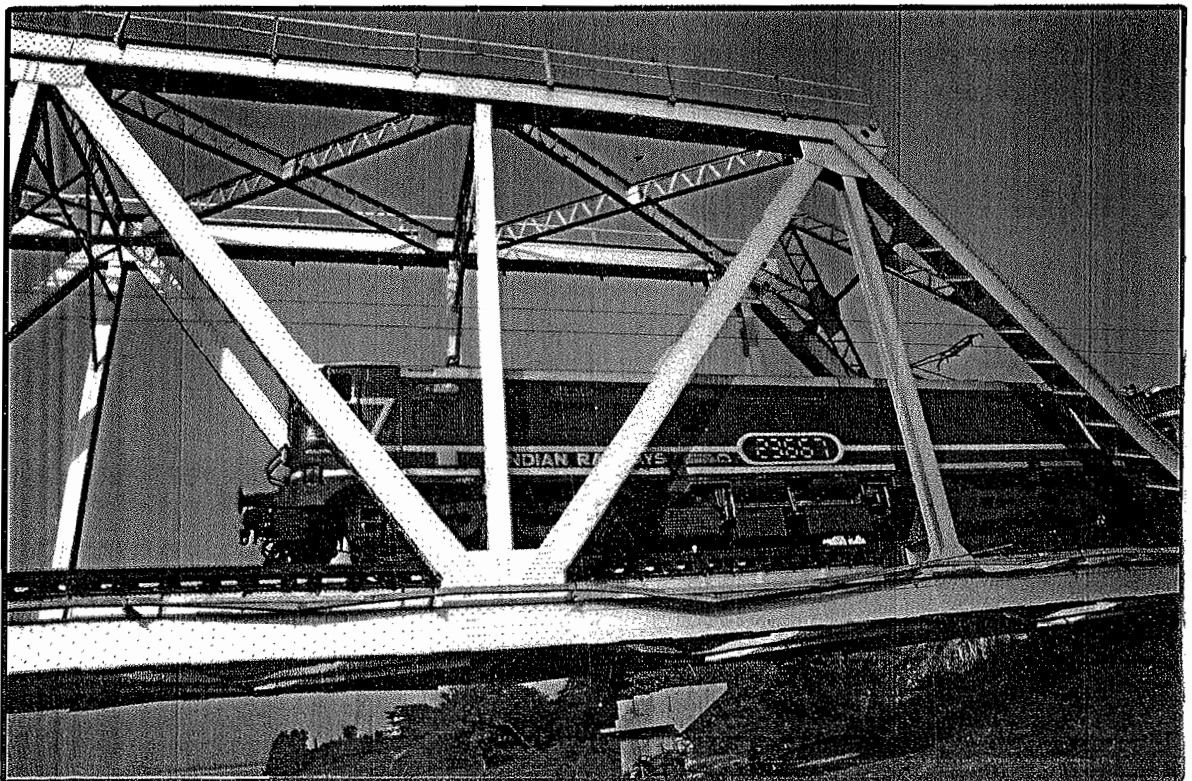


ARSS INFRASTRUCTURE PROJECTS LIMITED
5th Annual Report

2004 - 2005



DIRECTORS' REPORT

To
The Members
ARSS Infrastructure Projects (P) Ltd.
Plot No. - 38, Sector-A, Zone-D,
Mancheswar Industrial Estate,
Bhubaneswar - 751010.

It gives me pleasure to present to you, on behalf of the Board of Directors, the 5th Annual Report on the activities of your company, together with the Audited Accounts for the Financial Year 2004-2005.

1. Operating Result

The operating results of the company for the year are as follows :

(Rs. in lakhs)

	For the year Ended 31.03.05 (Rs. in lacs)	For the year Ended 31.03.04 (Rs. in lacs)
Profit/(Loss) for the year after meeting all expenses But before providing for depreciation	318.91	163.54
Depreciation for the year	148.78	75.44
Profit / (Loss) for the year	170.13	88.10
Less : Provision for Income Tax	50.55	24.81
Less : Deferred Tax	12.70	6.63
Profit / (Loss) after Tax	106.88	56.66
Add : Profit brought forward from Previous year	139.01	82.36
Less : Adjustment of tax of previous year	0.20	-
Balance of profit / (Loss) carried forward to next year account	245.69	139.01

2. Performance & Highlights

Your company has completed yet another significant year, one in which it has sustained and consolidated its position in the industry, amidst flux in every segment of the business environment, not with-standing the fact that the overall trading volume this year (including other income) has been Rs. 29,57,77,455.00 as compared to Rs. 13,07,96,435.00 (including other income) in the financial year 2003-04, Your company earned a profit before tax (After interest and depreciation) of Rs. 1,70,13,036.00, as against Rs.88,09,528.00 in the previous year.

3. Particulars of the Employees

During the financial year 2004-05 no employee was in respect of gross remuneration in excess of Rs.24.00 lacs per annum or Rs. 2.00 lacs per month was employed either for full or part of the year as per Section-217 (2A) of the Companies Act, 1956 read with the companies (Particular of Employees) Rules, 1975.

4. Auditors & Auditors Report :

The auditors **K.C. Jena & Co.**, Chartered Accountants Auditors of the company, was appointed as Statutory Auditors of the Company for the Financial Year 2004-2005 by the Shareholders in the 4th Annual General Meeting of the Company. The Statutory Auditors have audited the Accounts of the Company for the year ended 31st March 2005 and Audited Accounts together with the Auditor's Report thereon are annexed to this Report. It is gratifying to note that there are no qualifying remarks from statutory Auditors on the Accounts of the Company.

The observations made in the Auditors Report are self-explanatory and therefore do not call for any further explanations **The company had received a certificate from M/S K.C. Jena & Co., Chartered Accountants**, retiring auditors of the company on 01/09/2003 regarding their eligibility under section 224(IB) of the companies act 1956. The board recommended their re-appointment for the financial year 2005-2006 in the 5th annual General Meeting held on 30/09/2005 and they are re-appointed by the shareholders of the company financial year 2005-2006.

5. Human Resource

Your company banks on its employees. Your company is fortunate to have recruited and worked with talented and dedicated employees, who contributed their might and mental power for the development of the company. This probably explains the company's ability to develop and many more to come.

Your company treats its employees as its key assets and undertakes constant initiatives to motivate and boost employee morale. Each employee feels and is treated as a member of the same family Training programs are organized to align individual skills and knowledge with organizational goals. The Directors wish to place on their record their appreciation for the enthusiasm, sincerity and hard work of all employees of the company.

6. Dividend

With a view to conserve the liquid resources for future business needs and meet the challenges in the dynamic business environment, the directors have decided not to recommend any dividend for the financial year 2004-2005 under review.

7. Responsibility Statement

To the best of their knowledge and belief, according to the information and explanations obtained by them, Your Directors make the following statement in terms of section 217(2AA) of the companies Act 1956.

i) That in the preparation of Annual Accounts, for the year ended **31st march 2005** the applicable

accounting statements have been followed by **ARSS Infrastructure Projects Pvt. Ltd.** along with proper explanation relating to material departures.

- ii) That the Directors had selected such Accounting Policies and applied them consistently and made judgement 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 the end of the financial year for the year ended **31st march 2005** and of the profit of and loss of the company for that period.
- iii) That proper and sufficient care was taken by the Directors for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities and
- iv) That The Annual Accounts for the year ended **31st march 2005** were prepared on a going concern basis.

8. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo etc. 217 (1) (e)

Particulars with regards to conservation of energy, technology absorption, foreign exchange earning & outgo 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 is as follows.

(1) Pertaining to conservation of energy and technology

Your Company was running by two numbers of DG Sets of 225KVA Genest consuming HGD and also electricity provided by CESCO.

During the financial year 2004-2005 the company has not hired any technology whatsoever.

(2) Foreign exchange earning and Outgo

The company has neither earned nor incurred any expenditure in foreign exchange during the financial year 2004-2005.

Earning **NIL**

Outgo **NIL**

9. Public Deposits;

Your company has not accepted any deposits from the public/Shareholders in accordance with the Sec. 58A of the Companies Act 1956, and hence no amount of principal or interest was outstanding as of the balance sheet date.

10. Board of Directors :

The following changes have taken place in the Board of Directors of the company since the last report; The Board of Directors currently consists of four members. There were **Thirteen** Meetings of the Board of Directors held during the year 2004-2005.

01 April 2004, 15th April 2004, 13th May 2004, 11th June 2004, 06th July 2004, 30th July 2004, 16th August 2004, 17th August 2004, 02nd September 2004, 13th December 2004, 22nd January 2005, 10th February 2005, 28th March 2005.

1. Mrs Sanju Agarwal has ceased to be a Director of the Company w.e.f. 01-04-2005.
 2. Mrs Seema Agarwal has ceased to be a Director of the Company w.e.f. 01-04-2005.
 3. Mrs Ram Dulari Agarwal has ceased to be a Director of the company w.e.f. 01-04-2005
 4. Mr. Sunil Agarwal has been appointed as Additional Director of the company w.e.f. 01-04-2005. The appointment of Mr. Sunil Agarwal is put for approval of the members in the Annual general meeting held on 30-09-2005 and was appointed by the shareholders of the company.
 5. Mr Soumendra Keshari Pattanaik has been appointed as Additional Director of the company w.e.f. 01-04-2005. The appointment of Mr. Soumendra Keshari Pattanaik is put for approval of the members in the Annual general meeting held on 30-09-2005 and was appointed by the shareholders of the company.
- The Board places on record its warm appreciation of the valuable contribution made by the outgoing Directors as members of the Board.

11. Board Procedure

(A) Decision Making Process;

With a view to professionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/decisions by the Board, the company has appropriate guidelines for the meetings of the Board of Directors. These Guidelines seek to systematize the decision making process at the meetings of Board in an informed and efficient manner.

(B) Scheduling and selection of Agenda items for Board Meetings.

- (i) The meetings are being convened by giving appropriate notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful informed and focused decisions at the meetings. To address specific urgent need, meetings are also being called at short notice. The Board also authorized to pass Resolution by Circulation for all such matters which are of utmost urgent nature.
- (ii) Where it is not practicable to attach any document or agenda is of confidential nature, the same is placed on the table at the meeting with the approval of the Chairman. In special and exceptional circumstances, additional or supplemental item (s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated.
- (iii) The agenda papers are prepared by the concerned officials and submitted to concerned functional Heads for obtaining approval of the CMD. Duly approved agenda papers are circulated amongst the Board members.

- (iv) The meetings are usually held at the Company's registered office in Bhubaneswar, at Plot No. 38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-10.
 - (v) The members of the Board have complete access to all information of the company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.
- (C) **Recording minutes of proceedings at the Board Meeting.**
Minutes of the proceedings of each board meeting are recorded. The minutes of the proceedings of meetings are entered in the Minutes Book.
- (D) **Follow-up mechanism**
The guidelines for the Board facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board. Action taken report (ATR) on the areas of concern are presented before the Board.
- (E) **Compliance**
While preparing the agenda notes, it is ensured that all the applicable provisions of law, rules, guidelines etc. are adhered to. The company ensures compliance of all applicable provisions of the Companies Act, 1956.
- (F) **Financial Year**
ARSS Infrastructure Projects Pvt. Ltd. Follows the financial calendar from 1st April to 31st March.

ACKNOWLEDGEMENT

The Board of Directors acknowledged with deep appreciation the cooperation received from the Govt. of Orissa particularly the Ministry of Power, State Electricity Board, State Govt., Govt. of India, particularly Ministry of Railways, South Eastern Railway's as well as company's bankers.

The Board wishes to place on records its appreciations for efforts and contributions made by the employees at all level which made possible the significant achievement by your company.

For and on behalf of the Board of Directors

Sd/-
(Chairman & Managing Director)

Place : Bhubaneswar
Dated : 10-03-06

AUDITORS' REPORT

To
The Members
ARSS Infrastructure Projects (P) Ltd.
Bhubaneswar

We have audited the attached Balance Sheet of ARSS Infrastructure Projects (P) Ltd., Formerly known as ARSS Stones Pvt. Ltd. Bhubaneswar as at 31st March, 2005 and the annexed Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956. We enclose in Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books.
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act' 1956.
5. According to the information and explanations given to us and on the basis of written representations received from the directors as on 31st March' 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March' 2005 from being appointed as a director in terms of clause (g) sub-section (i) of section 274 of the Companies Act' 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view :

In the case of the Balance Sheet, of the State of the Company's affairs as at 31st March' 2005.

In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For K.C. Jena & Co.
Chartered Accountants

Sd/-

(Janhabi Deo) FCA
Partner

Bhubaneswar
Dated : 10-3-06

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 1 of our report of even date)

1. a) The Company has maintained proper records in respect of Fixed Asset showing full particulars including quantitative details and situation of fixed asset.
- b) Fixed asset of the Company has been physically verified by the management in accordance with a programme of verification. In our opinion the frequency of verification is reasonable having regard to size of the company and nature of assets. As per the information and explanations given to us, no material discrepancy has been noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.
2. a) As explained by the management, since there is no stock the question of physical verification of stock does not arise.
- b) As explained by the management, since there is no stock, there is no need to maintain stock register. Hence there is no question of discrepancy between physical stock and the book records.
3. a) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us.

i) The company has taken loan from following parties.

1	Anil Contractors (P) Ltd.	Rs. 6,00,000/- (Maximum amount due at any time during the year Rs.6,00,000/-)
2	Rajesh Agarwal	Rs. 1,10,000/- (Maximum amount due at any time during the year Rs. 1,10,000/-)

- ii) The company has granted loan of Rs. 3,65,008.00 to Anil Agarwal (HUF) and Rs. 2,32,388.00 to Sangita Agarwal. As explained by the management this amount of Rs. 2,32,388.00 has been received on behalf of Anil Agarwal (HUF) as she is a member there.
- b) In our opinion and according to the information and explanations given to us, the terms & conditions of such loans, prima-facie are not prejudicial to the interest of the company.
- c) In our opinion company is regular in payment of principal amount as per the terms & condition of the agreement.
- d) In our opinion all the reasonable steps have been taken for repayment of principal.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventories, fixed assets and with regard to the sale of the goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

5. To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that there were no transactions that need to be entered into in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not invited or accepted any deposit from public within the meaning of section 58-A and 58AA of the Act and rules framed thereunder.
7. The Company has a paid up capital exceeding 50 lakhs at the commencement of the financial year. It has maintained an internal audit system in tune with the size and nature of business.
8. The Central Government has not made any order for maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including Sales Tax, Income Tax, Wealth Tax, Customs dues, Excise duty, Cess and other statutory dues, with appropriate authorities during the year and as explained provisions of Provident Act has not been implemented by the Company.
- (b) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, no undisputed amount payable in respect of the aforesaid dues were outstanding at 31st March, 2005 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there is a dispute regarding payment of sales tax. Details are given as under.

Particulars	Amount (Rs.)	Forum
Sales tax	34,47,593.00	Commissioner Commercial Tax Asst.
Sales Tax	17,45,557.00	Assl. Commissioner Commercial Tax

10. There are no accumulated losses of the Company as at the end of the year.
11. In our opinion and according to the information and explanation given to us, the Company has defaulted in repayment of dues to financial institutions & bank but not to any debenture holder.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



13. The Company is not a chit funds or a Nidhi/Mutual benefit fund/society. Therefore, the provisions of Clause-4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause-4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were prima facie applied during the year for the purposes for which such loans were obtained, other than temporary deployment pending ultimate utilization.
17. According to the information and explanations given to us and on an over all examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment or repayment of term debt or vice versa.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and the companies covered in the register maintained Under Section 301 of the Act.
19. The Company has not issued any debenture during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accept auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For K.C. Jena & Co.
Chartered Accountants
Sd/-
(Janhabi Deo) FCA
Partner

Bhubaneswar
Dated : 10-03-06

BALANCE SHEET AS AT 31ST MARCH 2005

	<u>Schedule</u>	<u>Current Year</u> <u>Rupees</u>	<u>Previous Year</u> <u>Rupees</u>
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Capital	1	10,000,000	10,000,000
(b) Reserve & Surplus	2	28,769,449	18,101,333
2. Loan Funds			
(c) Secured Loans	3	120,330,543	51,095,960
(d) Unsecured Loans	4	710,000	760,000
3. Deferred Tax Liability	5	3,460,158	2,190,106
		-----	-----
		163,270,151	82,147,399
		=====	=====
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	6	122,364,325	68,245,051
(b) Less : Depreciation		38,716,768	23,839,001
		-----	-----
(c) Net Block		83,647,557	44,406,050
2. Investment	7	2,494,377	1,201,990
3. Current Assets, Loans & Advances			
(a) Inventories	8	58,429,517	25,321,173
(b) Sundry Debtors	9	1,165,300	2,099,938
(c) Cash & Bank Balances	10	19,100,114	9,745,874
(d) Loans & Advances	11	48,575,716	12,943,981
		-----	-----
		127,270,647	50,110,966
4. Current Liabilities & Provisions :			
(a) Liabilities	12	42,632,767	8,949,062
(b) Provision	13	7,535,964	4,684,081
		-----	-----
		50,168,731	13,633,143
		-----	-----
5. Net Current Assets		77,101,916	36,477,823
6. Miscellaneous Expenditure (To the extend not written off or Adjust)	14	26,300	61,536
		-----	-----
		163,270,151	82,147,399
		=====	=====

Notes on Accounts

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As per our separate report of even date.

For K.C. Jena & Co.
Chartered Accountants

Sd/-
(Rajesh Agarwal)
Mg. Director

Sd/-
(Janhabi Deo) FCA
Partner

Sd/-
(Sangita Agarwal)
Director

Bhubaneswar
The 10th March, 2006

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	<u>Schedule</u>	<u>Current Year</u> Rupees	<u>Previous Year</u> Rupees
I. Income			
Sales		295,777,455	130,796,435
Other Income	15	1,078,189	621,789
		=====	=====
		296,855,644	131,418,224
		=====	=====
II. Expenditure			
Materials, Manufacturing & Operating Expenses	16	204,329,394	82,667,337
Personnel Expenses	17	1,249,927	3,924,465
Administrative Expenses	18	29,796,743	13,561,335
Selling Expenses	19	18,992,755	10,792,213
Interest		10,596,022	4,119,091
Depreciation		14,877,767	7,544,254
		=====	=====
		279,842,608	122,608,696
III. Profit Before Taxation		17,013,036	8,809,528
IV. Provision for Tax			
Current		5,055,086	2,480,878
Deferred		1,270,052	662,967
V. Profit After Taxation		10,687,898	5,665,683
Add: Balance brought forward from Previous year		13,901,334	8,235,650
Less: Adjustment of Tax for previous year		19,783	0
Balance Carried to Balance sheet		24,569,449	13,901,333
VI. Notes on Accounts	20		

As per our separate report of even date.

For K.C. Jena & Co.
Chartered Accountants

Sd/-
(Rajesh Agarwal)
Mg. Director

Bhubaneswar
The 10th March, 2006

Sd/-
(Janhabi Deo) FCA
Partner

Sd/-
(Sangita Agarwal)
Director



**SCHEDULE TO BALANCE SHEET
& PROFIT & LOSS ACCOUNT**

	<u>Current Year</u> Rupees	<u>Previous Year</u> Rupees
Schedule-1 : Share Capital		
Authorised :		
1,00,000 equity share of Rs. 100/- each	10,000,000	10,000,000
	=====	=====
Issued, Subscribed & Paid up		
100,000 equity shares of Rs. 100/-		
each fully paid up in cash	10,000,000	10,000,000
	-----	-----
	10,000,000	10,000,000
	=====	=====
Schedule - 2 : Reserve and Surplus		
Profit & Loss Account	24,569,449	13,901,333
Securities Premium Account	4,200,000	4,200,000
	-----	-----
	28,769,449	18,101,333
	=====	=====
Schedule - 3 : Secured Loan		
Loan from State Bank of India		
Term Loan	17,497,089	3,758,908
Cash Credit loan	57,921,709	21,272,848
(both the loan secured by way of hypothecation of all fixed assets, inventories & receivables)		
Loan from NBFC	44,911,745	26,064,204
(Against hypothecation of Loader & Tipper)		
	-----	-----
	120,330,543	51,095,960
	=====	=====
Schedule - 4 : Unsecured Loan		
Loan from Directors & their	710,000	760,000
Friends & Relatives		
	-----	-----
	710,000	760,000
	=====	=====
Schedule - 5 : Deffered Tax Liability		
Deferred Tax Liability on Opening Timing difference	2,190,106	1,527,139
For the current year	1,270,052	662,967
	-----	-----
	3,460,158	2,190,106
	=====	=====

SCHE DULE - 6 : FIXED ASSETS

Sl. No.	Particulars	GROSS BLOCK		DEPRECIATION			NET BLOCK
		As at 1st April 2004	Addition during the year	As at 31st March 2005	As at 31st March 2005	As at 31st March 2005	As at 31st March 2004
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1.	Land	470,780	-	470,780	0	470,780	470,780
2.	Building	298,976	-	298,976	115,823	183,153	203,503
3.	Plant & Machinery	66,444,982	53,284,390	119,729,372	38,100,423	81,628,949	42,939,519
4.	Furniture & Fixtures	533,918	35,160	569,078	202,124	366,954	407,500
5.	Vehicles	291,914	662,324	954,238	152,911	801,327	225,230
6.	Computer	204,481	137,400	341,881	145,486	196,395	159,518
		68,245,051	54,119,274	122,364,325	38,716,768	83,647,557	44,406,050
Previous Year		44,378,624	23,866,427	68,245,051	23,839,001	44,406,050	

	Current Year Rupees	Previous Year Rupees
Schedule - 7 : Investment (Unquoted at cost)		
NSC	2,015,000	1,100,000
Interest accrued on above	202,000	101,990
HCIL - ARSSSPL - JV	277,377	-
	=====	=====
	2,494,377	1,201,990
	=====	=====
Schedule - 8 : Inventories (at cost being lower of n.r.v.)		
Raw Material	-	7,467,946
WIP	58,429,517	5,948,446
Finished Goods	-	11,904,781
	=====	=====
	58,429,517	25,321,173
	=====	=====
Schedule-9 : Sundry Debtors (Unsecured considered good)		
Debts outstanding for a period more than six months	-	350,500
Other debts	1,165,300	1,749,438
	=====	=====
	1,165,300	2,099,938
	=====	=====
Schedule - 10 : Cash and Bank Balance		
Cash in hand	733,023	218,505
(As certified by the management)		
Balance with Scheduled Bank		
In Current Account	2,309,120	97,804
In Fixed Deposit	12,887,692	6,821,377
Interest on above	423,695	382,224
In Cheques in Hand	2,746,584	2,225,964
	=====	=====
	19,100,114	9,745,874
	=====	=====
Schedule-11 : Loans and Advances (Unsecured considered good)		
Advance Recoverable in cash or Kind or for value to be received	48,575,716	12,943,981
	=====	=====
	48,575,716	12,943,981
	=====	=====



	Current Year Rupees	Previous Year Rupees
Schedule - 12 : Current Liabilities		
Advance From Customers	15,895,440	3,157,268
Creditor for Expenses	26,737,327	5,791,794
	42,632,767	8,949,062
Schedule - 13 : Provisions		
Provision for Taxation	7,535,964	4,684,081
	7,535,964	4,684,081
Schedule - 14 : Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary Expenses	26,300	61,536
	26,300	61,536
Schedule - 15 : Other Income		
Misc. Income	1,078,189	621,789
	1,078,189	621,789
Scheduled-16 : Material Manufacturing and operating expenses		
Material Consumed :		
Opening of Raw Materials	7,467,946	3,751,471
Add : Purchase & other Direct Expenses		
Raw Material	1,47,235,196	71,514,460
Wages	31,607,578	7,171,524
Royalty	4,049,219	953,737
Sub-contract	9,912,691	
	200,272,631	83,391,192
Less : Closing stock of Raw material	0	7,467,946
	200,272,631	75,923,246
Repair & Maintenance expenses (P&M)	351,271	1,260,132
Power & Fuel	44,281,783	18,086,551
	244,905,685	95,269,928
Add Opening Stock		
WIP	5,948,446	-
Finished Goods	11,904,780	5,250,635
Less Closing Stock		
WIP	58,429,517	5,948,446
Finished Goods		11,904,780
	204,329,394	82,667,337

Schedule - 17 : Personnel Expenses

	Current Year Rupees	Previous Year Rupees
Salary, Wages & Bonus	1,249,927	3,924,465
	=====	=====
	1,249,927	3,924,465
	=====	=====

Schedule-18 : Administrative Expenses

Bank Commission & Charges	1,586,833	449,713
Insurance Charges	1,597,039	732,810
Fuel & Lubricants (Office Vehicle)	702,910	1,144,286
Repair & Maintenance (V)	18,864,349	8,366,741
R & M (General)	134,660	322,749
Rent, Rate & taxes	755,291	697,775
Directors Remuneration	264,000	264,000
General Expenses	1,689,785	584,678
Telephone Expenses	466,590	167,908
Travelling Expenses	3,448,284	650,683
Electric Expenses	253,942	149,503
Licence Fee	-	9,000
Payment to Auditor :		
As Audit Fees	22,040	14,887
For Taxation matters	11,020	6,602
	=====	=====
	29,796,743	13,561,335
	=====	=====

Schedule-19 : Selling Expenses

Business Promotion A/C	97,169	116,972
Sales Tax A/c	15,550,125	8,705,416
Carriage Outward	958,000	1,758,105
Lease Rent	1,771,000	-
Other Selling Expenses	221,856	-
Tender Expenses	394,605	211,720
	=====	=====
	18,992,755	10,792,213
	=====	=====

Schedule - 20 : Accounting Policies & Notes on Accounts

A. ACCOUNTING POLICIES

I. Basis of Accounting

The accounts has been prepared under historical cost convention and materially complies with mandatory accounting standards issued by the Institute of Chartered Accountants of India.

II. Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition, inclusive of direct and allocable expenses incurred during construction, and depreciation has been considered at WDV Method as under per the rates prescribed Schedule - XIV to The Companies Act' 1956.

III. Inventories

During the year the Company has valued its inventories as per percentage of completion contract method in line with Accounting standard-7 "Construction Contract" issued by The Institute of Chartered Accountants of India.

IV. Recognition of Revenue and Expenditure

All items of revenue incomes and expenditures are accounted for on accrual basis.

B. NOTES ON ACCOUNTS

- I. Depreciation is provided on WDV method at the rates specified in Schedule-XIV to the Companies Act'1956. During the year Rs.1,48,77,767/- has been provided as depreciation assetwise details are given below :

<u>Sl. No.</u>	<u>Particulars</u>	<u>Amount</u> <u>Rupees</u>
a.	Building	20,350
b.	Plant & Machinery	14,594,960
c.	Furniture & Fixtures	75,706
d.	Vehicles	86,227
e.	Computers	100,523

		14,877,767
		=====

- II. No employee of the Company has completed 5 years of service and hence no liability has accrued on account of retirement gratuity payable to employees as per requirements of AS-15.

- III. Previous year figures have been regrouped and re-arranged where ever necessary so as to be comparable with those of this year.
- IV. Paisa have been converted to nearest rupees.
- V. The ODC charged by NBFC has not been considered by the company, hence the outstanding against NBFC shown by the company will not tallied with that of the NBFC.
- VI. CONTINGENT LIABILITIES
The Company has following contingent liabilities.
- a) Rs. 51,93,150/- towards Sales tax demand against which appeals are pending with various authorities.
- b) Rs. 6,93,736/- towards electricity charges against which stay has been granted by the Hon'ble High Court.
- c) Rs. 622,07,023/- Bank Guarantees issued towards Security Deposits and Mobilisation Advance.
- VII. Inventories are taken, valued and certified by the Management.
- VIII Bills receivables / with-held, creditors, loans & advances and personal accounts are subject to confirmation.
- IX Fixed assets are physically verified by the management.
- X Provision for tax for Rs. 50,55,086.00 has been made as per the provisions of the Income Tax Act 1961.
- XI Remuneration of auditors :
- | | Current year
Amount (Rs) | Previous year
Amount (Rs) |
|-----------------------|-----------------------------|------------------------------|
| As statutory auditors | 22,040.00 | 14,887.00 |
| For taxation matters | 11,020.00 | 6,602.00 |
- XII Managerial Remuneration :
Managing Directors remuneration @ 22,000.00 per month is Rs. 2,64,000.00 as compare to previous year of Rs. 2,64,000.00
- XIII Particulars of employees in respect of whom remuneration exceeding Rs. 1,00,000.00 per month is incurred : NIL (Previous Year)

XIV Segment information :

There is only one segment of the Company i.e. construction activity.

XV Related Party Disclosure :
(i) Associates

ARSS Biofuel (P) Ltd.

(ii) Key Management Personnel

Shri Rajesh Agarwal, Managing Director

Smt. Sangita Agarwal, Director

(iii) Relative of key management personnel with whom transactions were carried out during the year - **NIL**

(iv) Subsidiary - **NIL**

XVI Amortisation:

Preliminary expenses are written off equally over 5 years.

XVII Deferred tax liabilities arising on account of difference in opening balance of fixed assets as per books and tax laws and difference in depreciation during current year has been debited to profit & loss account kept under "Deferred Tax Liability" in the balance sheet.

XVIII Disclosure of transactions between the company and related parties and status outstanding balance as on 31st March 2005.

(A) Expenses

Shri Rajesh Agarwal	Rs 1,44,000.00	Director Remuneration
Smt. Sangita Agarwal	Rs 1,20,000.00	Director Remuneration
Anil Agarwal (HUF)	Rs 15,008.00	Interest on Loan

(B) Outstanding as on 31st March 2005

Anil Contractor (P) Ltd.	Rs 6,00,000.00	Unsecured Loan
Rajesh Agarwal	Rs 1,10,000.00	Unsecured Loan

XIX Additional information pursuant to the provisions of paragraph 3 of part II of schedule VI to the Companies Act, 1956 is not required as the nature of business is work contract and hence manufacturing details not given.

XX Additional information to paragraph 4C, 4D of part II of schedule VI of Companies Act 1956. Information desired under paragraph 4C, 4D of part II of schedule VI of the Companies Act 1956 relating to crusher unit is not given since it is an ancillary business having low separate transactions to main business of contract work.

As per our separate report of even date.

For K.C. Jena & Co.
Chartered Accountants

Sd/-
(Rajesh Agarwal)
Mg. Director

Sd/-
(Janhavi Deo) FCA
Partner

Sd/-
(Sangita Agarwal)
Director

Bhubaneswar
The 10th Mar, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

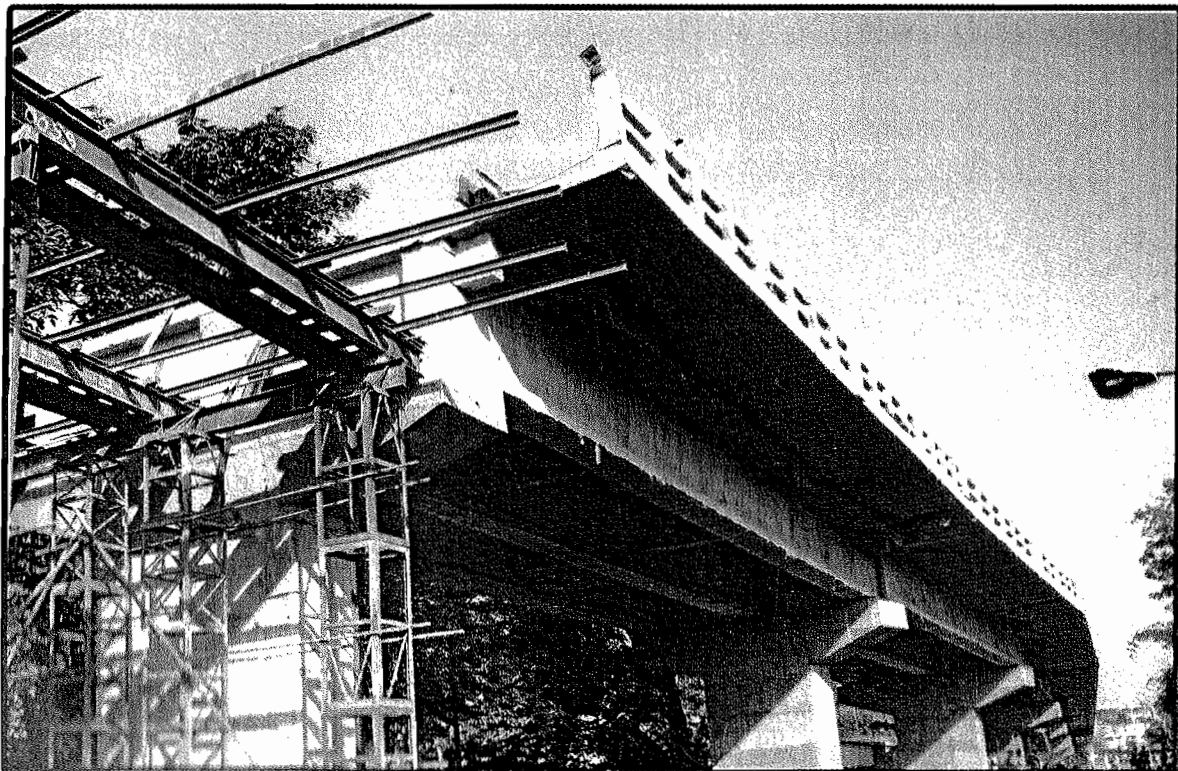
I. REGISTRATION DETAILS: Registration No State State Code Balance Sheet Date	006230 Orissa 15 31 st March, 2005	
	31.03.2005 in Rs.	31.03.2004 in Rs.
II. CAPITAL RAISED DURING THE YEAR Public Issue Bonus Issue Right Issue Private Placement	Nil Nil Nil Nil	Nil Nil Nil 10,00,000
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS Total Liabilities Total Assets Sources of Funds Paid-up capital Reserves & Surplus Secured Loans Unsecured Loans Deferred tax liability	16,32,70,151 16,32,70,151 1,00,00,000 2,87,69,449 12,03,30,544 7,10,000 <u>34,60,158</u> 16,32,70,151	8,21,45,051 8,21,45,051 1,00,00,000 1,81,01,333 5,10,95,960 7,60,000 <u>21,90,106</u> 8,21,47,399
IV. PERFORMANCE OF COMPANY Total Income Total Expenditure Profit before tax Profit after tax Earning per share Dividend rate	29,68,55,644 27,98,42,608 1,70,13,036 1,06,87,898 107 Nil	13,14,18,224 12,26,08,696 88,09,528 56,65,683 57 Nil
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICES OF COMPANY 1. Item code No. (ITC Code) Product description 2. Item code No. (ITC Code) 3. Item code No. (ITC Code) Product description	Nil Works Contract	

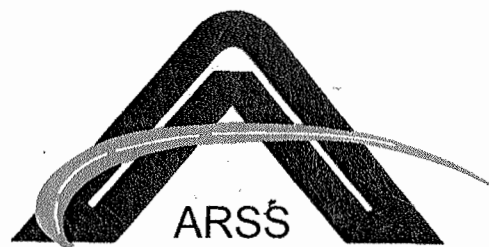
For ARSS INFRASTRUCTURE PROJECTS LTD.

Sd/-
MANAGING DIRECTOR

For ARSS INFRASTRUCTURE PROJECTS LTD.

Sd/-
DIRECTOR





Corporate Office

ARSS Infrastructure Projects Ltd.
Pl. No.141, SBI Colony, Pachin Vihar,
New Delhi, 110 063, India.
Tel. : 011 - 45538638, Fax: 011- 25287357
E-mail: response@arssgroup.in,
Web Site: www.arssgroup.in

Regd. Office

ARSS Infrastructure Projects Ltd.
Plot No. : 38, Sector - A, Zone - D, Mancheswar Industrial Estate,
Bhubaneswar - 10, Orissa, Tel: (0674) 2588552 / 2588554