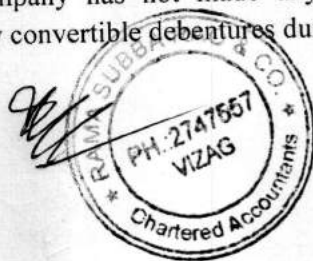
- i). In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As per the explanations given to us and based on our examination of the records, the management has physically verified the fixed assets during the year and in our opinion frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. There were no discrepancies noticed on such physical verification of fixed assets as compared to the books of account.
  - (c) Based on the examination of the records and according to the information and explanations given to us, all the title deeds of immovable properties are held in the name of the company.
- ii). According to the information and explanations given to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of accounts.
- iii). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv). The Company has not granted any loans, or made investments or given a security to Directors or related parties during the year to comply the provisions of section 185 and 186 of the Act, hence not commented upon.
- v). According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Act and the rules framed there under.
- vi). We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules made by the Central Government of India for the maintenance of cost records prescribed under sub-section (1) of section 148 of the Act in respect of construction activities of the Company and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii). In respect of Statutory dues:
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, value added tax, customs duty, service tax, cess and other material statutory dues have been regularly deposited 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 such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2017 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	Rs. 592.04 Lakhs
Andhra Pradesh VAT Act	VAT	High Court, Andhra Pradesh	FY 2009-10, FY 2010-11	Rs. 160.38 Lakhs
	Labour Cess	High Court, Andhra Pradesh	FY 2008-09	Rs. 69.99 Lakhs

- viii). Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions or bank. The Company did not have any debentures, outstanding as at the year end.
- ix). Based on the information and explanations given to us by the management, the company has not raised any moneys by way of initial public offer or further public offer of equity shares, convertible securities and debt securities. No new term loans were taken during the year by 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, paragraph 3(xii) of the Order is not applicable.
- xiii). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv). According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- xv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable. .
- xvi). The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for Rama Subba Rao & Co.,  
Chartered Accountants  
Firm Registration Number: 0028558

  
(K Subrahmanyeswara Rao)

Partner

Membership Number: 209688

Visakhapatnam, 24<sup>th</sup> August, 2017.



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

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

We have audited the internal financial controls over financial reporting of M/s RKEC Projects Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

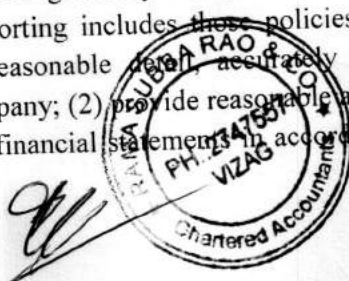
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on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

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

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

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting



principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

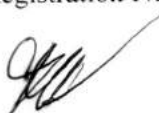
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Rama Subba Rao & Co.,  
Chartered Accountants  
Firm Registration Number: 002855S

  
(K Subrahmanyeswara Rao)  
Partner  
Membership Number: 209688



Visakhapatnam, 24th August, 2017.

# RKEC PROJECTS LIMITED

BALANCE SHEET as at 31<sup>st</sup> March, 2017



Amount in Rs.

Particulars	Note	Amount in Rs.	
		As at 31 <sup>st</sup> Mar, 2017	As at 31 <sup>st</sup> Mar, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	19,31,26,000	9,65,63,000
Reserves and Surplus	4	16,90,34,120	21,41,49,624
		<b>36,21,60,120</b>	<b>31,07,12,624</b>
<b>Non-Current Liabilities</b>			
Long Term borrowings	5	42,46,908	-
Long-term provision	6	33,42,165	-
		<b>75,89,073</b>	<b>-</b>
<b>Current Liabilities</b>			
Short-term borrowings	7	-	14,98,33,476
Trade Payables	8	28,94,05,169	19,39,74,101
Other Current liabilities	9	45,33,44,034	52,11,03,264
Short Term provisions	10	2,00,34,469	-
		<b>76,27,83,672</b>	<b>86,49,10,840</b>
<b>TOTAL</b>		<b>1,13,25,32,865</b>	<b>1,17,56,23,464</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	10,80,40,178	14,65,76,367
Intangible assets		45,812	2,55,58,614
Deferred tax asset (Net)	12	79,69,719	19,79,828
		<b>11,60,55,709</b>	<b>17,41,14,809</b>
<b>Current Assets</b>			
Inventories	13	31,90,01,852	47,94,81,154
Trade receivables	14	39,52,49,867	19,08,85,756
Cash and Bank balances	15	22,49,35,099	23,72,78,920
Short-term Loans and advances	16	6,11,48,920	6,66,17,177
Other Current assets	17	1,61,41,418	2,72,45,649
		<b>1,01,64,77,156</b>	<b>1,00,15,08,655</b>
<b>TOTAL</b>		<b>1,13,25,32,865</b>	<b>1,17,56,23,464</b>

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our Report of even date attached

for Rama Subba Rao & Co.,

Chartered Accountants,

Firm Registration Number: 012885

(K Subrahmanyeswara Rao)  
Partner

Membership number: 209688

24th August, 2017.



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

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

Brig GV Satyanarayana  
CFO

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

Swapna Vansode Rajaram  
Company Secretary, ACS-  
M.No.A47035



# RKEC PROJECTS LIMITED



## STATEMENT OF PROFIT AND LOSS for the year ended 31<sup>st</sup> March, 2017

Amount in Rs.

Particulars	Note	for the year ended 31 <sup>st</sup> March, 2017	for the year ended 31 <sup>st</sup> March, 2016
<b>REVENUE</b>			
Revenue from operations	18	1,97,24,43,348	1,12,58,13,819
Other income	19	2,87,72,599	86,46,166
<b>Total Revenue - A</b>		<b>2,00,12,15,946</b>	<b>1,13,44,59,985</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	75,70,40,623	56,83,17,254
Construction expenses	21	57,99,73,047	42,37,78,316
Changes in inventories of work-in-progress	22	18,83,75,291	(11,46,13,576)
Employee benefits expense	23	12,59,81,336	7,97,95,675
Finance costs	24	8,40,43,708	5,31,80,637
Depreciation expense	11	2,73,83,426	2,61,31,646
Other expenses	25	3,59,36,623	3,63,21,390
<b>Total expenses - B</b>		<b>1,79,87,34,054</b>	<b>1,07,29,11,342</b>
<b>Profit / (Loss) before tax: C = (A - B)</b>		<b>20,24,81,892</b>	<b>6,15,48,644</b>
<b>Tax expense:</b>			
Current tax		6,84,10,000	2,64,20,000
Tax expense of earlier years		8,07,280	44,943
Deferred tax		40,08,420	16,54,395
<b>Total tax expense (D)</b>		<b>7,32,25,700</b>	<b>2,81,19,338</b>
<b>Profit / (Loss) for the year (C - D)</b>		<b>12,92,56,191</b>	<b>3,34,29,306</b>
<b>Earnings per share (for face value of Rs 10/- each):</b>			
Basic & Diluted	26	6.69	1.73

### Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Rama Subba Rao & Co.,  
Chartered Accountants,  
Firm Registration No. A/108/2012-2855S

(K Subrahmanya Swara Rao)  
Partner

Membership number: 207688

Visakhapatnam,  
24th August, 2017.



for and on behalf of board of directors  
RKEC Projects Ltd

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

Brig GV Satyanarayana  
CFO

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

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

# RKEC PROJECTS LIMITED



CASH FLOW STATEMENT for the year ended 31<sup>st</sup> March, 2017

Amount in Rs.

Particulars	for the year ended 31st Mar, 2017	for the year ended 31st Mar, 2016
<b>Cash flows from operating activities</b>		
Profit before tax	20,24,81,892	6,15,48,644
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,73,83,426	2,61,31,646
Loss/(profit) on sale of fixed assets	(1,58,11,648)	(5,44,751)
Interest expense	8,40,43,708	5,31,80,637
Interest income	(1,29,60,951)	(81,01,415)
<b>Operating profit before working capital changes</b>	<b>28,51,36,427</b>	<b>13,22,14,761</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating liabilities:</b>		
Increase/(decrease) in trade payables	9,54,31,068	9,30,65,625
Increase/(decrease) in other current liabilities	(10,93,40,870)	38,86,12,189
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Decrease/(increase) in trade receivables	(20,43,64,111)	(4,22,62,393)
Decrease/(increase) in inventories	16,04,79,302	(31,54,39,023)
Decrease/(increase) in short-term loans and advances	54,68,257	(3,06,16,357)
Decrease/(increase) in other current assets	1,21,47,066	(7,275)
<b>Cash generated from / (used in) operations</b>	<b>24,49,57,139</b>	<b>22,55,67,527</b>
Income tax paid	4,99,84,722	2,64,64,943
<b>Net cash flow from (used in) operating activities (A)</b>	<b>19,49,72,417</b>	<b>19,91,02,584</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,52,57,501)	(82,04,604)
Proceeds from sale of fixed assets	3,40,70,000	25,50,000
Bank balances not considered as cash and cash equivalents	(12,68,465)	(14,08,68,181)
Interest received	1,29,60,951	81,01,415
<b>Net cash used in investing activities (B)</b>	<b>2,05,04,985</b>	<b>(13,84,21,370)</b>
<b>Cash flows from financing activities</b>		
Proceeds from (repayment of) long term borrowings	47,87,496	(64,55,719)
Proceeds (repayment of) from short term borrowings	(14,98,33,476)	5,45,09,775
Repayment of unsecured loans	-	(31,00,331)
Interest paid	(8,40,43,708)	(5,31,80,637)
<b>Net cash flow from financing activities (C)</b>	<b>(22,90,89,688)</b>	<b>(82,26,912)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(1,36,12,286)</b>	<b>5,24,54,302</b>
Cash and cash equivalents at the beginning of the year	5,87,86,029	63,31,727
Cash and cash equivalents at the end of the year	<b>4,51,73,743</b>	<b>5,87,86,029</b>

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

As per our report of even date attached

for Rama Subba Rao & Co

Chartered Accountants.,

Firm Registration Number: 0028375

(K. Subrahmanyeswara Rao)

Partner

Membership Number: 209688

Visakhapatnam,

24th August, 2017.



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

(G. Radhakrishna)  
Managing Director  
DIN: 00073080

Brig GV Satyanarayana  
CFO

G. Parvathi Devi

(G. Parvathi Devi)  
Director  
DIN: 00094961

Swarna Bansode Rajaram  
Company Secretary, ACS

M.No.A47035

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

### A. GENERAL INFORMATION:

RKEC Projects Limited, having registered office at 10-12-1, Rednam Alcazar, 3<sup>rd</sup> Floor, Opp. SBI Main Branch, Old Jail Road, Rednam Gardens, Visakhapatnam, A.P.-530020, India was incorporated on April 1, 2005 under the provisions of Companies Act, 1956 in Registrar of Companies, Hyderabad (CIN U45200AP2005PLC045795). The Company is engaged in the business of Civil Works and specialized in Marine Works, Construction of Roads, Buildings, Bridges & Fly overs etc. Company has been changed from Private Limited Company to a limited Company on November 10, 2016.

### 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 Company's act, 2013 read with rule 7 of the Company's (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.

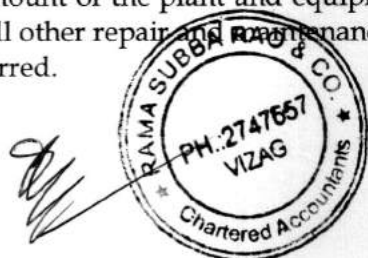
The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 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 disclosures 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.

Assets individually costing less than Rs.5,000 are fully depreciated in the year of acquisition.

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

Depreciation on Property, Plant and Equipment is provided on the written value method over the useful lives of assets as prescribed in schedule II to the company's Act, 2013. Depreciation for assets purchased / sold during the period is proportionately charged.

**5. INTANGIBLE ASSETS**

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

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

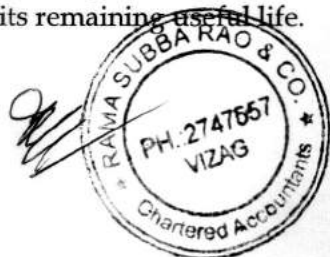
**6. BORROWING COSTS**

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

**7. IMPAIRMENT OF ASSETS**

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

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



## 8. INVESTMENTS

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

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

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

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

## 9. INVENTORIES

Raw materials, construction materials, store & 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.

Work-in-Progress is valued at cost. The total costs incurred upto the date of the balance sheet are reckoned for the works which are uncertified as on balance sheet date.

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:

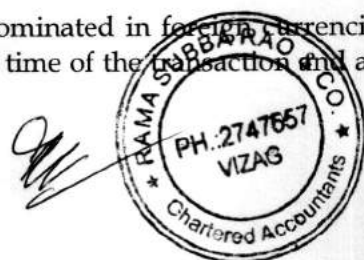
- i. Revenue from Work Contracts is recognized as per percentage of completion of contract activity gross of applicable taxes.
- ii. The stage of completion is determined by survey of work performed and / or on completion of a physical proportion of the contract work.
- iii. Revenue is recognized to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

### Other revenues:

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

## 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 income or expenses on account of exchange



difference either on settlement or on translation is recognized in the Statement of profit and Loss except in case where they relate to acquisition of fixed assets, are adjusted with the carrying cost of such assets.

## 12. EMPLOYEE BENEFITS

### Defined-contribution plans:

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

(ii) The company has no policy of encashment and accumulation of Leave. Therefore, no provision of Leave Encashment is being made.

(iii) Employee Gratuity Fund Scheme is the Defined Benefit Plan. The costs of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

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

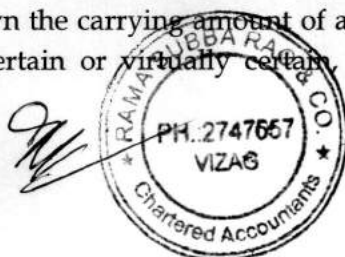
## 13. ACCOUNTING FOR TAXES ON INCOME

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

(i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that, they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future



taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

#### 14. 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.

#### 15. 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.

#### 16. 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.



## 17. SEGMENT REPORTING:

### (i) Business Segment

(a) The business segment has been considered as the primary segment.

(b) The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.

(c) The Company's primary business comprises of works contract activities and since it is the only reportable segment as envisaged in Accounting Standard 17 'Segment Reporting'. Accordingly, no separate disclosure for Segment reporting is required to be made in the financial statements of the Company.

### (ii) Geographical Segment

The Company operates in one Geographical Segment namely "within India" and hence no separate information for geographic segment wise disclosure is required.

## 18. 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.

## 19. CORPORATE SOCIAL RESPONSIBILITY ('CSR') EXPENDITURE

The Company charges its CSR expenditure during the year to the statement of profit and loss.

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

Operating Cycle for the business activities of the company covers the duration of the specific project/contract/product/service including the defect liability period, whenever applicable and extends up to the realisation 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.

## C. CHANGES IN ACCOUNTING POLICIES

There is change in significant accounting policies adopted by the Company, the details of which are as under:

Company has a policy of recognizing the Gratuity expenses on payment to employee at the time of leaving the organization. However during the year Company has changed its policy and made a provision for gratuity on the basis of actuarial valuation in books of accounts as per Accounting Standard - 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India.





# RKEC PROJECTS LIMITED

Notes forming part of the financials statements

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



Note		As at 31st March, 2017		As at 31 <sup>st</sup> March, 2016	
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	1,00,10,000	10,01,00,000
	<b>Issued, Subscribed and fully paid-up</b>				
	Equity shares of Rs.10/- each fully paid up	1,93,12,600	19,31,26,000	96,56,300	9,65,63,000
	<b>Total</b>	<b>1,93,12,600</b>	<b>19,31,26,000</b>	<b>96,56,300</b>	<b>9,65,63,000</b>

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

Particulars	Number	Number
Equity shares of Rs. 10/- each fully paid up		
Number of Shares at the beginning	96,56,300	96,56,300
Add : Bonus Shares issued during the year	96,56,300	-
Number of Shares at the end of the year	<b>1,93,12,600</b>	<b>96,56,300</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) Details of shareholders holding more than 5% shares in the Company**

Name of share holder	As at 31st March, 2017		As at 31 <sup>st</sup> March, 2016	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of Rs.10/- each fully paid				
G Radha Krishna	1,93,00,800	99.94%	96,51,300	99.95%

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

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

Note		As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
4	<b>Reserves and Surplus</b>		
	<b>Profit and loss account</b>		
	Opening balance	21,41,49,624	18,07,20,318
	<b>a) Less: Balances written off (refer Note - 28.7)</b>		
	Less: Goodwill written off	(2,55,58,614)	-
	Less: TDS receivable pertains to earlier years (written off)	(1,02,15,122)	-
	Less: Depreciation adjustment	(1,81,06,099)	-
	Less: Gratuity provision pertains to previous years (refer note-27 & 28.8)	(23,11,820)	-
	Add: Deferred tax asset (Refer Note - 28.7 (d))	99,98,311	-
	b) Less: Utilised for issue of Bonus shares (refer note - 3 (d))	(9,65,63,000)	-
	c) Add: Income disclosed under IDS scheme (net of taxes)	32,50,935	-
	d) Add : Profit / (Loss) for the year	12,92,56,191	3,34,29,306
	<b>Less: Appropriations:</b>		
	Dividend Declared	2,89,68,900	-
	Tax on Dividend Distribution	58,97,386	-3,48,66,286
	<b>Closing balance</b>	<b>16,90,34,120</b>	<b>21,41,49,624</b>



# RKEC PROJECTS LIMITED

Notes forming part of the financials statements

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



Note		As at 31st March, 2017		As at 31 <sup>st</sup> March, 2016	
		Non-current portion	Current Maturities	Non-current portion	Current Maturities
5	<b>Long Term Borrowings</b>				
	CAR Loans:				
	From banks **				
	CAR Loan-I	23,78,960	3,02,729	-	-
	CAR Loan-II	18,67,948	2,37,859	-	-
	<b>Total</b>	<b>42,46,908</b>	<b>5,40,588</b>	-	-

5.1 \*\* Secured against the specific assets purchased out of the loans taken. 80 equated monthly instalments of Rs.46,560/-, Rs. 36,580/- is payable for each loan and both the loans will be close by October, 2023.

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
6	<b>Long Term Provisions</b>		
	Provisions for Gratuity (Refer Note: 27 & 28.8)	33,42,165	-
	<b>Total</b>	<b>33,42,165</b>	-

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
7	<b>Short Term Borrowings</b>		
	Secured Loans, from banks		
	Cash Credit	-	14,98,33,476
	<b>Total</b>	<b>-</b>	<b>14,98,33,476</b>

7.1 **Nature of Security & Terms of repayment**

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

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
8	<b>Trade Payables</b>		
	a) Total Outstanding dues to Micro and Small & Medium Enterprises	-	-
	b) Dues to other than Micro and Small & Medium Enterprises		
	- Acceptances - LC payable	15,13,69,034	10,44,82,598
	- Other than acceptances	13,80,36,135	8,94,91,503
	<b>Total</b>	<b>28,94,05,169</b>	<b>19,39,74,101</b>

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
9	<b>Other Current Liabilities</b>		
	Current maturities of long term debt (Refer note-5)	5,40,588	-
	Mobilisation advances from Contractees	18,91,88,067	30,24,42,525
	Material advances from Contractees	21,19,17,325	20,94,57,072
	Dues to employees	18,96,192	34,66,517
	Statutory dues	1,48,35,576	57,37,150
	Other liabilities	1,00,000	-
	Dividend Payable	3,48,66,286	-
	<b>Total</b>	<b>45,33,44,034</b>	<b>52,11,03,264</b>

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
10	<b>Short term provisions</b>		
	Provisions for Gratuity (Refer Note: 27 & 28.8)	2,79,259	-
	Income tax Provision (net of TDS, advance tax)	1,97,55,210	-
	<b>Total</b>	<b>2,00,34,469</b>	-



**RKEC PROJECTS PRIVATE LIMITED**

Notes forming part of the financial statements

**11 Property, Plant and Equipment**

Particulars	Gross block				Depreciation				Written Down Value				
	Opening Balance as on 01/04/2016	Adjustment made (refer note- 28.7)	Additions during the year	Disposals during the year	Closing Balance as on 31/03/2017	Opening bal as on 01/04/2016	adjustment for excess depreciation (refer note- 28.7)	Depreciation provided for the year	Deletions during the year	Closing bal as on 31/03/2017	as on 01/04/2016	WDV as on 01.04.2016 after adjustment	as on 31/03/2017
	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.)
<b>(A) Tangible Assets</b>													
(a) Land Free-hold	50,00,000	-	-	-	50,00,000	-	-	-	-	-	50,00,000	50,00,000	50,00,000
(b) Plant and Equipment	18,67,81,739	-	74,36,208	5,89,48,287	13,52,69,660	10,76,38,274	1,81,79,441	1,32,90,752	4,06,89,935	9,84,18,532	7,91,43,465	6,09,64,025	3,68,51,128
Electrical Equipment	30,35,723	-	48,70,376	-	97,65,089	18,95,004	21,84,518	6,79,609	-	47,59,131	11,40,719	8,15,191	50,05,958
Barge, TUG others	7,57,79,984	19,58,990	40,00,000	-	7,97,79,984	3,22,24,503	9,70,676	81,49,373	-	4,13,44,552	4,35,55,481	4,25,84,805	3,84,35,432
Heavy lift equipment	3,08,02,008	-	-	-	3,08,02,008	1,68,65,056	(5,37,161)	27,26,848	-	1,90,54,743	1,39,36,952	1,44,74,114	1,17,47,265
(c) Furniture and Fixtures	1,28,556	5,29,252	1,11,623	-	7,69,431	11,944	3,76,695	80,667	-	4,69,306	1,16,612	2,69,170	3,00,125
(d) Vehicles	89,83,477	-	72,73,948	-	1,62,57,425	78,82,862	(72,029)	12,66,422	-	90,77,255	11,00,615	11,72,643	71,80,170
Office vehicles	3,48,34,543	-	-	-	3,48,34,543	3,30,70,505	(4,73,449)	3,95,504	-	3,29,92,560	17,64,038	22,37,486	18,41,983
Construction vehicles	25,02,227	-	8,18,001	-	33,20,228	21,19,288	(83,100)	1,82,333	-	22,18,521	3,82,939	4,66,038	11,01,707
(e) Office equipment	12,40,872	4,42,054	7,47,345	-	24,30,271	8,07,573	4,45,824	6,00,464	-	18,53,861	4,33,299	4,29,530	5,76,410
Computers	34,90,89,129	28,30,296	2,52,57,501	5,89,48,287	31,82,28,639	20,25,15,009	2,09,91,414	2,73,71,973	4,06,89,935	21,01,88,461	14,65,74,120	12,84,13,002	10,80,40,178
<b>Sub-total</b>	2,55,58,614	-	-	-	2,55,58,614	-	2,55,58,614	-	-	57,777	2,55,58,614	-	-
(B) Intangible Assets	47,934	55,655	-	-	1,03,589	45,687	636	11,453	-	-	2,247	57,266	45,812
Goodwill	37,46,95,677	28,85,951	2,52,57,501	5,89,48,287	34,38,90,842	20,25,60,696	4,65,50,664	2,73,83,426	4,06,89,935	21,02,46,237	17,21,34,981	12,84,70,268	10,80,85,991
Software													
<b>TOTAL</b>													



# RKEC PROJECTS LIMITED

Notes forming part of the financials statements

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



Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
12	<b>Deferred Tax Asset (net)</b> (refer note -28.7 (d))		
	on differences between depreciation as per books and Income tax act	67,38,797	19,79,828
	On employee benefits payable by employer	12,30,922	-
	<b>Total</b>	<b>79,69,719</b>	<b>19,79,828</b>

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
13	<b>Inventories</b> (as valued & certified by management)		
	Construction Material, Stores & spares	27,96,59,614	25,17,63,625
	Work-in-Progress	3,93,42,238	22,77,17,529
	<b>Total</b>	<b>31,90,01,852</b>	<b>47,94,81,154</b>

Note		As at 31st Mar, 2017	As at 31 <sup>st</sup> March, 2016
14	<b>Trade Receivables</b>		
	<i>Unsecured, considered good</i>		
	a) Outstanding for a period exceeding six months from the date they are due for payment	8,15,46,286	7,90,22,203
	b) Others	31,37,03,581	39,52,49,867
	<b>Total</b>	<b>39,52,49,867</b>	<b>11,18,63,553</b>
			<b>19,08,85,756</b>

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
15	<b>Cash and Bank balances</b>		
	<b>a) Cash and Cash equivalents</b>		
	Cash on hand	5,34,087	10,99,350
	Balance in CC account	1,78,78,354	-
	Balance with banks in Current accounts	2,67,61,302	5,76,86,680
		<b>4,51,73,744</b>	<b>5,87,86,030</b>
	<b>b) Other Bank balances</b>		
	held as margin money deposits *	17,35,89,450	17,35,59,293
	held as deposits **	61,71,905	49,33,597
	<b>Total</b>	<b>22,49,35,099</b>	<b>23,72,78,920</b>

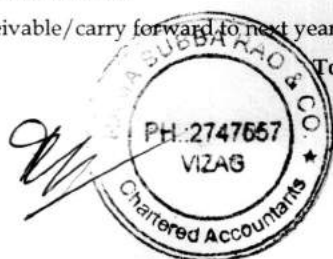
\* Margin money deposits have been lodged with banks against guarantees issued by them

\*\* Deposits held as performance guarantee with Contractees

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
16	<b>Short Term Loans and Advances</b>		
	(Unsecured - Considered good, for the value to be received in cash or kind)		
	Security deposits	1,40,36,365	1,81,78,598
	Advances to material suppliers	-	-
	Balances with government authorities		
	- VAT input credit receivable	3,18,51,615	3,18,77,804
	- Cenvat Credit	26,79,923	-
	Others advances **	1,25,81,018	1,65,60,775
	<b>Total</b>	<b>6,11,48,920</b>	<b>6,66,17,177</b>

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

Note		As at 31st March, 2017	As at 31 <sup>st</sup> March, 2016
17	<b>Other Current Assets</b>		
	TDS receivable/carry forward to next year (Refer note-28.7)	1,61,41,418	2,72,45,649
	<b>Total</b>	<b>1,61,41,418</b>	<b>2,72,45,649</b>



# RKEC PROJECTS LIMITED

Notes forming part of the financials statements

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



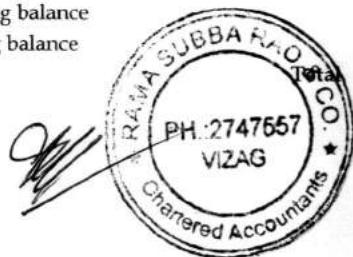
Note		for the year ended 31st March, 2017	for the year ended 31 <sup>st</sup> March, 2016
18	<b>Revenue from operations</b>		
	Contract revenue	1,97,04,79,848	1,11,72,89,540
	Other operating revenue	19,63,500	85,24,279
	<b>Total</b>	<b>1,97,24,43,348</b>	<b>1,12,58,13,819</b>
	Other Operating Revenue comprises of		
	- Hire charges received	18,30,000	18,78,470
	- Scrap sale	-	66,45,809
	- Sale of RMC	1,33,500	-

Note		for the year ended 31st March, 2017	for the year ended 31 <sup>st</sup> March, 2016
19	<b>Other Income</b>		
	Interest income	1,29,60,951	81,01,415
	Profit on sale of assets	1,58,11,648	5,44,751
	<b>Total</b>	<b>2,87,72,599</b>	<b>86,46,166</b>

Note		for the year ended 31st March, 2017	for the year ended 31 <sup>st</sup> March, 2016
20	<b>Cost of materials consumed</b>		
	<b>Construction Materials, Stores and spares</b>		
	Opening Stock	25,17,63,625	5,09,38,178
	Add: Purchases	78,49,36,612	76,91,42,701
		1,03,67,00,237	82,00,80,879
	Less: Closing Stock	27,96,59,614	25,17,63,625
	<b>Total</b>	<b>75,70,40,623</b>	<b>56,83,17,254</b>

Note		for the year ended 31st March, 2017	for the year ended 31 <sup>st</sup> March, 2016
21	<b>Construction Expenses</b>		
	Project work expenses	41,16,91,581	28,14,98,728
	Repairs and maintenance:		
	- Plant & machinery, vehicles	2,13,75,737	98,04,523
	Hire Charges for machinery and others	3,76,62,476	5,78,16,178
	Transport Charges	1,04,33,202	1,45,67,511
	Power and fuel:		
	- Diesel & Petrol expenses	3,41,11,590	2,75,36,779
	- Electricity expenses	12,71,872	27,17,157
	Technical and engineering consultancy services	4,00,78,262	1,27,30,758
	Testing charges	21,04,020	17,34,774
	Labour cess (recoveries)	81,01,280	44,41,225
	Royalties (Seigniorage)	-	3,98,494
	Other recoveries (by Contractees)	9,65,191	46,58,646
	Loading and unloading charges	62,93,376	21,30,285
	Water charges	28,21,201	18,42,443
	Other Project expenses	30,63,259	19,00,815
	<b>Total</b>	<b>57,99,73,047</b>	<b>42,37,78,316</b>

Note		for the year ended 31st March, 2017	for the year ended 31 <sup>st</sup> March, 2016
22	<b>Changes in inventories of work-in-progress</b>		
	Opening balance	22,77,17,529	11,31,03,953
	Closing balance	3,93,42,238	22,77,17,529
		18,83,75,291	(11,46,13,576)



# RKEC PROJECTS LIMITED

Notes forming part of the financial statements

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



Note		for the year ended 31st March, 2017	for the year ended 31st March, 2016
23	<b>Employee Benefit Expenses</b>		
	Salaries and wages	11,08,10,316	6,69,64,928
	Contribution to Provident fund and other funds	46,32,862	11,50,901
	Staff Welfare Expenses	1,05,38,158	1,16,79,846
	<b>Total</b>	<b>12,59,81,336</b>	<b>7,97,95,675</b>

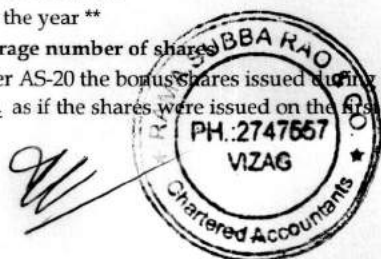
Note		for the year ended 31st March, 2017	for the year ended 31st March, 2016
24	<b>Finance Costs</b>		
	Interest expense on		
	Term loans	2,04,754	2,73,267
	Working capital demand loans & Cash credit	1,92,36,196	1,51,79,345
	Mobilisation advance	2,91,37,175	97,61,897
	Others	1,01,31,314	79,38,133
	Other borrowing costs (LC charges, BG commission)	2,53,34,269	2,00,27,995
	<b>Total</b>	<b>8,40,43,708</b>	<b>5,31,80,637</b>

Note		for the year ended 31st March, 2017	for the year ended 31st March, 2016
25	<b>Other Expenses</b>		
	Auditors' fee:		
	- statutory audit fee	3,75,000	3,30,000
	- tax audit fee	1,75,000	60,000
	- for other services	1,05,000	30,000
	Bank charges	2,45,630	34,78,265
	Rent	53,19,033	45,97,048
	Travelling & conveyance expenses	50,89,703	39,11,814
	Repairs & maintenance of computers and others	8,13,014	2,50,287
	Office maintenance	16,61,333	14,13,903
	Security services	25,43,053	17,95,940
	Rates and taxes	20,15,634	16,46,945
	Communication expenses (Postage & telephone)	26,62,550	10,47,478
	Insurance	41,77,001	41,72,839
	Printing and stationery	10,24,686	7,50,231
	Professional charges	33,53,155	55,22,691
	Project site maintenance expenses	13,07,282	16,50,880
	Tender expenses	1,71,623	3,17,661
	Donations	3,98,798	47,98,293
	Bad debts written off	12,03,237	-
	Business promotion expenses	12,99,458	2,24,736
	ROC charges	13,49,700	-
	Miscellaneous expenses	6,46,733	3,22,379
	<b>Total</b>	<b>3,59,36,623</b>	<b>3,63,21,390</b>

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

(a) Surplus available to equity share holders	12,92,56,191	3,34,29,306
(b) Weighted average number of Shares ***	1,93,12,600	1,93,12,600
(c) Earning per share (Face value of each share Rs. 10 /-)	6.69	1.73
*** Calculation of weighted average number of shares		
Opening number of shares	1,93,12,600	96,56,300
Issued during the year **	-	96,56,300
Weighted average number of shares	1,93,12,600	1,93,12,600

\*\* Note: As per AS-20 the bonus shares issued during the year were considered for calculating the EPS of previous financial year, as if the shares were issued on the first day of the previous financial year.



Notes to the Statement of Profit and Loss for the year ended 31st March, 2017

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

Particulars	31st March, 2017	31st March, 2016
<b>I. Defined Contribution Plans:</b>		
Employer's Contribution to Provident Fund	25,21,132	8,37,675
Employer's Contribution to ESI	1,75,487	37,836

**II. Defined benefit plans:**

Provision for Gratuity and Leave Encashment has been provided in accordance with AS-15. Actuarial valuation was performed in respect of the Gratuity and Leave Encashment 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 leave encashment and 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, 2017	31st March, 2016
<b>Change in the present value of defined obligation</b>		
Opening present value of defined benefit obligation	23,11,820	-
Current services cost	10,07,515	-
Interest cost	1,84,946	-
Expected return on planned assets	-	-
Actuarial losses/ (gain) on obligation	1,17,143	-
Benefits paid	-	-
Closing present value of defined benefit obligation	36,21,424	-
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	-	-
Expected return on plan assets	-	-
Actuarial gains/ (losses)	-	-
Contributions by employer	-	-
Benefits paid	-	-
Closing fair value of plan assets	-	-
<b>Amount recognized in the Balance Sheet</b>		
Present Value of Funded Obligations	36,21,424	-
Less: Fair Value of Plan Assets	-	-
<b>Net Liability</b>	<b>36,21,424</b>	-
<b>Expense recognized in Statement of Profit and Loss</b>		
Current services cost	10,07,515	-
Interest on Defined Benefit Obligation	1,84,946	-
Expected return on plan assets	-	-
Net actuarial losses / (gains) recognized in year	1,17,143	-
Past service cost	-	-
Net benefit expense	13,09,604	-
Actual return on plan assets	-	-
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	8.00%	-
Salary Escalation Rate	5.00%	-
Attrition Rate	10.00%	-
Note: Refer Note 28.7 & 28.8		



# RKEC PROJECTS LIMITED

Notes forming part of the financial statements



## 28 Additional notes to the financial statements

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

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Construction materials				
(i) Imported	-	-	-	-
(ii) Indigenous	7,391	100	4,972	100
b) Stores & spares				
(i) Imported	-	-	-	-
(ii) Indigenous	179	100	711	100

### 28.2 Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The contributions towards CSR was on the activities which are specified in Schedule VII of the Companies Act, 2013.

During the year the Company has not spent any amount towards CSR activities with a plan to spent the amount on Environment protection, promoting education in rural areas in FY 2017-18, FY 2018-19.

CSR activities	Amount to be spent	Amount spent during the year	balance to be spent in FY 2017-18 relating to FY 2016-17
CSR expenses (Rs. in Lakhs)	10.94	-	10.94

### 28.3 Related Party Disclosures:

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

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

##### i) Key Managerial Personnel

Garapati Radhakrishna	Managing Director
Garapati Parvathi devi	Director
Sita Rathnam G	Director
Lukas Petar Thalakala	Director
Satish Soni	Director

##### ii) Relatives of Key Managerial Personnel

Nagapushyami	Daughter of Director
Himabindu sree	Daughter of Director
GV Ram Mohan	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 31.03.2017

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
	2016-17	2016-17	2016-17	2016-17
<i>Note: ** Amounts in brackets were pertains to previous year 2015-16</i>				
1 Lease of machinery	0.60 (0.60)	27.00 (24.00)	-	27.60 (24.60)
2 Managerial Remuneration	466.00 (138.00)	-	-	466.00 (138.00)
3 Salaries & wages	-	45.00 (12.00)	-	45.00 (12.00)
4 Commission to bank guarantees	19.77 (19.77)	1.46 (1.46)	-	21.23 (21.23)
5 Purchases	-	-	144.16	144.16
6 Balance as at 31st March				
Payables	3.32 (2.55)	0.39 (0.30)	-	3.71 (2.85)





# RKEC PROJECTS LIMITED

Notes forming part of the financials statements



c Information Regarding Significant Transactions / balances		Rs. in lakhs	
Related party transactions summary		For the year 2016-17	For the year 2015-16
1 Lease of machinery			
Naga pushyami	27.00		24.00
2 Commission on guarantees to bank			
Garapati Radhakrishna	12.76		12.76
Garapati Parvathi devi	7.01		7.01
3 Managerial Remuneration			
Garapati Radhakrishna	290.00		90.00
Garapati Parvathi devi	176.00		48.00
4 Purchase of Materials			
Naram Enterprises Pvt Ltd	144.16		-

28.4 Disclosure in Accordance with Accounting Standard 7 (revised)		Rs. in lakhs	
Particulars	for the year ended 31st March, 2017	for the year ended 31st March, 2016	
a Contract Revenue recognized as revenue in the period	19,705	11,173	
b For contracts in progress at the reporting date:			
- aggregate amount of cost incurred and recognized profits (less recognised losses) upto the reporting date	25,105	26,544	
- advance amounts received	3,911	5,119	
- amount of retentions	815	350	
c Gross amount due from customers for contract work as an asset	3,952	1,909	
d Gross amount due to customers for contract work as a liability	4,011	3,799	

28.5 Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 across various locations are given below

Particulars	Specified bank Notes balances (Rs.)	Other balances (Rs.)	TOTAL balances (Rs.)
Balance as on 8th November, 2016	16,56,000	20,66,571	37,22,571
(+) Permitted receipts	-	29,24,520	29,24,520
(-) Permitted payments	-	38,35,228	38,35,228
(-) Amount deposited in banks	16,56,000	-	16,56,000
Balance as on 30th December, 2016	-	11,55,863	11,55,863

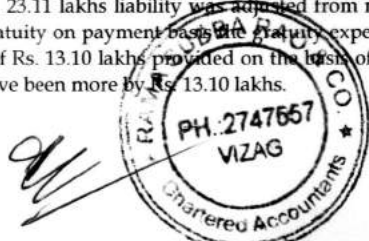
## 28.6 Segment Reporting

The Company's operations predominantly consist of construction / project activities. 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.

## 28.7 Adjustment made in opening balance of reserves & surplus (on account written off and others)

- Goodwill of Rs.255.58 lakhs which was accounted in the year of takeover of proprietary business of M/S RK Engineers & contractors was fully written off during current financial year by adjusted out of reserves and written off from the Fixed assets.
- Depreciation due to change of estimation of life in conformity with useful life which are depreciated for the period prior to 1.04.2014 was recalculated and the resulting excess depreciation after considering the disposals and its profit/loss, was adjusted out of reserves and corresponding adjustment was made in the carrying value of the respective asset.
- TDS receivable which was shown as current assets on account of refund claims, which due to assessments and non-credit by income tax department was written off as non-recoverable and adjusted against the reserves during the current year and corresponding adjustment was made in the carrying value of current asset.
- Deferred Tax Asset: The adjustment of depreciation, gratuity in reserves & surplus lead to further recognition of deferred tax asset amounting to Rs. 99.98 lakhs, which was adjusted in reserves & surplus.
- The Company has declared income under IDS scheme 2016 and the net income after taking into tax paid and payable was adjusted in the carrying amount of reserves and corresponding adjustment was made in the carrying value of assets and liabilities.

28.8 During the year Company has changed method of accounting for Gratuity "on payment basis" to "providing provision on actuarial basis" based on the Actuary valuation, considering that it would result in a more appropriate presentation of financial performance, reliable information about the financial obligation of the Company towards employee benefits. Due to change in the method of accounting, gratuity is calculated till 31.03.2016 in accordance with AS-15 "Employee Benefits" by Actuary and Rs. 23.11 lakhs liability was adjusted from reserved and surplus. Had the Company not followed the AS-15 and charged the gratuity on payment basis the gratuity expenses during the year would have been "Nil". Compared with the gratuity expenses of Rs. 13.10 lakhs provided on the basis of actuary valuation. If the gratuity accounted on "payment basis" the profit would have been more by Rs. 13.10 lakhs.



# RKEC PROJECTS LIMITED

Notes forming part of the financials statements



## 28.9 Contingent Liabilities :

	Year ended 31/03/2017	Year ended 31/03/2016
<b>a) Guarantees</b>		
1 Counter Guarantees given to bankers in respect of Bank Guarantees <i>for the operations carrying out by the Company</i>	Rs. 8496.68 Lakhs	Rs. 10,531 Lakhs
<b>b) Matters under Litigation</b>		
2 Disputed sales tax / entry tax liability for which the Company preferred appeal to High Court, Andhra Pradesh	Rs. 160.38 Lakhs	Rs. 160.38 Lakhs
3 Disputed service tax liability for which the Company preferred appeal to CESTAT, Bangalore	Rs. 592.04 Lakhs	Rs. 592.04 Lakhs
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 High Court of Andhra Pradesh	Rs. 69.99 Lakhs	Rs. 69.99 Lakhs

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

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

28.12 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 Rama Subba Rao & Co.,

Chartered Accountants

Firm Registration Number: 002855

(K. Subrahmanyeswara Rao)

Partner

Membership Number: 209688

24th August, 2017.



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

(G. Radhakrishna)

Managing Director

DIN: 00073080

Brij GV Satyanarayana

CFO

(G. Parvathi Devi)

Whole-time Director

DIN: 00094961

Swapna Bansode Hajaram

Company Secretary-ACS

M.No. A47035