



**ARSS Infrastructure Projects Limited**

**Annual Report 2012-13**



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## Chairman's Letter to Shareholders

**Dear Share holders,**

The years passed by as well as the ensuing year is challenging for the infrastructure industry. The entire world economy is grappled by economic slow down causing concern to all the stake holders. India being no exception to it also crippled by economic slowdown, falling rupee and a rising current account deficit. Your Company has also faced the same challenges during the past three years and consolidating to face the challenges in the years to come.

Swimming against the tide has always been a challenge and true professionals enjoy the challenge by showing their creativity and coming out of it with a thumps-up.

The Company is now concentrating on consolidation of activities of the company with a focus on major projects and abandoning small projects and non remunerative projects. Our lack luster performance in the last year was due to poor overall economic condition due to high fiscal deficit, rupee depreciation, high interest rates, shortage of working capital and delay in execution of projects due to land acquisition by the government. However, things may stabilize soon and we can look forward for higher growth once the economy revives.

The Company has an order book of more than 2000 core in hand and it is expected to touch higher in the next fiscal as the Central Government has set a massive target for doubling the investment in infrastructure during the Twelfth Five year plan (2012-2017).

The demand for infrastructure is greater than ever and we are hopeful that the infrastructure industry will bounce back soon. Notably, your company is one of the major player in infrastructure sector in Eastern India.

Finally I am thankful to all shareholders' for reposing faith in us and convey my gratitude to our management team, employees, suppliers, associates and clients for their continued support.

Best Regards



Subash Agarwal  
Chairman

## Company Information

### Board of Directors

#### Chairman

Mr. Subash Agarwal

#### Independent Directors

Mr.Swarup Chandra Parija

Mr.Upendra Nath Challu

\*Dr.B.Samal has resigned  
from the Board w.e.f.

10<sup>th</sup> August,2013.

#### Nominee Director

Mr. Bommana Ramesh babu

Mr. Parmod kumar Sharma

Mr. Krishna Chandra Rout

#### Executive Directors

Mr.Rajesh Agarwal

Managing Director

Mr.Soumendra Keshari Pattanaik

Director Finance & CFO

#### Senior Executives

Mr. Sunil Agarwal

President & CEO

Mr. Anil Agarwal

Sr. VP & COO

#### Registered Office

Plot No-38, Sector-A Zone-D,

Mancheswar Industrial Estate

Bhubaneswar-751010

Phone - 91 674 258 8552 – 4

Fax- 91 674 258 5074

Email – [response@arssgroup.in](mailto:response@arssgroup.in)

Web site - [www.arssgroup.in](http://www.arssgroup.in)

#### Corporate Office

ARSS Mail, Plot No-40,

Community Centre, Block-A,

Paschim Vihar

Opposite to Jwalaheer Market,

New Delhi - 110063

Phone – 91 11 48 63 6363

Fax - 91 11 48 63 6339

E-mail- [delhi@arssgroup.in](mailto:delhi@arssgroup.in)

### Board Committees

#### Audit Committee

Mr.Swarup Chandra Parija, Chairman

Mr.Upendra Nath Challu

Mr.Bommana Ramesh Babu

Mr.Parmod Kumar Sharma

#### Shareholders Grievance Committee

Mr.Upendra Nath Challu, Chairman

Mr.Swarup Chandra Parija

#### Remuneration Committee

Mr. Swarup Chandra Parija

Mr. Upendra Nath Challu

#### Company Secretary and Compliance Officer

Mr.Sushanta Pradhan

#### Auditors

P. A. & Associates

Chartered Accountants,

Bhubaneswar - 751010

#### Bankers

State Bank of India

Bank of India

ICICI Bank Ltd

IDBI Bank Ltd

Punjab National Bank

State Bank of Bikaner and Jaipur

Export Import Bank of India

HDFC Bank Ltd

AXIS Bank Ltd

#### Registrar and Share Transfer Agents

Bigshare Services Private Limited

E/2, Ansa Industrial Estate,

Sakivihar Road, Sakinaka,

Andheri (E), Mumbai – 400 072

Tel: + 91 22 2847 0652, 4043 0200

Fax: + 91 22 2847 5207

e-mail: [edp@bigshareonline.com](mailto:edp@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

## Directors' Report

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of the Company for the financial year ending 31<sup>st</sup> March, 2013.

### 1. Financial Highlights :

(₹ In crores)

Particulars	2012-13	2011-12
Sales & Other Income	770.98	1198.58
Profit before Depreciation, Interest and Tax	109.40	176.16
Less : Depreciation	35.60	37.91
Interest	133.81	162.08
Profit Before Tax	(60.01)	(23.82)
Less : Tax Expenses		
a) Current Year	-	-
b) Earlier Year	-	-
c) Deferred Tax	4.56	57.80
Profit/Loss After Tax	(64.59)	(29.61)
Balance brought forward from previous year	-	-
Amount Available for Appropriation	-	-
Appropriations		
a) Dividend	-	-
b) Tax on Dividend	-	-
c) Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	-	-
Earning per Share (In ₹) (equity shares of face value of ₹ 10)	(43.51)	(19.95)

### 2. Operating Result :

During the year, the turnover of your Company has decreased to ₹ 770.98 Crores from ₹ 1198.58 Crores in the previous financial year. The loss incurred during the year was ₹ 64.59 Crores as against a loss of ₹ 29.01 Crores in the previous year. The financial result under review were subdued which were largely attributable to higher input costs and locking of working capital in various major projects which could not be completed in time.

Moreover, the infrastructure industry all over India is passing through a very tough phase and your Company is no exception to it. Your Directors expect improvement in the performance of the Company in the current year.

### 3. Consolidated Financial Statements:

Consolidated financial statements in terms of Section-212 of the Companies Act, 1956 read with accounting Standard AS 21, issued by the Institute of Chartered Accountants of India and as required by the Listing Agreements with Stock Exchange(s), could not be prepared due to dispute between the Company and one of its subsidiary namely ARSS Bus Terminal Private Limited. Accordingly the Management has moved Company Law Board against the subsidiary for oppression and mismanagement and a company petition no.183/2013 is pending before the Company Law Board for hearing.

### 4. Dividend:

Due to paucity of funds your Directors express their inability for recommendation of dividend during the year under review.

**5. Order Book:**

Your Company has an order book of more than ₹2000 Crore, which includes the following major works:

- a) Construction, rehabilitation and widening of Cuttack - Paradeep road, Orissa with a contract value of ₹259.31 crores.
- b) Construction of BRTS Corridor and Development of road, Jaipur Development Authority, Rajasthan, having a contract value of ₹104.41 crores.
- c) JSPL, Angul, Orissa Project-Work Order for execution of Rail Infrastructure Work with a contract Value of ₹261.00 Crores.
- d) Construction of a new 2-lane Highway from km 38/00 to km 71/00 (length=33.0 Km) in Mizoram, with a contract value of ₹163.11 Crores.
- e) Widening to 2 lane and improvement in km 0/0 to 102/9 km of Parlakhemundi-R. Udayagiri-Mohana road (SH-34) under LWE Scheme. Orissa with a contract value of ₹153.91Crores.
- f) Construction of earthwork, bridges, supply of P-way material, supply of ballast and P-way linking for proposed private railway siding taking off from Chacher railway station to in plany yard and including inplant yard of NTPC Mauda (but excluding works within railway boundary and excluding rail over rail bridge) Dist Nagpur (M.S.) with a contract value of ₹114.49Crores.
- g) ADB Track Work Railway Work in the State of Orissa with a contract value of ₹170.00 Crores.
- h) Construction of Kaushilia Dam and appurtenant works in panchkula district. With contract value of ₹120.00 Crore.
- i) Improvement of existing single intermediate lane of NH-44 to two lane with paved shoulders from km 230/200 to km 247/00, km 261/504 in the State of Assam with a contract value of ₹104.05Crores.
- j) Two laning without paved Shoulder of Developing of road project in the state of Madhya Pradesh from Damoh-Bhatlyagarh-Baxwaha-Hirapur. (SH-37) with a contract value of ₹122.74 Crores.
- k) MP State Road Project Manwar -Mangod (Bandheri) Road & Sardarpur -Rajgarh - Bagh Road PKG-4, with a contract value of ₹117.70Crores.
- l) Execution of Balance Work of Construction of Roadbed including minor bridges and major bridges, facilities and general electrification for doubling of Railway line between Barang – Rajathgarh (excluding Ghantikhal – Naraj Section), Cuttack – Barang and 3rd line between Barang – Bhubaneswar in the state of Odisha, India with contract value of ₹105.17 Crores.

**6. Auditors:**

M/s. P.A. & Associates, Chartered Accountants, Bhubanewar Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

**7. Report of Auditors:**

The notes on accounts and observations of the Auditors in their report on the accounts of the Company are self explanatory except Para. 2(b) and (e), which calls for further explanation. These are as follows-

**2(b)(i)**-In the absence of working papers on physical verification of inventories, discrepancies, if any, between book and physical inventories could not be ascertained including effect of the same in the financial statement of the Company.

Physical verification of stocks of all our sites are not feasible on quarterly basis, because the company is operating from more than 100s sites all over India. As regular verification is not possible in all sites, we are conducting it in a phased manner and giving effect of the same in the annual accounts.



**2(b) (ii)**-Interest on delayed payment of statutory dues has not been provided for, which has neither been quantified nor the effect of the same on the financial statements has been ascertained.

Interest on Statutory dues are quantified and given effect annually in the Balance Sheet of the Company but in quarterly accounts it has not been given effect. The Management will take care the issue in future quarterly accounts.

**2(b)(iii)**-No provision has been made against performance Bank Guarantees invoked amounting to ₹59.40 Crores against the Company and disputed by it.

The matter is sub-judice and are in the process of arbitration. Hence, no provision has been made.

**2(b)(iv)**-No provision has been made against sundry debtors amounting to ₹442.16 Crores disputed by the parties and referred for arbitration.

The Company has not considered any of the existing debtors as doubtful as the matter is sub-judice and taking all due care to realize the same.

**2(e)**-The Balance Sheet ,Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act,1956 except Accounting Standard 2 (Valuation of Inventories) issued by the Institute of Chartered Accountants of India as stated in Para.2(b)(i).

Regular physical verification of stocks in sites is not possible as the Company is executing more than 100 sites all over India and it is being conducted in a phased manner. The Management will take care of the matter to have a regular check of stocks in all sites and verify by a third party agency approval by (CDR EG)

#### 8. Directors:

During the year Mr. Bommana Ramesh Babu and Mr. Parmod kumar Sharma were appointed as Nominee Director w.e.f. 10.11.2012. Mr. U.N.Challu who retires by rotation in terms of Section 255 of the Companies Act, 1956 at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

#### 9. Particulars of Employees:

As required under the provision of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are given below :

Sr. No	Name of the Person	Designation	Qualification	Age in Years	Date of Joining	Experience (No of Years)	Gross Remuneration (Per Month ₹ In Lacs)
01	Subash Agarwal	Chairman	B.Com	48	05-11-2007	20	15.00
02	Rajesh Agarwal	Managing Director	BE-Civil	40	27-May-00	15	14.00

#### 10. Responsibility Statement:

In pursuance of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company confirms:

- that in the preparation of Annual Accounts, the applicable Accounting Standards issued by The Institute of Chartered Accountants of India have been followed by the Company and there has been no material departure.
- that the Directors have selected such Accounting Policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date.
- that the Directors have taken Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Sec-209 of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and
- That the Directors have prepared the Annual Accounts on a going concern basis.

**11. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo etc. U/S 217 (1) (e):**

During the year under review, the Company has taken adequate measures for conservation of energy and also has not gone for any technology absorption whatsoever in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors ) Rules, 1988.

The Company has neither earned any income nor incurred any expenditure in foreign currency during the financial year ended 31<sup>st</sup> March, 2013.

**12. Public Deposits:**

Your Company has not invited any deposit from public and shareholders. So, the provisions of the Section 58A of the Companies Act, 1956 are not attracted.

**13. Corporate Governance:**

Your Company is committed for adopting best ethical business practices in the management within the regulatory framework applicable to it. Accountability, Disclosure and strict compliance is the essence of good corporate governance. On the one hand good corporate governance calls for accountability of the persons who are the helm of affairs of the Company and on the other hand it also brings benefits to all stakeholders of the Company such as investors, customers, employees and the society at large. Your Company continues to believe in such business practices and has been extremely transparent in providing reliable financial information and in maintaining transparency in all its business transactions and ensuring strict compliance of all applicable laws.

Your Company has adopted the requirement of Corporate Governance as prescribed under Clause 49 of the Listing Agreement and a separate section titled "Corporate Governance" has been included in the Annual Report along with "Management Discussion and Analysis Report".

**14. Industrial Relation:**

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees and a sense of belongingness with the organization and solidarity with the management of the Company have helped to cope with the present challenges of the Company during the year.

**15. Acknowledgement:**

Your Directors would like to place on record their appreciation for assistance and co-operation received from the financial institutions, banks, Government authorities, customers and members during the year under review. Your Directors also place on record their deep sense of appreciation for the committed services by the executives, staffs and workers of the Company.

For and on behalf of the Board of Directors

Place : Bhubaneswar

Dated : The 11<sup>th</sup> day of May, 2013

(Subash Agarwal)

Chairman



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## Auditors' certificate on compliance of conditions of corporate governance

To

The Members

ARSS Infrastructure Projects Limited,

Bhubaneswar

We have examined the compliance of conditions of Corporate Governance by ARSS INFRASTRUCTURE PROJECTS LIMITED, for the year ended on 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. A. & Associates  
Chartered Accountants  
(Firm Regn. No-313085E)

**(CA.B.N. Dash)**  
Partner  
Membership.No.062142

Place : Bhubaneswar  
Date : The 11<sup>th</sup> day of May, 2013

## Report on Corporate Governance

The Board of Directors presents the Company's report on Corporate Governance-

### 1. Company's philosophy on code of Corporate Governance:

ARSS is respected for its adaptability of Corporate Governance through integrity, transparency, proper disclosure and accountability. The Company is committed for its proper objective in infrastructure development and timely execution of key infra projects paving the ways for economic development of concerned area. It also adheres to ethical business practices and lays emphasis on quality service and timely execution.

ARSS Infrastructure Projects Ltd. aims at becoming a professionally managed Company committed to meet its legal, ethical & social commitments with total satisfaction of its clients and enhancing shareholders value. The Company shall be an innovative, entrepreneurial and empowered entity constantly creating value and attending high standards of corporate goals. It shall foster a culture of caring trust and continuous learning while meeting expectations of employees, stakeholders and the society.

### 2.1. Board Composition and particulars of Directors:

The Company's policy is to maintain optimum combination of Executive and Non Executive Directors. The Board consists of 8 Directors as on 31.03.2013 out of which three are Independent Directors and two are Nominee Directors. Composition of the Board and category of Directors are as follows:

Category	Name of the Directors
Chairman	Sri Subash Agarwal
Independent Directors	Dr. Bidhubhusan Samal
	Sri Swarup Chandra Parija
	Sri Upendra Nath Challu
Nominee Directors	Sri. Bommana Ramesh babu
	Sri. Parmod kumar Sharma
Executive Directors	Sri Rajesh Agarwal, Managing Director
	Sri Soumendra Keshari Pattanaik, Director(Finance)

All the Independent Directors of the Company furnish a declaration at the time of their appointment and also annually as well that they qualify the conditions of their independence as laid down under Clause 49.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956, except Sri Subash Agarwal and Sri Rajesh Agarwal, who are related to each other as brother.

### 2.2 What Constitutes Independence of Directors?

For a Director to be considered Independent, the Board determines that the Director do not have any direct or indirect material or pecuniary relationship with the Company. The Board has adopted guidelines which are in line with the applicable legal requirements and also in line with listing agreements.

### 2.3 The Independent Directors in ARSS's Board:

- Apart from receiving sitting fees, do not have any pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been executives of the Company in the immediately preceding three financial years.
- Are not partners or executives, or were not partners or executives during the preceding three years of any :
  - Statutory audit firm or internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) those have a material association with the Company.
  - Are not material suppliers, service providers or customers or lessors or lessees of the Company which may affect independence of the Director.
  - Are not substantial share holders of the Company i.e. do not own two percent or more of the block of voting shares.

## 2.4 Selection of Independent Directors:

Considering the requirement of the skill-sets on the Board, eminent persons having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Corporate Governance and Stakeholders' Interface Committee, which also acts as Nomination Committee, for appointment inter alia of independent directors on the Board. The number of directorships and memberships held in various committees of other companies by such persons is also considered. The Board considers the recommendations of the Committee and takes appropriate decision.

The detail composition of the Board, Directors attendance in the Board meetings, no. of directorships in other companies and membership in other committees etc. during the year are as follows:

Name & Designation	Director Identification Number (DIN)	Board Meetings		Attendance at Last AGM	No of other Directorship	Membership in the committees Of other Companies	
		Held during the tenure	Attended			Membership	Chairman-ships
Mr. Subash Agarwal Chairman	00218066	5	5	Yes	4	Nil	Nil
Dr. Bidhubhusan Samal Independent Director	00007256	5	4	Yes	13	2	5
Mr. Swarup Chandra Parija Independent Director	00363608	5	5	Yes	2	Nil	Nil
Mr. Upendra Nath Challu Independent Director	05214065	5	5	Yes	3	3	Nil
Mr. Rajesh Agarwal Managing Director	00217823	5	5	Yes	3	Nil	Nil
Mr. Soumendra Keshari Pattanaik Director (Finance)	00009924	5	5	Yes	3	Nil	Nil
Mr. Bommana Ramesh babu* Nominee Director	05293558	5	2	No	Nil	Nil	Nil
Mr. Parmod kumar Sharma* Nominee Director	06430363	5	1	No	Nil	Nil	Nil

### Notes:-

\* Mr. Bommana Ramesh babu and Mr. Parmod Kumar Sharma have been appointed as Nominee Directors w.e.f. 10-11- 12.

\* Dr.B.Samal has resigned from the Board with effect from 10<sup>th</sup> August,2013.

## 2.5 No. of Board Meetings:

During the year 2012-13, the Board of Directors met five times. The dates of Board meetings were 14<sup>th</sup> May,2012, 10<sup>th</sup> August ,2012, 1<sup>st</sup> September, 2012, 10<sup>th</sup> November,2012 and 12<sup>th</sup> February , 2013 . The maximum time gap between any two consecutive meetings did not exceed four months.

## 3. Board Committees:

Details of the standing committees of the Board and other related information are provided hereunder:

### 3.1 Audit Committee :

#### a) Composition:

During the year the audit committee of the Board and other related informations are provided hereunder-

Name of the member	Position	No. Of Meetings held	No. of meetings attend	Sitting fees paid (In Rs)
Mr. Swarup Chandra Parija	Chairman	6	6	1,20,000
Dr. Bidhubhushan Samal**	Member	6	5	1,00,000
Mr. Upendra Nath Challu	Member	6	6	1,20,000
Mr. Bommana Ramesh babu*	Member	6	1	20,000
Mr. Parmod kumar Sharma*	Member	6	1	20,000

**Notes:-**

\* Mr. Bommana Ramesh Babu and Mr. Parmod Kumar Sharma, Nominee Directors were inducted to the Committee on 12-02-2013.

\*\*Dr.B.Samal has resigned from the Board with effect from 10<sup>th</sup> August, 2013.

All the members of the Audit Committee possess financial/accounting expertise/ exposure. The composition of audit committee meets with the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Sri Sushanta Pradhan is the Secretary to the Audit Committee.

**b) Objective:**

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and internal auditors and to evaluate the Company's risk management policies.

**c) Terms of Reference:**

The terms of reference/powers of the Audit committee are as under:

**d) Power of the Audit Committee:**

- i) To investigate any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**e) The role of the Audit Committee includes:**

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and fair with adequate credibility.
- ii) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory auditors and fixation of audit fees.
- iii) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- iv) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement has been included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.

- v) Reviewing with the managements, the quarterly financial statements before submission to the Board for approval.
- vi) Reviewing with the management, the performance of statutory and Internal Auditors, adequacy of internal control systems.
- vii) Discussion with Internal Auditors on any significant findings and follow up thereon.
- viii) Reviewing the findings of any internal investigations by the Internal Auditors, where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the same to the Board.
- ix) Discussion with Statutory Auditors before the commencement of the audit, about the nature and scope of audit as well as post audit discussion to address any area of concern.
- x) To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
- xi) Carrying out such other function as may be specifically referred to the Committee by the Board of directors and / or other committees of Directors of the Company.
- xii) To review the following information :
  - The management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of Internal Auditors.
- xiii) Review of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).

**f) Meetings:**

The Audit Committee met six times during the year on 14<sup>th</sup> May, 2012, 14<sup>th</sup> June, 2012, 10<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012, 12<sup>th</sup> February, 2013 and 27<sup>th</sup> March , 2013.

Executive of Accounts, Finance and Secretarial Department and Representatives of the Statutory and Internal Auditors attended the audit committee Meetings.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

### 3.2 Remuneration Committee Meeting:

**a) Composition:**

During the Financial Year the Remuneration Committee of the Board comprised following three Independent Directors and their attendance of thereof is given below:

Name of the member	Position	No. Of Meetings held	No. of meetings attend	Sitting fees paid (In Rs)
Dr.Bidhubhushan Samal*	Chairman	4	3	60,000
Mr. Swarup Chandra Parija	Member	4	4	80,000
Mr. Upendra Nath Challu	Member	4	4	80,000

\* Dr.B.Samal has resigned from the Board with effect from 10<sup>th</sup> August, 2013.

**b) Terms of Reference:**

The Remuneration Committee has been constituted to recommend / review remuneration of the Chairman, Managing Director, Whole Time Directors and executives drawing salary of Rs. 50,000/- per amount or above, based on their performance and defined assessment criteria.

**d) Remuneration policy, details of remuneration and other terms of appointment of Directors:**

The remuneration policy of the Company being in line with the existing industry practices is directed towards rewarding performance, based on review of achievements on a periodic basis.

e) **Remuneration paid to the Chairman & Director and the Whole time Directors.***(Rs. In Lacs)*

Name of the Director	Position	Salary	Total
Sri Subash Agarwal	Chairman	180.00	180.00
Sri Rajesh Agarwal	Mg. Director	168.00	168.00
Sri S.K Pattanaik	Director ( F )	30.00	30.00

The tenure of office of the Managing Director and whole time Directors is for a period of 5 years from their respective dates of appointments and can be terminated by either party by giving three months' notice in writing. There is no separate provision for payment of severance fees.

The non-executive Directors are paid sitting fee at the rate of Rs. 20,000/- for attending each meeting of the Board and Rs.20,000/- for attending each committee meeting.

f) **Sitting fee paid to the Non-Executive Directors, for 2012-13 are as detailed below:***(Rs. In lacs)*

Name of the Director	Amount
Dr. Bidhubhusan Samal**	3.00
Mr. Swarup Chandra Parija	3.80
Mr. Upendra Nath Challu	3.80
Mr. Bommana Ramesh babu*	0.60
Mr. Parmod Kumar Sharma*	0.40

**Notes:-**

\*Mr. Bommana Ramesh Babu and Mr.P.K.Sharma were appointed as Nominee Directors w.e.f.10-11- 12 and inducted to the Audit Committee on 12-02-2013.

\*\*Dr. B. Samal has resigned from the Board w.e.f. 10th August, 2013

**3.3 Shareholders' / Investors' Grievance Committee****a) Composition:**

During the Financial Year the Shareholder's/ Investor's Grievance Committee of the Board comprised following three Independent Directors and their attendance of thereof is given below:

Name of the member	Position	No. Of Meetings held	No. of meetings attend	Sitting fees paid
Mr. Upendra Nath Challu	Chairman	4	4	80,000
Dr. Bidhubhusan Samal*	Member	4	3	60,000
Mr. Swarup Chandra Parija	Member	4	4	80,000

\* Dr.B.Samal has resigned from the Board with effect from 10<sup>th</sup> August,2013.

**b) Terms of Reference:**

The Committee, inter alia, approves issue of duplicate certificate and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders' / investors' complaints related to transfer of shares, non-receipt of Balance sheet, non-receipt of declared dividend, etc. the Committee oversees performance of the Registrar and Transfer Agents of the Company, and recommends measures for overall improvement in the quality of investors services. The Committee also monitors implementation and compliance of the Company's Code of conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Board has delegated the power of approving transfer of securities to the managing director and / or the Company Secretary.

**c) Compliance Officer**

Shri Sushanta Pradhan, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchange(s) in India.



#### 4. Code of Business Conduct and Ethics for Directors and Management Personnel.

The code of Business Conduct and Ethics for Directors and management personnel ('the Code'), as recommended by the Corporate Governance and Stakeholders' Interface Committee and adopted by the Board, is a comprehensive Code applicable to all Directors and management personnel. The Code while laying down, in details, the standards of business conduct, ethics and governance, centers on the following theme:

"The Company's Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and towards all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit." A copy of the Code has been put on the Company's website [www.arssgroup.in](http://www.arssgroup.in).

The Code has been circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually.

A declaration signed by the Chairman of the Company is given below:

I hereby confirm that the Company has obtained from all the members of the Board and management personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and management personnel in respect of the financial year 2012-13.

**Sd/-**

Subash Agarwal  
Chairman

#### 5. Annual General Meetings:

The Last three Annual General Meetings of the Company were held at the registered office of the Company as under:

Year	Location	Date	Time
2010	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	26-07-2010	11.30 A.M
2011	Hotel Mayfair, Bhubaneswar – 751 015, Orissa.	24-09-2011	03.00 P.M
2012	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	11-08-2012	11.00 A.M

#### 6. a) Disclosures on materially significant related party transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Schedule '25', forming Part of the Annual Report.

All related party transactions are negotiated on arms length basis and are intended to further the interests of the Company.

#### b) Details of non-compliance by the Company

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other similar statutory authority.

#### 7. Means of Communication.

Official news release, information provided to Stock Exchange(s) and detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website [www.arssgroup.in](http://www.arssgroup.in).

Annual Report containing, inter-alia, Audited Accounts, Directors' report, Auditors' report and other important information are circulated to members and others entitled thereto. The Management Discussion and Analysis (MD & A) Report forms part of the Annual Report and is displayed on the Company's website [www.arssgroup.in](http://www.arssgroup.in).

The Company has designated a separate email-id exclusively for investor servicing i.e. [response@arssgroup.in](mailto:response@arssgroup.in)

**8. General Information for Shareholders**

1. Date , Time and Venue of the Annual General Meeting of the Company	On 27 <sup>th</sup> September, 2013, at 11A.M. at the regd. Office of the Company at Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.
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**9. Financial Calendar 2013-2014**

Board Meeting to be taken on Record Un-audited Provisional Financial Results.

Unaudited Financial results for the first quarter ending 30 <sup>th</sup> June, 2013	Within 45 days from 30 <sup>th</sup> June, 2013.
Unaudited Financial results for the second quarter ending 30 <sup>th</sup> September, 2013	Within 45 days from 30 <sup>th</sup> September, 2013.
Unaudited Financial results for the third quarter ending 31 <sup>st</sup> December, 2013	Within 45 days from 30 <sup>th</sup> December, 2013.
Unaudited/ audited Financial results for the year ending 31 <sup>st</sup> March , 2014	Within 60 days from 31 <sup>st</sup> March, 2014.

**10. Dividend**

Due to paucity of funds the Board of Directors at its meeting held on 11<sup>th</sup> May, 2013 has not recommended any dividend for the financial year ended 31<sup>st</sup> March, 2013.

**11. Listing**

At Present, the Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing fees for the year 2013-14 have been deposited with NSE & BSE

The Company has deposited the custodial fees for the year 2013-14 with National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial account maintained by them as on March 31, 2013.

**12. Stock Code**

ISIN (Equity Shares)	INE267I01010 (NSDL & CDSL)
BSE Code	533163
NSE Code	ARSSINFRA – EQ

**13. Corporate Identification Number**

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L14103OR2000PLC006230.

**15. Stock Market data**

High, lows and volumes of ARSS for 2012-13 at BSE and NSE-

Sr. No	Month	BSE			NSE		
		High Price (In Rs)	Low Price (In Rs)	No. of Share Traded	High Price (In Rs)	Low Price (In Rs)	No. of Share Traded
1	Apr-12	133.05	101.55	1,225,081	133.40	101.25	2,690,468
2	May-12	105.85	57.85	1,094,434	106.50	57.80	2,713,282
3	Jun-12	62.80	38.25	7,443,661	60.70	57.65	11,716,276
4	Jul-12	52.50	36.80	7,556,980	52.50	36.80	11,971,209
5	Aug-12	47.20	34.55	4,706,975	47.20	34.60	1,195,863
6	Sep-12	61.40	34.90	12,148,006	61.65	34.90	23,667,529
7	Oct-12	67.90	44.10	7,980,716	67.85	44.00	15,596,119
8	Nov-12	49.05	41.85	611,178	48.95	41.50	1,053,726
9	Dec-12	54.40	45.00	1,990,556	54.85	44.80	4,232,056
10	Jan-13	54.70	41.95	1,879,092	54.90	41.00	3,736,460
11	Feb-13	45.10	35.30	755,833	42.25	35.50	1,779,380
12	Mar-13	39.40	27.85	788,617	39.50	27.95	3,267,200

#### 14. Dematerialization of Shares

The Company's Shares are available for dematerialization with both the Depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL), for which purpose the Company has entered into an Agreement with the Respective institutions.

As at 31<sup>st</sup> March 2013, 1,48,30,028 Equity Shares representing 99.91% of total Equity Capital of the Company were held in dematerialized form.

The bifurcation of shares held in Physical and Demat form as on March 31, 2013 is given below.

Particulars	No. of Shares	% age
Physical Segment	13,802	0.09
Demat Segment		
NSDL	1,01,48,243	68.37
CDSL	46,81,785	31.54
<b>Total</b>	<b>1,48,43,230</b>	<b>100.00</b>

#### 15. Registrar and Share Transfer Agents

Bigshare Services Private Limited  
E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka  
Andheri (E), Mumbai- 400 072  
Tel: + 91-22-2847 0652, 4043 0200, Fax: +91-22-2847 5207  
Website: - www.bigshareonline.com , E-mail: edp@bigshareonline.com

#### 16. Shareholding Pattern as on 31<sup>st</sup> March, 2013

Sr. No	Category	Folios	%age	Shares	%age
1	Corporate Bodies	628	2.57	3,093,140	17.59
2	Foreign Inst. Investor	2	0.01	23,502	0.13
3	Non Nationalised Banks	2	0.01	10,800	0.06
4	Non Resident Indians	187	0.77	639,877	3.64
5	Promoters	8	0.03	3,399,648	34.91
6	Public	23,514	96.22	7,605,223	43.25
7	Others	98	0.40	71,040	0.40
<b>TOTAL</b>		<b>24,439</b>	<b>100.00</b>	<b>14,843,230</b>	<b>100.00</b>

#### 17. Top Ten Shareholders of the Company as on 31<sup>st</sup> March, 2013

Sr. No	Shareholder's Name	Category	Shares	%age
1	Subash Agarwal	Promoters	1,173,500	7.91
2	Mohanlal Agarwal	Promoters	761,750	5.13
3	Rajesh Agarwal	Promoters	656,000	4.42
4	Sathyamoorthi Devarajulu	Public	540,000	3.64
5	Uniways Agri Commodities Private Limited	Corporate Bodies	422,801	2.85
6	Sunil Agarwal	Promoters	365,398	2.46
7	Anil Agarwal	Promoters	290,000	1.95
8	Upasana Resources Private Limited.	Corporate Bodies	268,000	1.81
9	Bombay Cable co. Pvt. Ltd.	Corporate Bodies	200,000	1.35
10	Anita Chainrai	Non Resident Indians	192,500	1.30

**18. Distribution Scheduled of shareholding as on 31<sup>st</sup> March, 2013-**

<b>DISTRIBUTION SHAREHOLDING</b>								
<b>Range</b>	<b>As on 31st March, 2013</b>				<b>As on 31st March, 2012</b>			
	<b>Folios</b>	<b>%age</b>	<b>Shares</b>	<b>%age</b>	<b>Folios</b>	<b>%age</b>	<b>Shares</b>	<b>%age</b>
Up to 500	21,686	88.74	2,300,641	15.50	18,711	94.15	1,368,813	9.22
501-1000	1,395	5.71	1,117,561	7.53	535	2.69	419,608	2.83
1001-2000	663	2.71	997,322	6.72	302	1.52	456,363	3.07
2001-3000	235	0.96	592,774	3.99	103	0.52	259,085	1.75
3001-4000	112	0.46	394,964	2.66	43	0.22	147,315	0.99
4001-5000	99	0.41	465,729	3.14	42	0.21	192,678	1.30
5001-10000	132	0.54	910,780	6.14	53	0.27	380,152	2.56
10001 and above	117	0.48	8,063,459	54.32	85	0.43	11,619,216	78.28
<b>TOTAL</b>	<b>24,439</b>	<b>100.00</b>	<b>14,843,230</b>	<b>100.00</b>	<b>19,874</b>	<b>100.00</b>	<b>14,843,230</b>	<b>100.00</b>

**19. Address for Correspondence:**

The Company Secretary & Compliance Officer  
 ARSS Infrastructure Projects Ltd.  
 Sector-A, Zone-D, Plot No.-38,  
 Mancheswar Industrial Estate,  
 Bhubaneswar-751010 (ORISSA)  
 Tel: (0674) 2588552, 2588554, FAX: (0674) 2585074  
 E-mail Address: sushanta.pradhan@arssgroup.in

For and on behalf of the Board of Directors

Place: Bhubaneswar  
 Date: The 11<sup>th</sup> day of May, 2013

(Subash Agarwal)  
 Chairman



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## **CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY**

To  
The Board of Directors  
ARSS Infrastructure Projects Ltd.  
Regd. Office: Sector-A, Zone-D, Plot No. -38  
Mancheswar Industrial Estate,  
Bhubaneswar-751010  
Orissa

Dear Sirs,

I do hereby certify that the all Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the code of conduct laid down by the Board of Directors of the Company in their Meeting held on 4<sup>th</sup> January, 2008.

This certificate is being given in compliance with the requirements of Clause 49 (D) (i) (ii) of the Listing Agreement entered into with the Stock Exchanges.

Place : Bhubaneswar  
Dated: The 11<sup>th</sup> day of May, 2013

(Rajesh Agarwal)  
Managing Director

**CEO / CFO INFORMATION**

To

The Board of Directors  
ARSS Infrastructure Projects Ltd.  
Regd. Office: Sector-A, Zone-D, Plot No. -38  
Mancheswar Industrial Estate,  
Bhubaneswar - 751 010.  
Orissa

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31<sup>st</sup> March, 2013 and certify that to the best of our knowledge and belief :
  - i) These Statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - ii) These Statements read together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or in violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit committee, the deficiencies in the design or operation of internal controls, in any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit committee;
  - i) Significant changes in internal control during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

**Place:** - Bhubaneswar

**Date:** - The 11<sup>th</sup> day of May, 2013

(S.K.Pattanaik)

Director Finance

(Rajesh Agarwal)

Managing Director



## Report on Management Discussion and Analysis

### 1. Industry Scenario and Economic Recovery:

Distressed performance by the infrastructure sector for the third year in a row is very disheartening for both the industry and investors. Construction activity has reduced considerably in our Country and the growth rate of the construction sector was a mere 5.9% in 2012-13. Government's move to pacify the momentum of construction and infrastructure industry would definitely help the industry to come out of the present scenario of distress.

### 2. Business Performance :

The year 2012-13 was very tough and performance was not satisfactory. If we compare the turnover with the previous year there was a shortfall of Rs.427.60 Crore. The order book position of the Company is remain healthy and contracts worth more than Rs.2,000 Crores are in hand for execution. During the last year, the Company has incurred a loss of Rs.64.58 Crores.

The abridged profit and Loss statement for the financial year ended on 31<sup>st</sup> March, 2013 is as follows.

(Rs. In crores)

	2012-2013	2011-2012	%change
Net Sales & other income	770.98	1198.58	(-35.67)
Profit before interest, Depreciation and Tax	109.40	176.17	(-37.90)
Depreciation	35.60	37.91	(-6.10)
Provision for Tax	4.56	5.78	(-21.10)
Profit after Tax	(64.58)	(29.61)	(-118.10)
Earnings per share (In Rs.)	-	-	-

### 3. Opportunities and threats risks and concerns:

The economic slowdown affected the industry including infrastructure to a large extent. Various issues plague the infrastructure and construction industry today namely acquisition of land by governments, environmental clearance, delay in payment by government organization and higher input cost due to higher inflation. During the year, the Company faced a lot of difficulty in arranging working capital for execution of different projects to maintain the operational activity on roll.

Our business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of constructions and other work on projects before payment is received from clients. In certain cases, we are contractually committed to our clients to fund working capital on our projects. Our working capital requirements may increase if, in certain contracts, payment terms do not provide for advance payments to us or if payment schedules are less favorable to us. We may need to borrow additional funds in the future to fulfill our working capital needs at higher rate of interest which may dampen the growth in profitability.

### 4. Strategic Initiative:

The Company is well on its course to meet its growth targets despite increase competition. Effective business strategies have allowed the Company executing projects in a timely manner and economies on critical resources though joint venture in large projects.

The foray into high potential business of railways, roads and bridges has been successful during the year and boosted the order in flow. The Company is strengthening its manpower for execution of high value projects and adding assets for development of infrastructures to complete all contracts in time.

### 5. Outlook:

Infrastructure industries are poised for growth as economic development of a nation purely depends on the infrastructural development. Present setback will not last longer as the Government of India has set a massive target for doubling investment in infrastructure during the Twelfth Five Year Plan (2012-2017).

**6. Internal control system and efficiency:**

ARSS has a comprehensive system of internal controls to safeguard the Company's assets against losses from unauthorized use and ensure proper authorization of financial transactions. The Company has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with applicable laws and regulations as applicable in the various jurisdictions in which Company operates.

The organization is well-structured and the policy guidelines are well documented with appropriate delegation of authority. The Company has also implemented suitable controls to ensure the optimum utilization of resources, accuracy in reporting of financial transactions and timely compliance with the applicable laws, regulations and statutes.

ARSS has established a well laid out policy to maintain the highest standards of Health, Safety and Environmental norms while maintaining operational integrity. This policy is strictly adhered to at all the operational sites of the Company.

The Company has an internal audit function, which is empowered to examine the adequacy and the compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The management of the Company duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

The Company has adopted a process of Concurrent Audit in terms of the guideline issued by the Corporate Debt Restructuring Empowered Group after implementation of the Corporate Debt Restructuring proposal. The Company routinely the check the procedural compliances with predetermined standards and report the deviations to the bank as well as to the management of the Company on a monthly basis. The management duly take note of the references made by the Concurrent Auditors with due consultation with the Board of Director and mainly the Independent Directors. This has added feather on the cap of the Management Discussions and Analysis by having the views of an independent Auditors without having interest in the Company.

**7. Management Development in HR:**

Your Company has a well qualified and experienced team of professionals with a dedicated human resource department, which is competent to deliver at the time of need. Labor relations at all work sides and at the headquarters of the Company continued to remain cordial throughout the year. There was no industrial dispute during the year under review.

**8. Cautionary Statement:**

The statements in report of the Board of Directors and the Management Discussion and Analysis Report describe the Company's outlook, estimates, performance or predictions with a forward perspective considering the applicable business and economic regulations affecting the industry. Actual results could differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Management. The Management takes no responsibility for keeping the members updated on changes in these factors stated above apart from those, which may statutorily be required to be reported from time to time.

For and on behalf of the Board of Directors

Place: Bhubaneswar  
Dated: The 11<sup>th</sup> day of May, 2013

(Subash Agarwal)  
Chairman

## INDEPENDENT AUDITOR'S REPORT

To the Members of ARSS Infrastructure Projects Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of ARSS Infrastructure Projects Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements subject to the observations in Para 2 (b) and 2 (e) below, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b)
  - i. In absence of detailed working papers on physical verification of inventories, discrepancies, if any, between book and physical inventories could not be ascertained including effect of the same in the financial statements of the company.
  - ii. Interest on delayed payment of statutory dues has not been provided for, which has neither been quantified nor the effect of the same on the financial statements has been ascertained.
  - iii. No provision has been made against performance Bank Guarantees invoked amounting to Rs. 59.40 Crores against the company and disputed by it.
  - iv. No provision has been made against sundry debtors amounting to Rs. 442.16 Crores disputed by the parties and referred for arbitration.
- c) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- d) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.;
- e) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except Accounting Standard 2 ( Valuation of Inventories) issued by The Institute of Chartered Accountants of India as stated in Para .2 (b) (i) above.
- f) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- g) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For P. A. & Associates  
Chartered Accountants  
Firm Regn. No – 313085E

(CA. B. N. Dash)  
Partner  
M. No. 062142

Bhubaneswar  
The 11<sup>th</sup> day of May, 2013

## **Annexure referred to in Paragraph 3 of our report of even date**

[Re: ARSS Infrastructure Projects Ltd. ("the Company")]

### **i) In respect of its Fixed Assets**

- a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets, which however, is not complete
- b) According to the information and explanations given to us, during the year, few categories of fixed assets have been physically verified by the management which in our opinion, is not reasonable as far as the frequency of verification is concerned having regard to the size of the Company and the nature of its assets.
- c) In our opinion the Company has not disposed off a substantial part of its fixed assets during the year and hence the status of the Company as a going concern is not affected.

### **ii) In respect of its Inventories**

- a) As explained to us, inventories have been physically verified by the management. However, in absence of detailed working papers on physical verification, we are unable to comment on the adequacy of frequency of such verification / estimation.
- b) According to information and explanations provided to us, inventories at different sites have been visually quantified and the value estimated by respective site in charge. However, in absence of detailed working papers as mentioned above, we are unable to comment on the correctness of the procedure of physical verification of inventories followed by the management.
- c) In absence of detailed working papers for the physical verification of inventories conducted by the management, we are unable to comment on the discrepancies between physical stock and book records, if any and adjustment there of in the books of accounts.

- iii) a) According to the information and explanations provided to us, the company has granted loan to one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 8.45 lacs and the balance at the end of the year is Rs. 7.65 lacs.
  - b) In our opinion and according to the information and explanations provided to us, the aforesaid loan is interest free and other terms and conditions of the loan taken by the party, were not prima facie prejudicial to the interest of the company.
  - c) The said interest free loan is repayable on demand and there is no repayment schedule.
  - d) The company had taken loan from two parties covered in the register maintained U/s 301 of the Act. The maximum amount involved during the year was Rs. 485.06 lacs and the balance at the end of the year is Rs. 485.06 lacs.
  - e) In our opinion and according to the information and explanations provided to us, the aforesaid loan is interest free and other terms and conditions of the loan taken by the company , were not prima facie prejudicial to the interest of the company.
  - f) The said interest free loans are repayable on demand and there is no repayment schedule.
- iv) In our opinion and according to the information and explanations provided to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and also for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

- v) a) According to the information & explanation provided to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in to the register, maintained U/s 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations provided to us, the transactions (excluding loans reported under paragraph iii above) exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
- vi) In our opinion and according to the information and explanations provided to us, the Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other provisions of the Act and rules framed there under.
- vii) The company has an internal audit system and the same is reviewed by the Audit Committee. In our opinion the same can be considered as adequate.
- viii) According to the information and explanations provided to us, the Central Government has prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, which however has not been maintained.
- ix) a) According to the information and explanations provided to us the company is not regular in deposit of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, VAT and Service Tax.
- b) According to the information and explanation provided to us, in our opinion, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable except Entry tax amounting to Rs104.59 lacs.
- c) According to the information & explanation provided to us the following dues demanded by the relevant authorities have not been deposited on account of pending disputes.

Forum where disputes are Pending	Period to which the dispute relates.	Amount of demand (Rs. in lacs)
1. Orissa Sales Tax Act.		
Appellate Tribunal	2000-01 & 2004-05	52.11
Commissioner of Commercial Taxes	2000-01 to 2002-03	31.86
2. Orissa VAT Act		
Commissioner of Commercial Taxes	2004-05 to 2006-07	14.51
Joint Commissioner of Commercial Taxes	2004-05 to 2006-07 & 2010-11	18.70
3. Orissa Entry Tax Act		
Joint Commissioner of Commercial Taxes	2005-06 to 2006-07	24.60
Commissioner of Commercial Taxes	2005-06 to 2006-07	9.84
4. Central sales Tax Act		
Commissioner of Commercial Taxes	2008-09	791.11
5. Income Tax Act, 1961		
CIT(Appeal)	2004-05 to 2010-11	5,469.84
6. Andhra Pradesh VAT Act		
Appellate Deputy Commissioner(CT)	2008-09 to 2010-11	28.63

- x) The Company does not have accumulated losses at the end of the financial year. However the Company has incurred cash losses during the financial year covered by our audit but not in the immediately preceding financial year.
- xi) As at the Balance sheet date, Interest and principal amounting to Rs 1,026.63 Lacs due to the financial institutions and banks have not been paid by the company.
- xii) According to the information and explanations provided to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.



- xiv)** As explained to us and on the basis of information provided to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the order are not applicable to the Company.
- xv)** In our opinion and according to the information and explanations provided to us, the terms and conditions of guarantees given by the company for loans taken by others from banks are not prima facie prejudicial to the interest of the company.
- xvi)** In our opinion and according to the information and explanations provided to us, the term loans have been applied for the purpose for which they were obtained.
- xvii)** According to the information and explanations provided to us and on an overall examination of the books of accounts of the company, we are of the opinion that no funds raised on short-term basis have been utilized for long term investment.
- xviii)** According to the information and explanations provided to us, during the year, the company has not made any preferential allotments of shares to parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause (xviii) of paragraph 4 of the order are not applicable to the Company.
- xix)** During the period covered by our audit report, the Company has not issued any debentures. Accordingly, the provisions of clause (xix) of paragraph 4 of the order are not applicable to the Company.
- xx)** The Company has not raised any monies by way of public issues during the year. Accordingly, the provisions of clause (xx) of paragraph 4 of the order are not applicable to the company.
- xxi)** To the best of our knowledge and belief and according to the information and explanation provided to us, no material fraud on or by the company during the year noticed or reported, nor have we been informed of such case by the management.

**For P. A. & Associates**  
**Chartered Accountants**  
Firm Regn. No – 313085E

Bhubaneswar  
The 11<sup>th</sup> day of May, 2013

**(CA. B. N. Dash)**  
Partner  
M. No. 062142

**Balance Sheet as at 31st March**

	Notes	2013 (In ₹)	2012 (In ₹)
<b>EQUITY AND LIABILITIES</b>			
<b>I Shareholders' Funds</b>			
a Share Capital	1	298,432,300	148,432,300
b Reserves and Surplus	2	3,393,667,808	4,039,533,240
		<u>3,692,100,108</u>	<u>4,187,965,540</u>
<b>II Non-Current Liabilities</b>			
a Long Term borrowings	3	6,590,212,460	2,888,967,030
b Deferred Tax Liability	4	319,606,960	273,999,820
		<u>6,909,819,420</u>	<u>3,162,966,850</u>
<b>III Current Liabilities</b>			
a Short Term Borrowings	5	6,825,145,357	7,226,605,812
b Other Current Liabilities	6	3,174,224,231	4,342,335,385
		<u>9,999,369,588</u>	<u>11,568,941,197</u>
<b>TOTAL</b>		<u><u>20,601,289,116</u></u>	<u><u>18,919,873,587</u></u>
<b>ASSETS</b>			
<b>IV Non-current Assets</b>			
a Fixed Assets			
i Tangible Assets	7	3,914,402,298	4,287,847,668
b Non-Current Investments	8	559,204,176	536,857,160
		<u>4,473,606,474</u>	<u>4,824,704,828</u>
<b>V Current Assets</b>			
a Inventories	9	6,623,929,714	7,564,432,312
b Trade Receivables	10	5,827,682,275	3,210,170,387
c Cash and Cash Equivalents	11	946,936,448	965,437,327
d Short term loans and advances	12	2,711,954,178	2,320,728,685
e Other Current assets	13	17,180,026	34,400,050
		<u>16,127,682,640</u>	<u>14,095,168,761</u>
<b>TOTAL</b>		<u><u>20,601,289,116</u></u>	<u><u>18,919,873,587</u></u>
<b>VI Significant accounting policies</b>	<b>A</b>		
<b>VII Notes on Financial Statements</b>	<b>B</b>		

As per our report of even date

**For P. A. & Associates**

Chartered Accountants

(Firm Regn. No. 313085E)

For and on behalf of the Board of Directors

(CA. B. N. Dash)  
Partner  
M. No. 62142(S.K. Pattanaik)  
Director Finance(Rajesh Agarwal)  
Mg. Director(Sushanta Pradhan)  
Company SecretaryBhubaneswar  
The 11th day of May, 2013

## Profit and Loss Statement for the Period ended on 31st March

	Notes	2013 (In ₹)	2012 (In ₹)
<b>I Income</b>			
a Revenue from operations	14	7,709,833,487	11,827,399,029
b Other Income	15	95,181,256	158,494,941
<b>Total revenue (I)</b>		<b>7,805,014,743</b>	<b>11,985,893,970</b>
<b>II Expenses</b>			
a Cost of raw material and components consumed	16	2,279,264,818	3,128,304,438
b (increase)/decrease in inventories of finished goods, work-in-progress and traded goods	17	636,298,652	186,046,912
c Employee benefits expense	18	376,789,482	404,652,494
d Depreciation and amortization expense	19	356,047,495	379,106,109
e Finance Cost	20	1,338,198,553	1,620,810,168
f Other expense	21	3,418,674,039	6,505,220,503
<b>Total (II)</b>		<b>8,405,273,040</b>	<b>12,224,140,624</b>
<b>III Profit/(loss) before tax</b>		<b>(600,258,297)</b>	<b>(238,246,654)</b>
<b>Tax expenses</b>			
Current tax		-	-
Deferred tax		45,607,140	57,856,770
<b>Total tax expenses</b>		<b>45,607,140</b>	<b>57,856,770</b>
<b>IV Profit/(loss) for the year from continuing operations</b>		<b>(645,865,437)</b>	<b>(296,103,424)</b>
<b>V Earnings per equity share [nominal value of share ₹ 10 Basic</b>	22	<b>(43.51)</b>	<b>(19.95)</b>
Computed on the basis of profit from continuing operations		<b>(43.51)</b>	<b>(19.95)</b>
<b>Diluted</b>			
Computed on the basis of profit from continuing operations		<b>(43.51)</b>	<b>(19.95)</b>
<b>VII Significant accounting policies</b>	A		
<b>VIII Notes on Financial Statements</b>	B		

As per our report of even date

**For P. A. & Associates**

Chartered Accountants

(Firm Regn. No. 313085E)

For and on behalf of the Board of Directors

(CA. B. N. Dash)  
Partner  
M. No. 62142

(S.K. Pattanaik)  
Director Finance

(Rajesh Agarwal)  
Mg. Director

(Sushanta Pradhan)  
Company Secretary

Bhubaneswar  
The 11th day of May, 2013

**Cash Flow Statement for the year ended on 31st March**

	2,013 (In ₹)	2012 (In ₹)
Profit before tax from continuing operations	(600,258,297)	(238,246,651)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of Profit / Loss from investment in partnership firm	-	(32,257,010)
Depreciation/amortization on continuing operation	356,047,495	379,106,109
Depreciation/amortization on sold Assets	(6,023,608)	(100,329,382)
Preliminary Expenses Written off	17,220,024	17,220,024
Loss/(profit) on sale of fixed assets	5,916,440	(15,801,681)
Interest expense	1,338,198,553	1,620,810,167
Operating profit before working capital changes	1,111,100,607	1,630,501,575
Movements in working capital:		
Increase/(decrease) in short-term Borrowings	(401,460,455)	(319,563,986)
Increase/(decrease) in other current liabilities	(1,168,111,154)	430,157,985
Increase/(decrease) in other long-term liabilities	3,701,245,430	
Decrease/(increase) in trade receivables	(2,617,511,888)	(2,497,930,138)
Decrease/(increase) in inventories	940,502,598	206,555,816
Decrease/(increase) in short-term loans and advances	(391,225,493)	(133,594,177)
Cash generated from / (used in) operations	1,174,539,646	(683,872,924)
Direct taxes paid (net of refunds)	-	-
Net cash flow from/(used in) operating activities (A)	1,174,539,646	(683,872,924)
Cashflow from Activities	-	-
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(8,939,831)	(269,230,489)
Proceeds from sale of fixed assets	26,444,877	458,238,845
Proceeds of non-current investments	(22,347,016)	(175,005,287)
Share of Profit / Loss from investment in partnership firm	-	32,257,010
Net cash flow from/(used in) investing activities (B)	(4,841,970)	46,260,079
Cashflow from financial Activities	-	-
Proceeds from Share Capital	150,000,000	179,357,890
Proceeds from short-term borrowings	-	1,537,750,816
Interest paid	(1,338,198,553)	(1,620,810,167)
Net cash flow from/(used in) in financing activities	(1,188,198,553)	96,298,539
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(18,500,879)	(541,314,308)
Cash and cash equivalents at the beginning of the year	965,437,327	1,506,751,635
Cash and cash equivalents at the end of the year	946,936,448	965,437,329
<b>Components of cash and cash equivalents</b>		
Cash on hand	3,539,951	9,221,068
Cheques / draft on hand	-	-
With banks on current account	19,688,511	3,506,779
on deposit account	923,707,986	952,709,480
<b>Total cash and cash equivalents</b>	<b>946,936,448</b>	<b>965,437,327</b>

As per our report of even date

**For P. A. & Associates**

Chartered Accountants

(Firm Regn. No. 313085E)

For and on behalf of the Board of Directors

(CA. B. N. Dash)  
Partner  
M. No. 62142

(S.K. Pattanaik)  
Director Finance

(Rajesh Agarwal)  
Mg. Director

(Sushanta Pradhan)  
Company Secretary

Bhubaneswar  
The 11th day of May, 2013

## **A. SIGNIFICANT ACCOUNTING POLICIES.**

### **1. Corporate Information**

ARSS Infrastructure Projects Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in execution of contracts of various infrastructure projects including road work, bridge work, railway tracking and irrigation projects.

### **2. Basis of Preparation**

The financial statements are prepared on an accrual basis and under the historical cost convention in accordance with generally accepted accounting principles in India [Indian GAAP]. The Company has prepared these financial statements to comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India, as applicable and notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

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

### **3. Summary of Significant Accounting Policies**

#### **a. Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumption that affect the reported amounts of assets and liabilities as at the date of the financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period the same is determined.

#### **b. Tangible Fixed Assets**

Fixed assets are stated at cost of acquisition inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation less accumulated depreciation.

Self constructed assets are capitalized at cost including an appropriate share of overhead.

#### **c. Depreciation on Tangible Fixed Assets**

Depreciation is provided on Straight Line Method at the rates specified in Schedule -XIV to the Companies Act, 1956.

Depreciation on addition / deletion of fixed assets during the year is provided on pro-rata basis with reference to the date of addition / deletion.

#### **d. Borrowing Costs**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

#### **e. Investments**

Investments in integrated Joint ventures are carried at cost net of adjustments for the company's share in profits or losses as recognized.

#### **f. Accounting for Joint Ventures Contracts**

i. 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.

ii. 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.

#### **g. Inventories**

i. Raw Materials, Stores & Spares and Finished Goods

Raw Materials, construction materials and Finished Goods are valued at the lower of cost and net realizable value.

ii. Work in Progress

The work in progress is valued as percentage of completion contract method as per Accounting Standard 7 on "Construction Contracts" issued by the Institute of Chartered Accountants of India.

**h. Revenue Recognition**

The company follows the percentage of completion method as per Accounting Standard - 7 on "Construction Contracts" issued by the Institute of Chartered Accountants of India to recognize revenue in respect of contracts executed. Contract revenue is accounted for on the basis of bills submitted to clients/bill certified by clients and does not include material supplied by the clients free of cost. Other revenue and expenses are accounted for on accrual basis.

**i. Taxes on Income**

The Tax expenses comprise of current tax and deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax charge or credit is recognized using the tax rates and tax laws that have been enacted by the Balance Sheet date. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. At each Balance Sheet date, recognized and unrecognized deferred tax assets are reviewed.

**j. Employee Benefits****i) Defined contribution plans**

Contributions paid/payable to defined contribution plans comprising of provident fund is recognized as expenses during the period in which the employees perform the services that the payments cover.

The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

**ii) Defined benefit plan**

Gratuity for employees is covered under a scheme of SBI Life Insurance and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, at the Balance Sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss account as income or expense.

**iii) Short term employee benefits**

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as per the Company's schemes based on the expected obligation on an undiscounted basis.

**k. Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Disputed demands in respect of Central Excise, VAT, Income Tax and Sales Tax are disclosed as Contingent Liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter. Contingent Assets are neither recognized nor disclosed in the financial statements..

**l. Earning per share :**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average no. of equity shares outstanding during the period. The weighted average no. of equity shares outstanding during the period is adjusted for events of shares split.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to the equity share holders and weighted average no. of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**m. Overdue Charges in Respect of Loans**

Overdue charges if any levied by financial institutions / banks/NBFC are not considered during the currency of the loan. The same is considered as a financial expense in the year of final settlement of loan amount.

## B. Notes to financial statements for the year ended 31st March

	2013 (In ₹)	2012 (In ₹)
<b>1. Share Capital</b>		
Authorized shares :		
3,50,00,000 (P.Y. 2,00,00,000)		
equity shares of ₹.10/- each	<u>350,000,000</u>	<u>200,000,000</u>
<b>Issued , Subscribed &amp; Paid up</b>		
Equity shares, ₹. 10/- par value		
1,48,43,230 equity shares		
of ₹.10/- each fully paid up	148,432,300	148,432,300
Convertible Preference shares		
1,50,00,000 (P.Y. Nil)		
Preference Shares of ₹.10/- each fully paid up	150,000,000	-
	<u>298,432,300</u>	<u>148,432,300</u>

- 1,00,000 equity shares out of issued, subscribed and paid up equity share capital were issued against transfer of a plot of land in favour of the company.
- 69,00,700 equity shares out of the issued, subscribed and paid up equity share capital were allotted as bonus shares in the last five years by capitalisation of reserves.

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

#### Equity Shares

	31st March 2013		31st March 2012	
	No. of Shares	(In ₹)	No. of Shares	(In ₹)
At the beginning of the Period	14,843,230	148,432,300	14,843,230	148,432,300
Issued during the period				
<b>Outstanding at the end of the period</b>	<u>14,843,230</u>	<u>148,432,300</u>	<u>14,843,230</u>	<u>148,432,300</u>

#### Preference shares

At the beginning of the Period	-	-	-	-
Issued during the period	15,000,000	150,000,000		
Outstanding at the end of the period	15,000,000	150,000,000	-	-

### b. Terms/right attached to equity shares

The company has equity shares having a par value of ₹. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in India Rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Details of shareholders holding more than 5% shares in the company

	31st March 2013		31st March 2012	
	No. of Shares	% Holding in the Class	No. of Shares	% Holding in the Class
<b>Equity shares of ₹. 10/- each fully paid</b>				
Anil Contractors (P) Ltd	-	-	1,500,000	10.11%
Subash agarwal	1,173,500	7.91%	1,173,500	7.91%
Mohanlal Agarwal	761,750	5.13%	761,750	5.13%
	<u>1,935,250</u>	<u>13.04%</u>	<u>3,435,250</u>	<u>23.15%</u>

As per records of the company, including the Register of Members/ Shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal & beneficial ownerships of shares.

	2013 (In ₹)	2012 (In ₹)
<b>2. Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
Balance as per last financial statements	1,473,634,700	1,473,634,700
<b>Closing Balance</b>	<u>1,473,634,700</u>	<u>1,473,634,700</u>
<b>General Reserve</b>		
Balance as per last financial statements	72,711,444	72,711,444
<b>Closing Balance</b>	<u>72,711,444</u>	<u>72,711,444</u>
<b>Surplus /(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	2,493,187,100	2,789,290,520
Profit for the year	(645,865,437)	(296,103,424)
<b>Net surplus in the statement of profit and loss</b>	<u>1,847,321,664</u>	<u>2,493,187,096</u>
<b>Total reserves and surplus</b>	<u>3,393,667,808</u>	<u>4,039,533,240</u>

### 3. Long-term borrowings

	Non-Current Portion		Current Maturities	
	31st March 2013 (In ₹)	31st March 2012 (In ₹)	31st March 2013 (In ₹)	31st March 2012 (In ₹)
<b>Term loans</b>				
Rupee Loan From banks (Secured)	4,364,379,216	1,374,436,107	290,240,544	507,808,000
Rupee Loan From NBFCs ( secured)	2,225,833,244	1,514,530,923	87,680,000	546,607,000
<b>Total</b>	<b>6,590,212,460</b>	<b>2,888,967,030</b>	<b>377,920,544</b>	<b>1,054,415,000</b>

- a. Indian rupee loan from bank carries interest @ 10 % to 10.5% p.a. The loans are repayable in 20 quarterly instalments from 1.10.2013. The above loans are secured by way of mortgage on land and building and assets acquired out of such loan. The term loans which is part of loans from banks are also backed by personal guarantee of Promoters.
- b. Term loan from NBFCs Carries interest @9% to 16% p.a and are repayable in 36 to 60 monthly equal instalments. The above loans are secured by way of mortgage on assets acquired out of such loan.

<b>4. Deferred Tax liability</b>	<b>2013</b>	<b>2012</b>
	<b>(In ₹)</b>	<b>(In ₹)</b>
Opening Balance	<b>273,999,820</b>	216,143,050
Addition during the year	<b>45,607,140</b>	57,856,770
	<b>319,606,960</b>	<b>273,999,820</b>
<b>5. Short-term borrowings</b>		
Cash credit from banks (secured)	<b>6,253,722,598</b>	6,782,555,706
Loan from NSIC (Secured)	<b>29,572,185</b>	9,490,269
Loans from Related parties (Unsecured)	<b>138,588,938</b>	81,298,200
Inter-corporate deposits ( Unsecured)	<b>403,261,637</b>	353,261,637
	<b>6,825,145,357</b>	<b>7,226,605,812</b>



Cash credit from banks is secured against hypothecation of stock and book debts and are backed by personal guarantee of promoters.

The Interest on Cash Credit Loan varies from 10% to 10.5% p.a .The Loan from NSIC carries interest @ 13.40% p.a.

All the above loans are repayable on demand.

#### 6. Other current liabilities

	2013 (In ₹)	2012 (In ₹)
<b>a) Other liabilities</b>		
Current maturities of long-term borrowings	<b>377,920,544</b>	1,054,415,000
<b>b) Others</b>		
Creditors for Expenses	<b>86,666,426</b>	87,656,407
Sundry Creditor for Trade	<b>860,721,098</b>	981,164,645
Unpaid dividend	<b>58,162</b>	58,162
Security Deposit	<b>278,570,973</b>	201,285,147
Mobilisation advance	<b>1,526,101,794</b>	1,961,007,108
Sundry Creditor for Capital goods	<b>4,679,034</b>	5,243,078
Service tax payable	<b>604,361</b>	8,682,135
TDS payable	<b>38,901,840</b>	42,823,703
	<b>2,796,303,687</b>	3,287,920,385
	<b>3,174,224,231</b>	4,342,335,385

#### 7 Tangible assets

(Refer Note - 31)

	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Computers	Total
<b>Cost or valuation</b>							
<b>At 1st April 2011</b>	82,562,909	34,696,191	4,951,388,147	13,968,626	194,508,820	24,606,701	5,301,731,394
Additions	12,401	-	260,813,844	1,033,037	15,705,506	4,835,734	282,400,522
Disposals	8,560,045	-	431,988,634	-	1,888,485	-	442,437,164
<b>At 31st March 2012</b>	74,015,265	34,696,191	4,780,213,357	15,001,663	208,325,841	29,442,435	5,141,694,752
Additions	-	-	7,323,781	1,088,061	393,589	134,400	8,939,831
Disposals	-	-	30,032,132	-	2,329,185	-	32,361,317
<b>At 31st March 2013</b>	<b>74,015,265</b>	<b>34,696,191</b>	<b>4,757,505,006</b>	<b>16,089,724</b>	<b>206,390,245</b>	<b>29,576,835</b>	<b>5,118,273,266</b>
<b>Depreciation</b>							
<b>At 1st April 2011</b>	-	1,113,868	524,094,125	1,960,841	40,894,443	7,007,078	575,070,355
Charge for the year	-	572,224	353,804,965	920,560	19,468,473	4,339,886	379,106,108
Disposals	-	-	99,874,231	-	455,151	-	100,329,382
<b>At 31st March 2012</b>	-	<b>1,686,092</b>	<b>778,024,859</b>	<b>2,881,401</b>	<b>59,907,765</b>	<b>11,346,964</b>	<b>853,847,081</b>
Charge for the year	-	570,660	330,091,408	998,454	19,608,330	4,778,642	356,047,495
Disposals	-	-	5,392,125	-	631,483	-	6,023,608
<b>At 31st March 2013</b>	-	<b>2,256,752</b>	<b>1,102,724,142</b>	<b>3,879,855</b>	<b>78,884,612</b>	<b>16,125,606</b>	<b>1,203,870,968</b>
<b>Net Block</b>							
<b>At 31st March 2012</b>	<b>74,015,265</b>	<b>33,010,099</b>	<b>4,002,188,498</b>	<b>12,120,262</b>	<b>148,418,076</b>	<b>18,095,471</b>	<b>4,213,832,406</b>
<b>At 31st March 2013</b>	<b>74,015,265</b>	<b>32,439,439</b>	<b>3,654,780,864</b>	<b>12,209,869</b>	<b>127,505,633</b>	<b>13,451,229</b>	<b>3,914,402,298</b>

	2013 (In ₹)	2012 (In ₹)
<b>8. Non-current investments</b>		
<b>A. Trade Investments (Valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity instruments</b>		
<b>a) Investment in Subsidiaries</b>		
i) 1,47,60,000 equity shares of ₹. 10/- Each at par in ARSS Damoh-Hirapur Tolls (P) Ltd.	147,600,000	147,600,000
ii) Share application with ARSS Damoh-Hirapur Tolls (P) Ltd.	73,207,309	66,675,366
iii) 95,00,000 equity shares of ₹. 10/- each at par in ARSS Bus Terminal (P) Ltd.	95,000,000	95,000,000
iv) Share application with ARSS Bus Terminal (P) Ltd.	51,954,047	51,954,047
v) Investment in joint venture	87,032,312	71,217,239
	<u>454,793,668</u>	<u>432,446,652</u>
<b>b) Investment in Associates</b>		
i) 2,50,000 equity shares of ₹. 10/- Each issued at a premium of ₹. 30/- in ARSS Developers Ltd.	100,000,000	100,000,000
ii) Share application with ARSS Engineering Ltd.	808,000	808,000
iii) 4,999 equity shares of ₹. 10/- each in ARSS E to E Pvt. Ltd.	1,164,400	1,164,400
iv) Share application with ARSS E to E Pvt. Ltd.	-	-
v) Share application with ARSS Holdings Ltd.	630,110	630,110
vi) Share application with ARSS Phoolsagar Shahpura Tolls (P) Ltd.	162,110	162,110
vii) Share application with ARSS Shijhata-Poudi-Kehunthpur Tolls (P) Ltd.	162,110	162,110
	<u>102,926,730</u>	<u>102,926,730</u>
<b>B. Non-trade investments (valued at cost unless stated otherwise)</b>		
a) In government and trust securities (Unquoted)		
i) 6 years National Savings Certificate deposited with sales tax dept. and other Government Authorities.	1,483,778	1,483,778
	<u>1,483,778</u>	<u>1,483,778</u>
	<u>559,204,176</u>	<u>536,857,160</u>
<b>9. Inventories (valued at lower of cost and net realizable value)</b>		
(As Certified by the management) Refer Note - 30		
Raw materials and components	375,183,979	657,845,204
Work-in-progress	4,171,677,226	4,606,247,351
Finished goods	2,016,747,778	2,218,476,305
Stores and spares	60,320,731	81,863,452
	<u>6,623,929,714</u>	<u>7,564,432,312</u>
<b>10. Trade Receivable (Unsecured &amp; considered good)</b>		
Over Six months	3,106,391,098	1,861,039,457
Others	2,721,291,177	1,349,130,930
	<u>5,827,682,275</u>	<u>3,210,170,387</u>
<b>11 Cash and cash equivalents</b>		
Cash in hand	3,539,951	9,221,068
Balances with banks:		
On current accounts	19,688,511	3,506,779
In Fixed deposits	863,069,841	855,504,985
Interest Accrued on Fixed Deposits	60,638,146	97,204,495
	<u>946,936,448</u>	<u>965,437,327</u>

Fixed Deposit with carrying amount of ₹. 86.31 Crores (31st March 2012: ₹. 85.55 Crores) are pledged against bank guarantees.

Security Deposit and EMD

	2013 (In ₹)	2012 (In ₹)
<b>12. Short Term Loans and advances</b>		
(unsecured Considered good)		
Capital advances	8,283,728	15,356,282
Security deposit	709,919,349	761,525,067
Loan and advances to related Parties	-	65,537,275
Other loans and advances		
Advance income-tax (Net of Provision for Taxation)	-	325,428,854
Prepaid expenses	68,149,227	94,935,913
Loans to employees	497,226	1,005,000
Balances with Statutory / Government authorities	889,019,780	361,136,526
Other Advances	1,036,084,868	695,803,768
	<u>2,711,954,178</u>	<u>2,320,728,685</u>
Loans to employees include		
Dues from Non-Executive Directors	765,000	845,000
Dues from Officers	464,226	160,000
<b>13 Other Current Assets</b>		
Preliminary Expenses		
(to the extent not written off or adjusted)	17,180,026	34,400,050
	<u>17,180,026</u>	<u>34,400,050</u>
<b>14. Revenue from operations</b>		
<b>Revenue from operations</b>		
Sale of Services		
Contract Revenue	7,709,833,487	11,827,399,029
	<u>7,709,833,487</u>	<u>11,827,399,029</u>
<b>15. Other income</b>		
<b>Interest income on</b>		
Bank deposits	71,320,726	84,817,509
Dividend income	-	23,815
Profit from Joint Ventures	15,314,731	32,257,010
Other non-operating income	8,545,800	41,396,607
	<u>95,181,256</u>	<u>158,494,941</u>
<b>16. Cost of raw material consumed</b>		
Inventory at the beginning of the year	739,708,656	760,217,560
Add: Purchases	1,975,060,872	3,107,795,534
	<u>2,714,769,528</u>	<u>3,868,013,094</u>
Less: inventory at the end of the year	435,504,710	739,708,656
cost of raw material and components consumed	<u>2,279,264,818</u>	<u>3,128,304,438</u>
<b>17. (Increase)/decrease in inventories</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	4,171,677,226	4,606,247,351
Finished goods	2,016,747,778	2,218,476,305
	<u>6,188,425,004</u>	<u>6,824,723,656</u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	4,606,247,351	5,742,925,248
Finished goods	2,218,476,305	1,267,845,320
	<u>6,824,723,656</u>	<u>7,010,770,568</u>
	<u>636,298,652</u>	<u>186,046,912</u>

	2013 (In ₹)	2012 (In ₹)
<b>18. Employee benefit expense</b>		
Salaries, wages and bonus	355,915,456	384,832,632
Contribution provident and other fund	11,496,605	8,521,144
Staff welfare expenses	9,377,421	11,298,718
	<u>376,789,482</u>	<u>404,652,494</u>
<b>19. Depreciation and amortization expense</b>		
Depreciation of tangible assets	356,047,495	379,106,109
	<u>356,047,495</u>	<u>379,106,109</u>
<b>20. Finance costs</b>		
Interest	1,246,288,845	1,506,834,182
Bank charges	91,909,708	113,975,986
	<u>1,338,198,553</u>	<u>1,620,810,168</u>
<b>21. Other expense</b>		
<b>Operating Expenses</b>		
Sub-contracting expenses	1,401,780,038	3,582,001,137
Power and fuel	740,243,642	1,073,131,736
Freight	66,069,651	235,123,863
Repair & Maintenance ( P & M)	333,365,779	427,300,869
Wages	261,438,832	309,731,585
Royalty	80,425,997	148,120,024
Hire Charges	67,118,378	134,085,245
	<u>2,950,442,317</u>	<u>5,909,494,459</u>
<b>Selling &amp; Distribution Expenses</b>		
Advetising and sales promotion	1,103,467	4,518,543
Tender Expenses	991,524	4,877,462
Service Tax	3,470,622	7,392,321
VAT	98,120,663	156,162,706
Business Promotion	4,891,665	7,845,573
	<u>108,577,941</u>	<u>180,796,605</u>
<b>Establishment Expenses</b>		
Rent	46,817,443	69,754,363
Insurance	62,497,706	77,637,000
Repairs and maintenance (Others)		
Others	1,197,515	1,345,124
Travelling and conveyance	21,388,570	31,842,157
Printing and stationery	3,544,674	6,175,555
Legal and professional fees	52,499,962	37,848,507
Directors' sitting fees	1,080,000	960,000
Payment to auditor (Refer details below)	2,921,360	2,867,800
Internal Audit Fees	759,619	661,800
Loss on sale of fixed assets (net)	5,916,440	15,801,681
Director's Remuneration (Refer details below)	33,600,000	38,226,667
Miscellaneous expenses	127,430,492	131,808,785
	<u>359,653,781</u>	<u>414,929,439</u>
	<u>3,418,674,039</u>	<u>6,505,220,503</u>
a Payment to Auditor Includes		
<b>As Auditor:</b>		
Audit fee	2,259,560	2,206,000
Limited review	661,800	661,800
	<u>2,921,360</u>	<u>2,867,800</u>

- b Managerial Remuneration includes Rs. 170.00 Lacs drawn in excess of the prescribed limit, specified in Section - 198, 269, 308 & 309 and Schedule XIII of the Companies Act 1956 during the period April'2012 to January'2013 where after this was reduced to ₹. 4.00 Lacs as prescribed.

The Board of Directors has recommended that past payments be set ratified through an application to the Central Government.

## 22. Earnings per share (EPS)

	2013 (In ₹)	2012 (In ₹)
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total Operations for the year	7,709,833,487	11,827,399,029
Profit/(loss) after tax	(645,865,437)	(296,103,424)
Net profit/ (loss) for calculation of basic EPS	(645,865,437)	(296,103,424)
Net profit/(loss) for calculation of diluted EPS	(645,865,437)	(296,103,424)
	In No.	In No.
weighted average number of equity shares in calculating basic/diluted EPS	14,843,230	14,843,230
Basic/Diluted EPS (₹)	(43.51)	(19.95)

## 23. Gratuity and other post-employment benefit plans

Gratuity for employees is covered under a scheme of SBI Life Insurance and contribution in respect of such scheme are recognised in the profit and loss account. The liability as at the balance sheet date is provided for based on the actuarial valuation, at the balance sheet date, carried out by an independent actuary.

## 24. Interest in a joint venture

The company discloses its investment in joint ventures at cost and recognises its share of profit/(loss) in the profit and loss account. The details of profit sharing ratio, investment as on 31.03.2013 and share of profit/(loss) in joint ventures are given below

Sl. No	Name of the Joint Venture	Profit sharing ratio(%)	Investment	₹ In Lacs Share of profit
1	Arss-Anpr Jv.	51	2.77	0.75
2	Arss-Hcil Consortium	60	19.43	2.00
3	Niraj-Arss Jv.	60	43.81	6.91
4	Arss-Atlanta Jv.	51	49.70	17.11
5	Arss-Gvr Jv.	51	22.65	2.00
6	Atlanta-Arss Jv.	49	301.13	101.66
7	Arss-Triveni Jv.	51	51.66	6.13
8	Patel-Arss Jv.	49	47.00	7.91
9	Backbone-Arss Jv.	49	172.02	3.74
10	Somdatt Builders-Arss Jv.	49	22.73	2.53
11	Arss-Mvpl Jv.	51	0.05	-
12	Hcil-Arssspl-Triveni Jv.	30	(20.60)	-
13	Hcil-Arss-Kalindee Jv.	30	3.30	-
14	Hcil-Adhikariya-Arss Jv.	30	164.64	2.41
15	Hcil-Arssspl Jv.	49	8.05	-

**25 Related party disclosures****Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

₹ In Lacs

**a. Sale/purchase of goods and services**

	<b>Sale of Services</b>
<b>Fellow subsidiaries</b>	
ARSS Damoh Hirapur Tolls (P) Ltd	308.18
<b>Associated Concerns</b>	
ARSS Developers Ltd	-
<b>Joint ventures</b>	
Arss-Anpr Jv.	428.43
Arss-Hcil Consortium	174.83
Niraj-Arss Jv.	4,357.83
Arss-Atlanta Jv.	3,300.02
Arss-Gvr Jv.	815.88
Atlanta-Arss Jv.	6,270.08
Arss-Triveni Jv.	1,875.46
Patel-Arss Jv.	5,287.93
Backbone-Arss Jv.	185.74
Somdatt Builders-Arss Jv.	15,934.98
Hcil-Adhikariya-Arss Jv.	894.54
	<u>39,525.72</u>

**b. Loans given and repayment thereof****Enterprises owned or significantly influenced by key management personnel or their relatives**

ARSS Developers Ltd	683.82	645.37
ARSS Steel & Power Ltd	10.00	10.00

Loans given to related parties are interest free and repayable on demand.

**c. Loans taken and repayment thereof****Enterprises owned or significantly influenced by key management personnel or their relatives**

Northwest Sales & Marketing Ltd.	485.06	120.00
Sidhant Financial Services Ltd.	-	130.00

**d. Remuneration to key managerial personnel**

Sunil Agarwal (CEO)	38.40	34.80
Anil Agarwal (COO)	38.40	34.80
Shiv Kumar Singla (VP Projects)	-	31.50

**Total**

**Note :** The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

## 26. Contingent liabilities

Name of the Statute to which the liability relates	Amount (₹ in Lacs)
a) Orissa sales Tax Act	106.29
b) Orissa Entry Tax Act	34.44
c) Central Sales Tax Act	791.10
d) Orissa Electricity Act	47.22
e) Corporate Guarentees to sister concerns of the Company	
i) ARSS Damoh-Hirapur Toll Pvt Ltd.	8,700.00
ii) Anil Contractors (P) Ltd	600.00
f) Income Tax Act	
i) CIT(Appeal)	5,469.84
g) Bank Guarentee outstanding	41,916.69
<b>Total</b>	<b>57,665.58</b>

## 27. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has not received any intimation from suppliers regarding their status under micro, small and medium enterprises Development Act 2006 and hence disclosure if any relating to amount unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

- 28 Revenue includes ₹. 211.83 Crores against bills raised on account of various supplies/services provided including claims in line with similar billing/ claims made by the JVs on the contractees.
- 29 No provision has been made against invoking Performance Bank Guarrantee by principals ammounting to ₹. 59.40 Crores and disputed by the Company.
- 30 The Inventory of Raw Materials, Work in Progress and finished goods have been visually estimated by each site in charge and value estimated by them for the same has been considered in the accounts.
- 31 During the year, only some categories of fixed assets have been physically verified due to manpower constraint and widely spread out location of such assets besides a number of sites becoming non-active.
- 32 The figures for the the previous year are regrouped / reclassified wherever necessary to make them comparable with that of Current Year

As per our report of even date

**For P. A. & Associates**

Chartered Accountants

(Firm Regn. No. 313085E)

For and on behalf of the Board of Directors

(CA. B. N. Dash)  
Partner  
M. No. 62142

(S.K. Pattanaik)  
Director Finance

(Rajesh Agarwal)  
Mg. Director

(Sushanta Pradhan)  
Company Secretary

Bhubaneswar  
The 11th day of May, 2013

## **NOTICE**

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of the Members of ARSS INFRASTRUCTURE PROJECTS LIMITED will be held on Friday, the 27<sup>th</sup> September, 2013 at 11.00 A.M. at the Registered Office of the Company to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and if thought fit, adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr.U.N.Challu who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company-

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

**"RESOLVED THAT** M/s P.A. & Associates, Chartered Accountants, Bhubaneswar, be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration for the audit assignment".

### **SPECIAL BUSINESS:-**

#### **1. INCREASE OF AUTHORISED CAPITAL:-**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution:

**"RESOLVED THAT** pursuant to section 16, and 94 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force) the Authorized Share Capital of the Company be increased from Rs.35,00,00,000/- (Rupees Thirty Five Crores only) divided into 2,00,00,000 (two crore) equity shares of Rs.10/- (Rupees ten only) each and 1,50,00,000 (one crore and fifty lakhs ) preference shares of Rs.10/- each to Rs.55,00,00,000/- (Rupees fifty five crore only) by creation of Additional 1,00,00,000 (One Crore ) Equity Shares of Rs.10/- each and 1,00,00,000 (One Crore) Preference shares of Rs.10/-(Ten) each."

**"RESOLVED FURTHER THAT** the existing clause V of the Memorandum of Association of the Company be and is hereby substituted by the following

V. The authorized share capital of the company is Rs.55,00,00,000/- (Rupees fifty five crore only) divided into 3,00,00,000 (Three Crores) equity shares of Rs.10.00 (Rupees Ten only) each and 2,50,00,000 (Two Crore and fifty lakhs) preference shares of Rs.10.00 (Rupees Ten Only) each with power to increase or reduce the capital for the time being into several classes, and to attach there to respectively such preferential, qualified on special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided by the resolution of the company and consolidate, sub-divide or reorganize the shares and issue shares of higher or lower denomination."

#### **2. FURTHER ISSUE OF SHARES: -**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution

**RESOLVED THAT** Pursuant to the Provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company, as amended and Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company listed and subject to the guidelines/rules/regulations made by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments in this regard and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting any such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of



the Company(hereinafter referred to as the “Board”) which term shall be deemed to include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this resolution),the consent of the Company be and is hereby accorded to the Board to offer/issue/allot in trenches in accordance with the Article-4 of the Articles of Association of the Company and subject to such permissions, consents, approvals of any Statutory Authority, that may be required in this connection, the consent and approval of the Company be and is hereby accorded to the Board to offer, issue and allot Preference Shares to Promoters and Promoter Groups in trenches.

RESOLVED FURTHER THAT in order to give effect to these Resolutions, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to complete the transactions contemplated by these Resolutions and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of Preference Shares and conversion and listing thereof with the Stock Exchange(s), enter into any agreements or other instruments, and to take such actions or give such directions as they may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power conferred to the Chairman, Managing Director, Director (Finance) or Company Secretary or such other officer of the Company, as may be determined by the Chairman, Managing Director, Director (Finance) or Company Secretary to give effect to the aforesaid Resolutions”.

### **3. REAPPOINTMENT OF EXECUTIVE CHAIRMAN OF THE COMPANY: -**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution-

“RESOLVED THAT pursuant to Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment, modification or re-enactment thereof) and Schedule XIII thereto, consent of the Company be and is hereby accorded to the re-appointment of Mr. Subash Agarwal in the whole-time employment of the Company as “Executive Chairman” with effect from 16<sup>th</sup> August, 2013 for a period of five years on the terms and conditions contained in an Agreement (a draft of which, initialed by the Chairman for the purpose of identification, was laid on the table) to be entered into between the Company and Mr. Subash Agarwal be and is hereby approved.”

“RESOLVED FURTHER THAT subject to approval of Central Government and in terms provisions of the Companies Act, 1956, the salary of the Executive Chairman be fixed as Rs.15 Lakhs/p.m and the Board be and is hereby authorized for making application to the Central Government”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may deem expedient including execution of the said Agreement, in the interest of the Company”.

**By Order Of the Board**  
**For ARSS Infrastructure Projects Limited**

Place: Bhubaneswar  
Date : 11<sup>th</sup> May, 2013

(Sushanta Pradhan)  
Company Secretary

## NOTES:

1. **A Member entitled to attend and vote at the annual general meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. However, proxy forms should be deposited at the registered office of the company not less than 48(Forty Eight) hours before the commencement of the meeting in order to be effective.**
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Register of members and share transfer books of the Company shall remain closed for one day i.e. Thursday, 26<sup>th</sup> September, 2013.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to visit the website of the Company [www.arssgroup.in](http://www.arssgroup.in) for viewing the quarterly, half-yearly and Annual financial results and for more information about the Company. Useful information on various services being provided to the investors is also available on the website of the Company.
6. All the investor related communication may be addressed to:  
**Sushanta Pradhan**  
Company Secretary and Compliance Officer  
Sector-A, Zone-D, Plot No-38,  
Mancheswar Industrial Estate,  
Bhubaneswar-751010  
Tel: 0674-2588552, 2588554, Fax: 0674- 2585074.
7. Members/proxies are requested to kindly take note the following:
  - a. Copies of Annual Report will not be distributed at the venue of Annual General Meeting.
  - b. Bring their Attendance slip sent herewith duly completed and signed for attending the meeting.
  - c. Entry to the meeting hall will be strictly on the basis of the entrance slip to be made available at the counters at the venue, to be exchanged with the duly completed and signed Attendance Slip.
8. Members are requested to send their queries on the operations of the Company, if any, to reach the Company's Registered Office at least 10 days before the meeting so that the information could be complied in advance.
9. Members may please note that briefcase, bag, mobile phone and eatables will not be allowed to be taken inside the venue of the meeting for security reasons.
10. Members are requested to notify immediately any change in their address directly to their Depository Participant in case they hold Shares in dematerialized form or to the Company's Registrar & Transfer Agents, in case they hold Shares in physical form.
11. **As per the MCA Circular no. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, the ministry of corporate affairs has taken 'green initiative' in corporate governance – by allowing paperless compliances by companies. As per the said circular, companies are permitted to send the annual reports to the members through electronic mode (e-mail). Hence, members are requested to update their e-mail id and changes there in from time to time with the RTA of the company and the company at [investorgrievance@arssgroup.in](mailto:investorgrievance@arssgroup.in)**

## EXPLANATORY STATEMENT UNDER SECTION-173 (2) OF THE COMPANIES ACT, 1956

### **Item No. 1 –**

The company in the recent past approached its Bankers for restructuring of its existing debts due to some financial problem arising out of economic slowdown in infrastructure industry. The corporate debt restructuring application was made through the lead banker i.e, State Bank of India in terms of guidelines issued by the Reserve Bank of India. The CDR application was accepted by the CDR cell on dated 30<sup>th</sup> January,2012 and final approval was made on 1<sup>st</sup> June,2012. In terms of the aforesaid CDR approval the promoters of the company have to bring in Rs. 60.00 Crores in two tranches of Rs. 30.00 Crore each for restructuring the capital base of the company. As the company's present authorized share capital is Rs. 35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 2,00,00,000 ( Two Crore ) equity shares of Rs. 10/- each and 1,50,00,000 (One Crore Fifty Lakhs only) which cannot accommodate further issue of capital and the company need to enhance its authorized capital so as to accommodate the fresh issue.

The CDR approval has also stipulated to make the fresh issue through Cumulative Convertible Preference Shares within a period of two year.

Thus, it is pertinent for the management of the company to propose for enhancement of the authorized capital both under the segment of equity and preference so as to accommodate any further issue under each segment. Your directors recommend the above resolution for approval in the best interest of the company.

The Board of Directors recommends the passing of resolution as appearing in item No.1 of this notice.

None of the Directors is interested or concern in the resolutions.

### **Item No. 2 –**

The company has gone for Corporate Debt Restructuring (CDR) so as to restructure the repayment of existing loan which arise out of economic slowdown in infrastructure industry. In order to comply with the conditions stipulated by Corporate Debt Restructuring Empowered Group (**CDR EG**), your Directors consider it desirable to issue Preference Shares to Promoters and Promoter Group under preferential allotment. In terms of provision of section 81 (1A) of the Companies Act, 1956 and Securities and Exchange Board of India (Issue of Capital and Discloser Requirements) Regulations, 2009, the approval of share holders is required for any preferential issue to persons other than its existing members and not in the same proportion as the share holders'.

Therefore, Consent of the shareholders is being sought pursuant to the provisions of the section 81 (1A) of the Companies Act 1956 and Article – 4 of the Articles of Association of the company and other applicable provisions.

Your Directors recommend the Special Resolution as set out in the notice for your approval.

None of the Directors is concerned or interested in the proposed resolution except to the extent of their Directorship and Shareholdings in the Company.

### **Item No.3 –**

The tenure of five years of Mr.Subash Agarwal as Executive Chairman of the Company is expiring on 16<sup>th</sup> August, 2013 and to appoint him in that position approval of shareholders through Special Resolution is necessary.

Mr.Subash Agarwal, Executive Chairman of the Company looks after the policy framework of the company and is instrumental in making the company as one of the biggest Infrastructure company in Eastern India. Considering his clout & exposure in Infrastructure sector his reappointment in that position would put the company back in track and can sail through the economic slowdown.

Therefore, consent of shareholders is being sought pursuant to Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956(including any amendment, modification or re-enactment thereof) and Schedule XIII thereto.

The Company has also proposes to make an application to the Central Government, for approval of remuneration exceeding the ceiling prescribed under Schedule XIII of the Companies Act,1956.

Your Directors recommend the Special Resolution as set out in the notice for your approval.

None of the Directors is concerned or interested in the proposed resolution except to the extent of their Directorship and Shareholdings in the Company.

**By Order of the Board**  
**For ARSS Infrastructure Projects Limited**

Place: Bhubaneswar  
Date: 11<sup>th</sup> May,2013

(Sushanta Pradhan)  
**Company Secretary**

**Details of Directors seeking re-election at this Annual General Meeting**

Particulars	Mr. U.N. Challu
Date of Birth	20/10/1950
Appointed on	07/02/2012
Expertise in Specific functional area.	Served in various responsible post of State Bank of India in India and abroad.
Directorship held in other Companies.	1. Uttam Value Steels Limited 2. Icomm Tele Limited 3. Greenply Industries Limited
Memberships/Chairmanships of Audit and Investor Grievances committee across public companies.	Membership of Audit Committee-4 Companies (including ARSS Infrastructure Projects Limited). Membership of Investor Grievances Committee-4 Companies (including ARSS Infrastructure Projects Limited).
Shareholding	Nil except less than 2 % in Uttam Value Steels Limited

## NOTES

[illegible]

## ARSS INFRASTRUCTURE PROJECTS LIMITED

REGISTERED OFFICE: - PLOT NO-38, SECTOR-A ZONE-D

MANCHESWAR INDUSTRIAL ESTATE

BHUBANESWAR-751010

### ATTENDANCE SLIP

L.F. No	
---------	--

No of Shares held	
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DP ID	
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Client ID	
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I/We hereby record my/our presence at the 13<sup>th</sup> Annual General Meeting of the Company on Friday, the 27<sup>th</sup> September, 2013 at 11.00 A.M. at the Registered Office of the Company.

Name of the Member \_\_\_\_\_ (IN BLOCK LETTER)

Signature of member/proxy\* \_\_\_\_\_

Note: You are requested to sign and hand this over at the entrance.

## ARSS INFRASTRUCTURE PROJECTS LIMITED

REGISTERED OFFICE: - PLOT NO-38, SECTOR-A ZONE-D

MANCHESWAR INDUSTRIAL ESTATE, BHUBANESWAR-751010

### FORM OF PROXY

L.F. No	
---------	--

No of Shares held	
-------------------	--

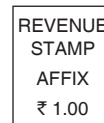
DP ID	
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Client ID	
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I/We \_\_\_\_\_ being a member/members of the above named Company hereby appoint Mr./Ms \_\_\_\_\_ or failing him Mr./ Ms. \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 13<sup>th</sup> Annual General Meeting of the Company on Friday, the 27<sup>th</sup> September, 2013 at 11.00 A.M. at the Registered Office of the Company or at any adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_



Signature  
(Please sign across the stamp)

#### Note-

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. A proxy need not be a member.









## ARSS INFRASTRUCTURE PROJECTS LIMITED

### REGISTERED OFFICE

Plot-no-38, Sector-A, Zone-d  
mancheswar Industrial estate  
Bhubaneswar-751 010, orissa, India

tel: 91 674 2588552 / 2588554

fax: 91 674 2585074

### CORPORATE OFFICE

ARSS Mall, Plot No.40,  
Community Centre, Block-A,  
Paschim Vihar,  
Opposite to Jwalaheeri Market,  
New Delhi-110063,

tel: 91 11 48636363

fax: 91 11 48636339