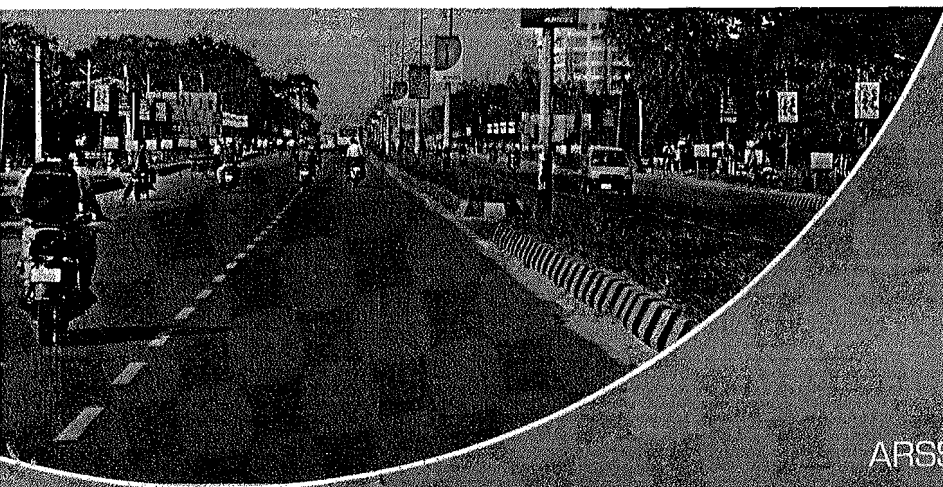
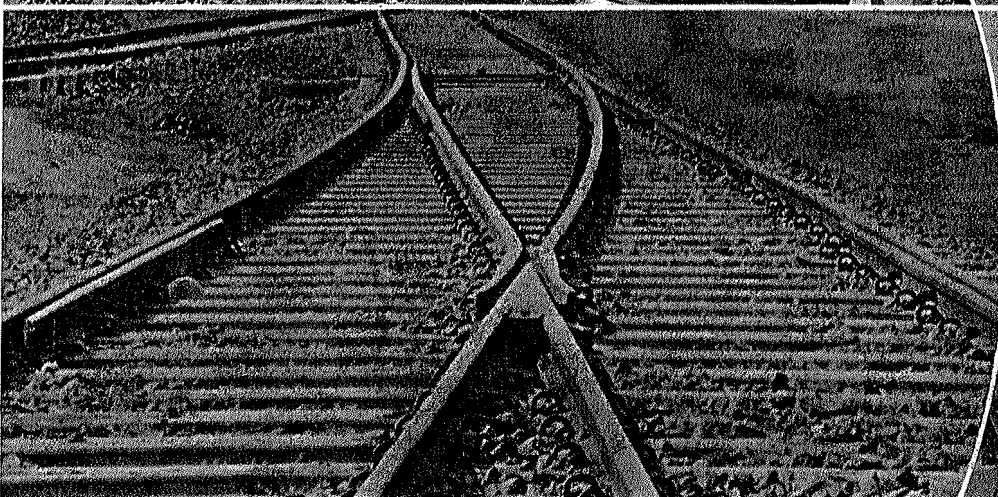
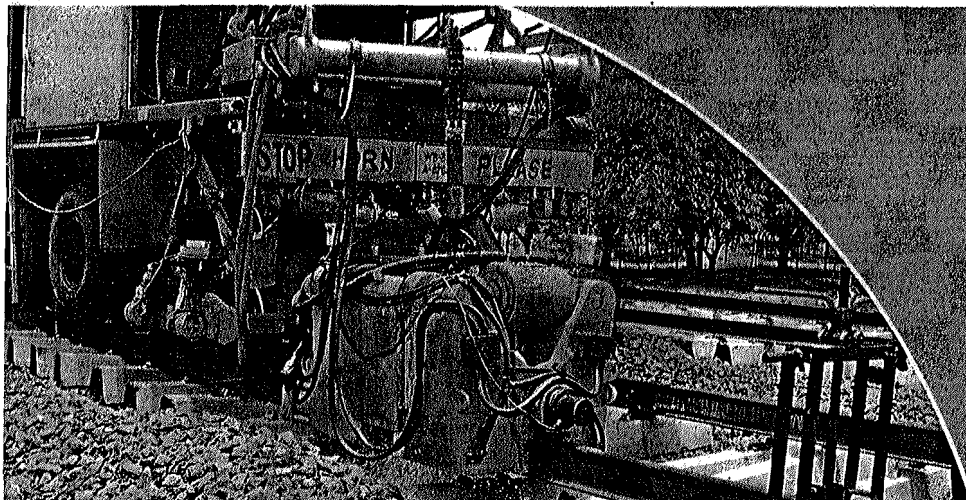


Annual Report 2007-08



ARSS Infrastructure Projects Limited

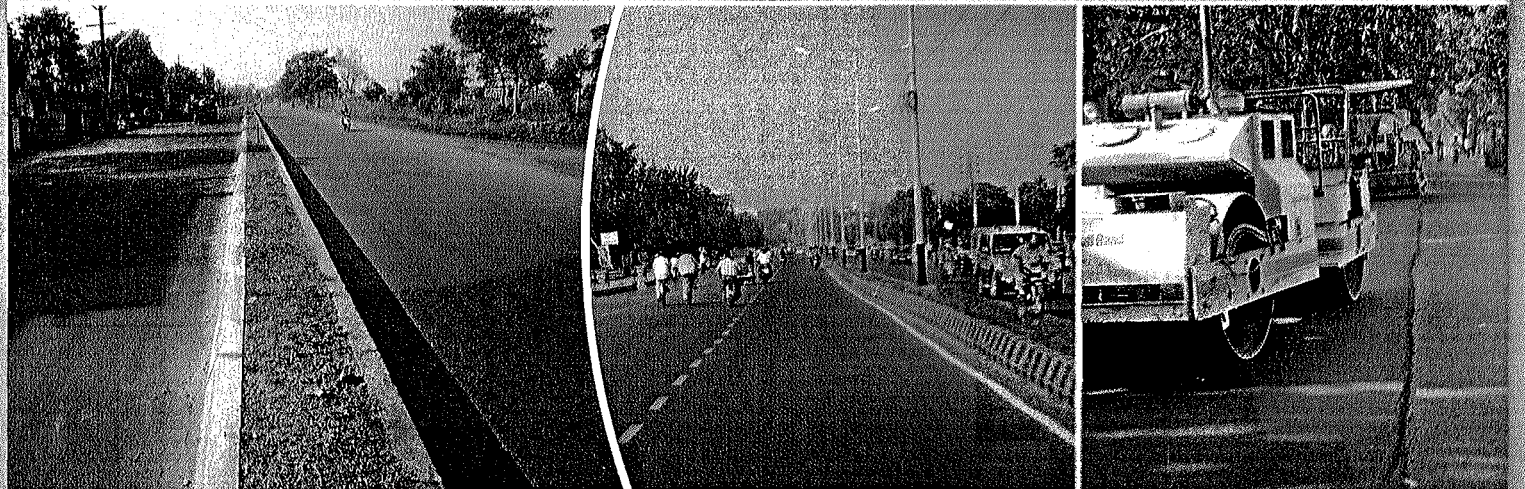
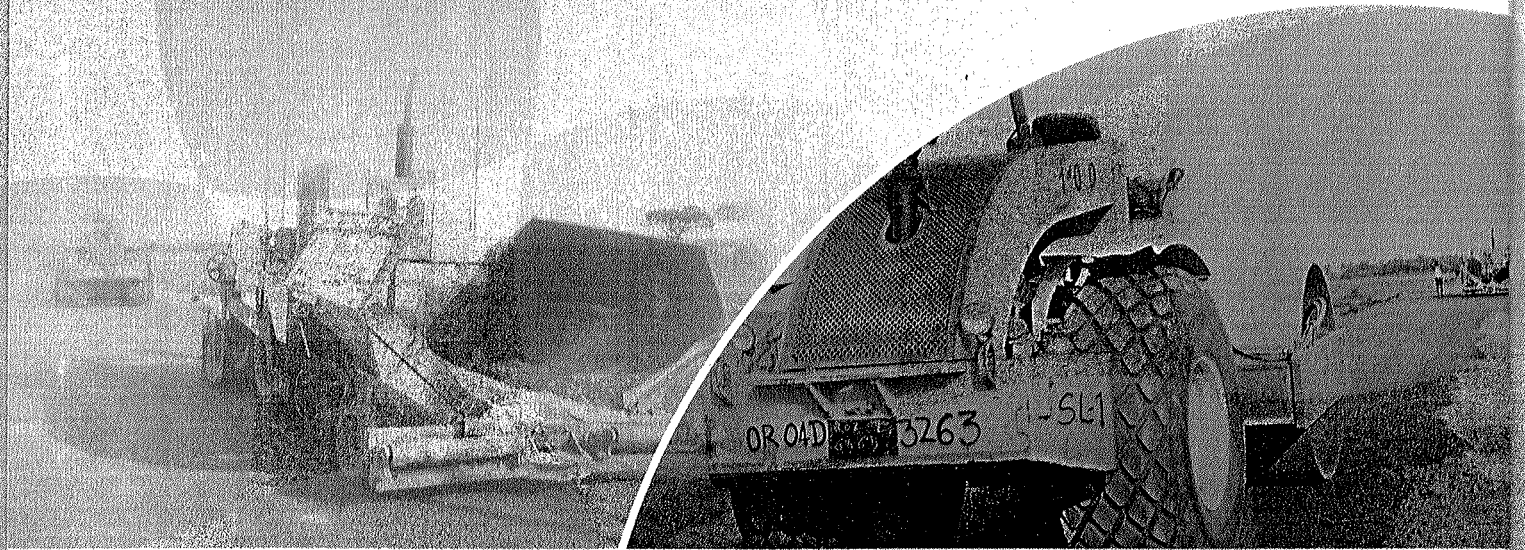
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Annual Report

2007-08



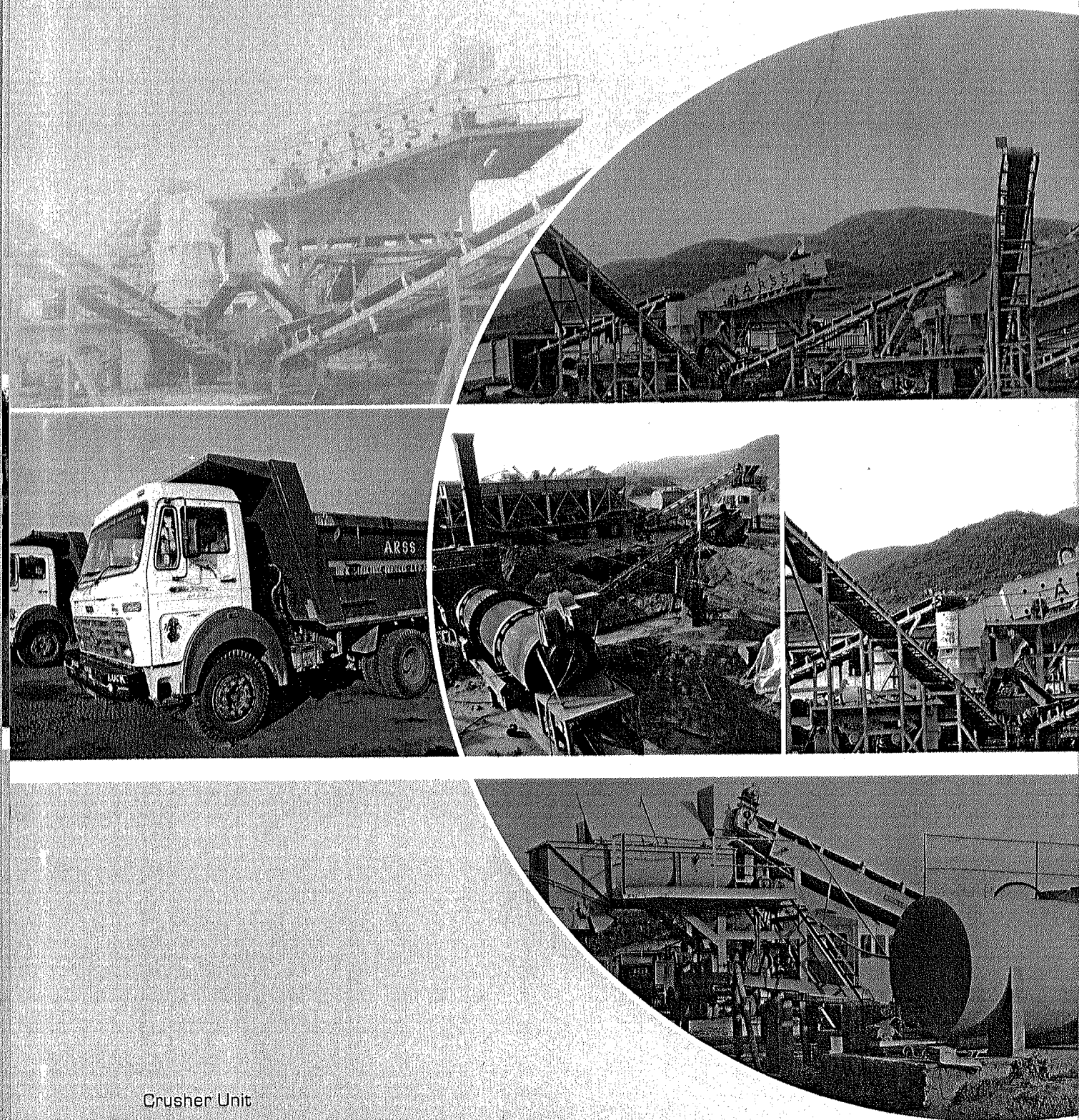
ARSS Infrastructure Projects Limited



Roads Construction Site

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Crusher Unit

BOARD OF DIRECTORS

Chairman

Mr. Subash Agarwal

Independent Directors

Dr. B. Samal

Mr. S. C. Parija

Mr. D.K. Dey

Mr.S.R.Chaudhuri

Executive Directors

Mr.S.K. Pattanaik

Mr.S.S. Chakraborty

Managing Director

Mr. Rajesh Agarwal

Chief Executive Officer

Mr. Sunil Agarwal

Chief Financial Officer

Mr. Abhishek Jajoo

Chief Operating Officer

Mr. Anil Agarwal

Company Secretary

Mr. Bibhuti Bhusan Sahoo

AUDITORS

P. A. & Associates

Chartered Accountants,

Bhubaneswar - 751010

BANKERS

State Bank of India

Commercial Branch

Bhubaneswar - 751001

REGISTERED OFFICE

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

Mancheswar Industrial Estate

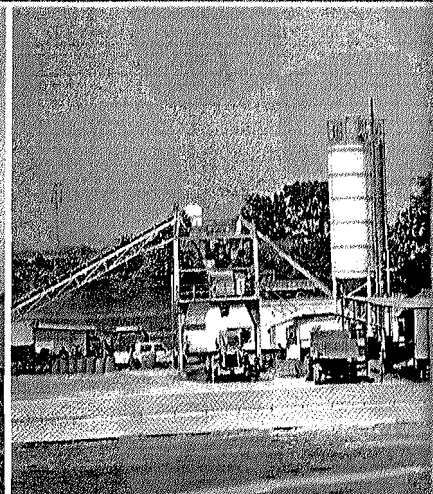
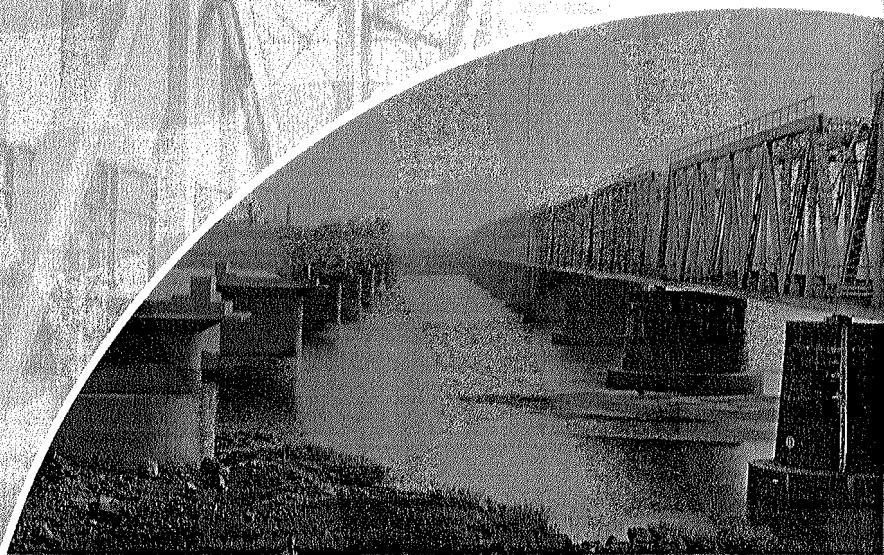
Bhubaneswar-751010

Phone No - 91 674 258 8552 - 4

Fax No - 91 674 258 5074

E-mail-response@arssgroup.in

Web Site- www.arssgroup.in



Railway Major Bridge



CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I would like to take this opportunity to place before you a review report of our performances during the financial year 2007-2008 and share with you some perspectives on our growth strategy. The performance of the Company during the period under review is quite satisfactory. The turnover for 2007-2008 has increased to Rs. 312.58 Crores as compared to Rs. 133.01 Crores in the financial year 2006-07, an increase of 136%. Your Company has earned a profit before tax (after interest and depreciation) of Rs.37.84 Crores as against Rs. 13.99 Crores in the previous year, an increase of 170%.

The year 2007-08 was a year of consolidation and charting out a roadmap for our growth plan. During the year the Company has filed Draft Red Herring Prospects (DRHP) with SEBI after the approval of Board members on 25th Feb'08. The Company had also filed listing application with NSE & BSE for their approval on 26th Feb'08. BSE vide their letter dt. 28th March'08 has given inprinciple approval for listing of our Shares at their Exchange. We are expecting to bring the IPO during the month of July or August' 08.

During the fiscal 2007-2008, we have made significant progress, not only in terms of the financial performance but also with regard to the emerging opportunities in the market place and the actions that we have initiated and undertaken to get the most out of them. Our continued success can be directly attributed to strong leadership, well defined goal with a roadmap and total client satisfaction coupled with an endless quest for excellence.

Major clients of our Company include Railways, Rail Vikas Nigam Limited, RITES Limited, IRCON International Limited, National Thermal Power Corporation, Hindustan Steel Corporation Limited, PWD - Orissa, IOCL, National Highway Authority of India. We have successfully completed around 200 km rail line and 300 km of roads and highways.

Before concluding, I on behalf of the Board of Directors and other members of the management team would like to extend our appreciation to all the stakeholders. We would like to acknowledge the continued support of our customers, vendors, employees, Banker's, lenders and investors.

At the end, I would like to place on record my sincere thanks to each and every one of our Shareholders for reposing their trust in us.

We are confident of maintaining this momentum of growth in our Company.

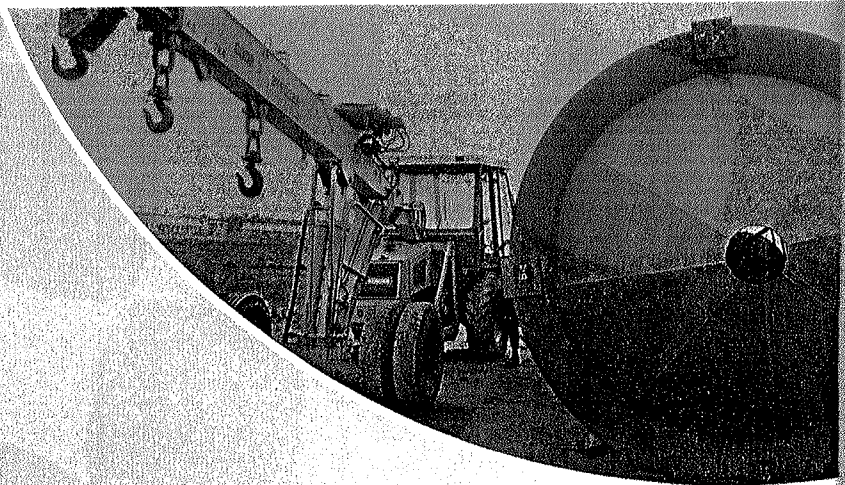
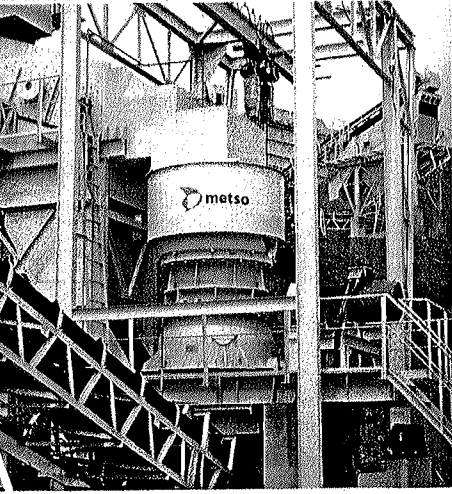
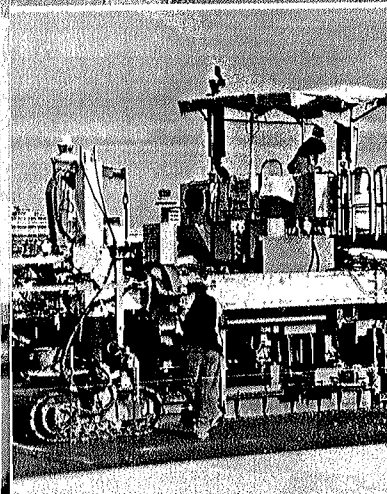
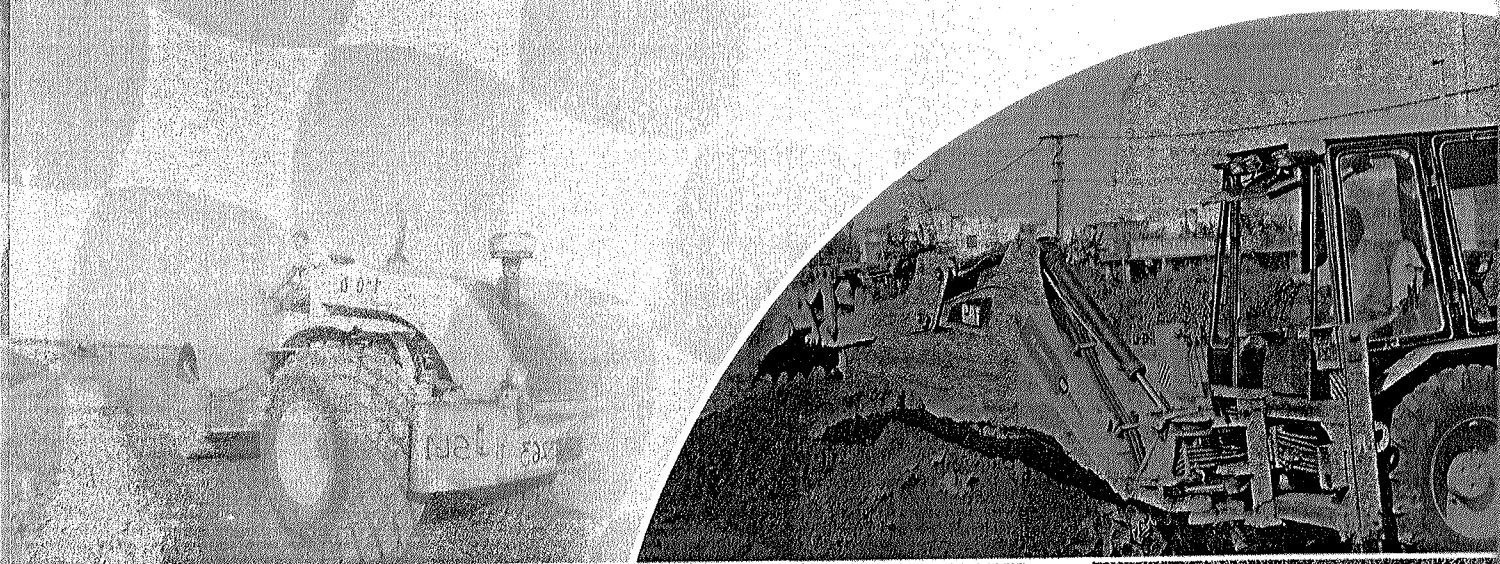
Best regards,

Yours sincerely

Place: Bhubaneswar

Dated: The 5th day of May, 2008

(Subash Agarwal)



Imported Equipments



DIRECTORS' REPORT

To
The Members,

The Board is pleased to present the eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2008

Rs. in lacs

1. FINANCIAL REPORTS

	2007-08	2006-07
Revenue	3,15,50.32	1,33,83.21
Profit before Depreciation, Interest & Tax	5,120.67	1,949.95
Less : Depreciation	395.01	175.10
Less : Interest	941.63	375.59
Profit Before Tax	3,784.03	1,399.26
Less : For current year Income Tax (including provision for Deferred Tax and Fringe Benefit Tax)	1,047.66	451.82
For earlier years	26.58	-
Profit After Tax	2,709.79	947.45
Surplus Brought Forward	1,491.32	771.93
Profit Available for Appropriation	4,201.10	1,719.38
Transfer to General Reserve	31.39	-
Utilisation on Bonus issue	-	228.06
Dividend & Dividend Tax	146.88	-
Surplus Carried Forward	4,022.84	1,491.32
Earning per Share (equity shares of face value of Rs. 10)	23.77	10.50

2. OPERATIONS

For the year the Company recorded the highest ever turnover of Rs. 312.58 Crore as compared to Rs. 133.01 Crore for the previous year. The Company also earned a substantially higher after tax profit of Rs. 27.10 Crore for the year as against Rs. 9.47 Crore in the previous year.

3. PROJECTS UNDER IMPLEMENTATION

During the year under review, the overall economic situation continued to be buoyant which provided tremendous opportunities for expansion. The Company has been awarded with works worth more than Rs. 1,200 crore, which includes the following major assignments:

- a) Construction, rehabilitation and widening of Cuttack - Paradeep road, Orissa. Contract value Rs. 208.27 crores.
- b) Construction of road bed, bridges, facilities and general electrification for the Construction of new broad gauge line between Haridaspur and Paradeep, Orissa. Contract value Rs. 110.24 crores.
- c) Construction of BRTS Corridor and Development of road, Jaipur Development Authority, Rajasthan. Contract value Rs. 159.02 crores.
- d) Construction of new broad gauge line, bridges, earthwork cuttings, road over bridges, road under bridges and sub ways between Salem-Karur, Chennai. Contract value Rs. 51.39 crores.
- e) Irrigation and canal work for construction of Bahragora distributry main canal, earthwork, lining in Jharkhand. Contract value Rs. 35.63 crores

4. IPO

The Company has filed Draft Red Herring Prospects (DRHP) with SEBI for IPO which is expected to be launched in the month of August'2008. Meanwhile the Company has also filed application with NSE and BSE to get the approval for listing. BSE has already given in principle approval, subject to certain statutory compliances.

5. PREFERENTIAL ISSUE

As approved by the members in their Extra-Ordinary General Meeting held on 28th December, 2007 the Company has issued and allotted on 4th January, 2008 on Preferential Basis, 10,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 305/- per share to State Bank of India. Besides this the Company has also issued Equity Shares at different dates at different premiums to various investors.

6. AUDITORS

The auditors, M/s. P.A. & Associates, Chartered Accountants who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

7. DIVIDEND

The Board of Directors declared interim dividend of 10% on equity capital, which has already been paid to the share holders in terms of approval of the Board in their meeting held on 14th March'2008. Your Directors express their inability to propose further dividend owing to substantial investment in fixed assets for the existing works in hand.



8. DIRECTORS

Mr. Devan Jitendra Mehta was appointed as a Director of this Company on 26th July, 2007 and resigned effective from 18th September, 2007 due to his pre occupation. Mr. Sunil Agarwal, Mr. B. L. Agarwal and Mr. S. K. Singla resigned from the Board effective from 31st October, 2007 as a part of restructuring process of the Board of Directors to make it broad based. The Board wishes to place on record its appreciation for the valuable contribution made by them during their tenure as member of the Board.

In accordance with the Articles of Association of the Company, Mr. S.K.Pattanaik retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment.

Mr.Subash Agarwal was appointed as an Additional Director of the Company w.e.f. 5th November'2007 till conclusion of the ensuing Annual General Meeting. The Company has received a notice under Section 257(1) of the Companies Act, 1956, in writing from a member proposing the candidature of Mr. Subash Agarwal for the office of Director not liable to retire by rotation along with the deposit of Rs 500/- each prescribed under the said section.

Dr.B.Samal, Mr.S.C.Parija, Mr. S.R.Choudhuri and Mr. Dipak Kumar Dey were appointed as an Additional Directors of the Company w.e.f. 27th November'2007 upto the conclusion of the next Annual General Meeting . The Company has received notices under Section 257(1) of the Companies Act, 1956 in writing from a member proposing the candidature of Dr.B.Samal, Mr.S.C.Parija, Mr. S.R.Choudhuri and Mr. Dipak Kumar Dey for the office of Director liable to retire by rotation along with deposits of Rs 500/- each prescribed under the section.

9. PARTICULARS OF EMPLOYEES

During the financial year 2007-08 there were two employees in the Company drawing a gross remuneration in excess of the limit fixed as per Section-217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Details of which are given below;

Sl. No.	Name of the person	Age in years	Designation	Gross Remuneration (Rs.)	Experience (No of years)	Date of commencement of employment	Previous Employment
1.	Mr. Subash Agarwal	43	Executive Chairman	10,00,000	17	05/11/2007	Nil
2.	Mr. Rajesh Agarwal	35	Managing Director	29,70,000	12	01/10/2006	Nil

10. RESPONSIBILITY STATEMENT

In pursuance of Section 217 (2AA) of the Companies Act, 1956, the Directors make the following responsibility statement:

- That In the preparation of Annual Accounts, the applicable Accounting Standards have been followed by ARSS Infrastructure Projects Ltd. along with proper explanation relating to material departures except AS - 15, Accounting for Retirement Benefits in the Financial Statements of Employers and AS-27, Financial Reporting of Interests in Joint Venture issued by the Institute of Chartered Accountants of India,

- ii) That The Directors had selected such Accounting Policies and applied them consistently and made judgment 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 2007-2008 and of the profit of the Company for that period,
- iii) That the Directors had taken Proper and sufficient care 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 Directors had prepared the Annual Accounts on a going concern basis.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & 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 absorbed 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 nor incurred any expenditure in foreign currency during the year ended 31st March'2008.

12. PUBLIC DEPOSITS

Your Company has not invited any deposits from public and Shareholders in accordance with the Section 58 A of the Companies Act, 1956.

13. AUDIT COMMITTEE

The Board of Directors of the Company have constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act 1956. in their meeting held on November 27, 2007.

The Committee consists of 3 members:

- i. Mr. Swarup Chandra Parija (Chairman)
- ii. Dr. Bidhubhusan Samal
- iii. Mr. Sujit Ranjan Chaudhuri

All the above members of the Audit Committee are Non-Executive Independent Directors.

14. SHAREHOLDERS GRIEVANCE COMMITTEE

Your Company has constituted a Shareholders Grievance Committee. The constitution of the Committee was approved by a meeting of the Board of Directors held on November 27, 2007.

The Committee consists of 3 members:

- i. Dr. Bidhubhusan Samal (Chairman)
- ii. Mr. Sujit Ranjan Chaudhuri



iii. Mr. Dipak Kumar Dey

All the above members of the Shareholders Grievance Committee are Non-Executive Independent Directors.

15. CORPORATE GOVERNANCE

Your Company has voluntarily 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 and Shareholders information report.

16. 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 has been able to achieve better performance during the year.

17. ACKNOWLEDGEMENT

The Board of Directors acknowledge with deep appreciation the co-operation received from the Govt. of Orissa particularly the Ministry of Works, Govt. of India, particularly Ministry of Railways, Employees and all business associates of the Company. Your Directors also thankfully acknowledge all the Investors more particularly the State Bank of India for reposing faith in the Company.

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

Place: Bhubaneswar

Dated: The 5th day of May, 2008

(Subash Agarwal)
Chairman

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

India's Infrastructure Industry has been expanding at an accelerated pace to support the economic growth rate of around 8.5 per cent. The six core-infrastructure industries, which account for a combined weight of 26.68 per cent in the index of industrial production (IIP), registered a growth of 8.6 per cent in 2006-07 as against 6.2 per cent during 2005-06. The growth has continued pace during the current fiscal, with the six core-infrastructure industries growing at the rate of 6.9 per cent during April-September 2007.

Your Company is engaged in construction activities in India and undertakes construction of railway infrastructure, roads, highways, bridges and irrigation projects. Your Company started as a construction Company in the field of railway infrastructure development, mainly in the state of Orissa and subsequently expanded our business activities in the zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway.

Your Company has a dominating presence in Eastern India, particularly in the state of Orissa. However, in recent years we have pursued opportunities in other parts of India including states of Chhatisgarh, Rajasthan, Jharkhand, Haryana, Andhra Pradesh and Tamil Nadu.

2. OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

Some of the important projects being currently executed by us on standalone/joint venture basis are namely Construction, rehabilitation and widening of Cuttack - Paradeep road, Orissa, for a contract value of Rs. 20,826.77 lacs, Construction of road bed, bridges, facilities and general electrification for the construction of new broad gauge line between Haridaspur and Paradeep, Orissa. The contract value for the project is Rs. 11,024.05 lacs, Construction and four laning of the Singaperumal - Koil - Sriperumpudur road, Tamil Nadu, for a contract value of Rs. 10,226.30 lacs, Construction of new broad gauge line, bridges, earthwork cuttings, road over bridges, road under bridges and sub ways between Salem-Karur, Chennai. The contract value for the project is Rs. 5,139.05 lacs, Irrigation and canal works for construction of Bahragora distributry main canal, earthwork, lining in Jharkhand, for contract value of Rs. 3,563.10 lacs.

In order to meet the pre-qualification requirements for certain infrastructure projects, which require higher capital adequacy or technical expertise, our Company has to enter into joint ventures with third parties. In case we are unable to forge an alliance with such third parties, we may lose on the opportunity of qualifying for such projects. Your business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of construction and other work on projects before payment is received from clients. Unanticipated increases in costs of equipment, materials or fuel may adversely affect our results of operations.

Your business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract



schedules or generally reduce our productivity. Certain contracts provide that we shall be liable for any loss due to delay in commencement or execution of the work, even if such delays are on account procuring construction material and fuel. We operate in a competitive environment. While service quality, technical capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor in most tender awards. Our industry has been frequently subject to intense price competition.

OUTLOOK

Construction projects are typically awarded through competitive bidding process to bidders with certain eligibility requirements based on their past experience, technical capabilities and financial strength. We bid for projects both on a standalone basis as well as through project specific joint ventures. Your Company have entered into joint ventures with national and international players such as PT Adhikarya (Persero), Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, Patel Engineering Ltd, Rohit Kumar Das Construction Private Limited, Backbone Enterprises Ltd. and Atlanta Ltd.

Major clients of your Company include Ministry of Railways, State Government of Orissa, Rail Vikas Nigam Limited, RITES Limited, IRCON International Limited, National Thermal Power Corporation, Hindustan Steel Corporation Limited, PWD – Orissa, IOCL, National Highway Authority of India. We have successfully completed around 200 km rail line and about 300 km of roads and highways.

REVIEW OF OPERATION

The Financial statements have been prepared in compliance with requirements of the Companies Act, 1956 and the applicable accounting standards.

The abridged profit & Loss statements for the financial year ended 31st March, 2008 is as follows.

(Rs. In Lakhs)

	2007-2008	2006-2007	% change
Net Sales	31,257.99	13,300.13	135%
Other Income	292.33	83.08	252%
Profit before interest, Depreciation & Tax	5,120.67	1,949.95	163%
Depreciation	395.01	175.10	126%
Prior period Tax	26.58	-	100%
Provision for Tax	1,047.64	451.82	132%
Profit after Tax	2,709.79	947.45	186%
Earning per share (Rs.)	23.77	10.50	126%

5. INTERNAL CONTROL SYSTEM AND EFFICIENCY

The Company has put in place a system of internal controls and checks which are supplemented by a regular internal audit procedure commensurate with the size of its business and nature of its operations. The Audit Committee of the Board meets at regular intervals and actively reviews the internal control systems which are reflected in the internal audit reports. Suitable corrective actions are initiated whenever necessary.

6. MANAGEMENT DEVELOPMENT IN HR

Your Company has a well qualified and experienced team of professionals who have contributed to the performance of the Company. Labour relations at all the manufacturing units of the Company continued to remain cordial throughout the year 2007-2008. There was no industrial unrest during the year.

7. CAUTIONARY STATEMENT

The statements in report of the Board of Directors and the Management Discussion & Analysis Report describing the Company's outlook, estimates or predictions may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially 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 except as may be statutorily required from time to time.

For and on behalf of the Board of Directors

Place: Bhubaneswar

Dated: The 5th day of May, 2008

(Subash Agarwal)
Chairman



CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE.

Corporate Governance, a requirement under clause 49 of the listing agreement is applicable only to listed Companies. The Company voluntarily adopted the practice of corporate governance in order to practice the virtues of adequate disclosures, transparency and accountability even though it is not mandatory at present. The Company's philosophy on corporate governance is to attain the highest levels of transparency, accountability and responsibility in all operations, disclosures and interactions with its shareholders, investors, lenders, employees and Government. The Company believes that all its operations and actions must serve the goal of enhancing overall Stakeholders value over a sustained period of time.

BOARD OF DIRECTORS

COMPOSITION

The Board of Directors presently comprises four Whole Time Directors and four Independent Directors having vast experience in corporate governance with them. The status of Directors and Board Meetings are as follows:

Directors	Executive/ Non-Executive Independent	No. of Outside Directorships Held		Outside Committee Positions Held	
		Public	Private	Member	Chairman
Mr. Subash Agarwal	Executive	1	1		
Mr. Rajesh Agarwal	Executive		1		
Mr. Soumendra Keshari Pattanaik	Executive				
Mr. Sudhendu Sekhar Chakraborty	Executive				
Dr. Bidhubhusan Samal	Independent	11	1	2	3
Mr. Dipak Kumar Dey	Independent				
Mr. Swarup Chandra Parija	Independent	1			
Mr. Sujit Ranjan Chaudhuri	Independent				

MEETING AND ATTENDANCE

During the year 2007-2008 Twenty Board Meetings took place on the following dates

[17-04-2007, 30-04-2007, 03-05-2007, 05-05-2007, 09-05-2007, 17-05-2007, 01-06-2007, 26-06-2007, 02-07-2007, 12-07-2007, 18-07-2007, 26-07-2007, 13-08-2007, 08-09-2007, 12-10-2007, 05-11-2007, 27-11-2007, 04-01-2008, 15-01-2008, 14-03-2008]

Attendance of Directors at Board Meeting held after induction of Independent Directors and adoption of corporate governance from 27-11-2007 (Four meetings held) are provided here in below:

Name of the Director	No. of Board Meeting Attended
Mr. Subash Agarwal	4
Mr. Rajesh Agarwal	4
Mr.Soumendra Keshari Pattanaik	4
Mr. Sudhendu Sekhar Chakraborty	3
Dr. Bidhubhusan Samal	4
Mr. Dipak Kumar Dey	3
Mr. Swarup Chandra Parija	4
Mr. Sujit Ranjan Chaudhuri	2

III. AUDIT COMMITTEE

The Board constituted an Audit Committee on 27th Nov'2007 in terms of Section 292-A of the Companies Act, 1956. The Committee consists of 3 Directors and all are non-executive Independent Directors. The role and terms of the reference of the Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 besides other terms as referred to by the Board of Directors from time to time.

During the year 2007-08 two Audit Committee Meetings took place. The composition of Audit Committee of the Board and the attendance of the members is given below :

Name of the Director	No. of Meetings	
	Held	Attended
Mr. Swarup Chandra Parija (Chairman)	2	2
Dr. Bidhubhusan Samal	2	2
Mr. Sujit Ranjan Chaudhuri	2	-

The Company Secretary and Compliance Officer, Mr. Bibhuti Bhusan Sahoo is the Secretary of the said Committee



IV. SHAREHOLDERS GRIEVANCE COMMITTEE

The Company has constituted a Shareholders Grievance Committee. The constitution of the aforesaid Committee was approved by a meeting of the Board of Directors held on November 27, 2007. The Committee consists of 3 members:

- i. Dr. Bidhubhusan Samal (Chairman)
- ii. Mr. Sujit Ranjan Chaudhuri
- iii. Mr. Dipak Kumar Dey

The Company Secretary and Compliance Officer, Mr. Bibhuti Bhusan Sahoo is the Secretary of the said Committee.

V. REMUNERATION COMMITTEE

The Company has not constituted any Remuneration Committee as provided in clause 49 of the Listing agreement which is yet to be applicable to the Company. But the Company has active proposal to constitute such committee within a short period of time. Sitting Fees and Remuneration paid to the directors are as follows:

REMUNERATION PAID TO EXECUTIVE DIRECTORS

(In Rs.)

Name	Position	Salary	Commission	Total
Mr. Subash Agarwal	Chairman	10,00,000/-	-	10,00,000/-
Mr. Rajesh Agarwal	MD	19,20,000/-	10,50,000/-	29,70,000/-
Mr. S.K.Pattanaik	Director (F)	6,36,661/-	-	6,36,661/-
Mr. S.S.Chakraborty	Director (T)	3,61,421/-	-	3,61,421/-

Sitting fees paid to Non-Executive Directors for attending Board/Board Committee Meeting during the financial year are as follows :

Dr. Bidhubhusan Samal	Rs. 70,000/-
Mr. Dipak Kumar Dey	Rs. 45,000/-
Mr. Swarup Chandra Parija	Rs. 70,000/-
Mr. Sujit Ranjan Chaudhuri	Rs. 30,000/-

VI. CODE OF CONDUCT

The Board has adopted a code of conduct for all Board Members and designated senior management officials of the Company. All Board Members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

VII. ANNUAL GENERAL MEETINGS

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

Year	Location	Date	Time
2005	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751010.	30-09-2005	11.30 A.M
2006	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751010.	27-09-2006	11.30 A.M
2007	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751010.	27-09-2007	11.30 A.M

No special resolution was adopted through postal ballot.

VIII. DISCLOSURES

Disclosures on materially significant related party transaction of the Company of material nature with its promoters, the director or the management or their subsidiaries or relatives etc. Potentially conflicting with the interest of the Company at large during the year. Details provided in the notes forming part of the accounts.

IX. MEANS OF COMMUNICATION

a) Management Discussion and Analysis Report forms part of the report of the Directors.

X. GENERAL INFORMATION FOR SHAREHOLDERS

1.	Date, Time and Venue of the Annual General Meeting of the Company	Monday, 16th June, 2008 at 11.30 am at Registered Office of the Company at Plot No. 38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751 010, Orissa
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2. Financial Calendar 2007-2008

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

For the Quarter ending 30-06-2008	Last week of July, 2008
For the Quarter ending 30-09-2008	Last week of October, 2008
For the Quarter ending 31-12-2008	Last week of January, 2009
For the Quarter ending 31-12-2009	Last week of April, 2009

3.	Dividend	The Company has declared an interim dividend of 10% on 14th March, 2008 and decided restrict the total dividend to that only.
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4. Dematerialisation of Shares

The Company's Shares are available for dematerialisation on both the Depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL), for which purpose the Company has entered into Agreements with the respective Institutions.

**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

Shareholding Pattern as on 31st March, 2008

S. No.	Category	No. of Shares	Percentage of Shareholding (%)
1.	Promoters	81,98,900	65.31
2.	Banks Financial Institutions and Insurance Companies.	10,00,000	7.97
3.	Mutual Fund	Nil	Nil
4.	Private Corporate Bodies (Excluding of Promoters)	21,66,500	17.26
5.	Indian Public	11,88,600	9.47
6.	NRIs/OCBs	Nil	Nil
7.	GRDs	Nil	Nil
	Total	1,25,54,000	100.00

Distribution of shareholding as on 31st March, 2008

Range	Number of Shareholders	% to Total	Total Shares	% to Total
Up to 500	2	2.82	1,000	0.007
501-1000	4	5.63	4,000	0.03
1001- 2000	4	5.63	5,150	0.04
2001-3000	7	9.86	19,450	0.15
3001-4000	0	0	0	0
4001-5000	2	2.82	10,000	0.08
5001-10000	8	11.27	70,000	0.56
10001 and above	44	61.97	1,24,44,400	99.13
Total	71	100.00	1,25,54,000	100.00

ADDRESS FOR CORRESPONDENCE

The shareholders may address their communications/suggestions/grievances/queries to :

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 : bbs@arssgroup.in

For and on behalf of the Board of Directors

(Subash Agarwal)
ChairmanPlace: Bhubaneswar
Date: The 5th day of May, 2008

To

The Board of Directors
ARSS Infrastructure Projects Ltd.
Regd. Office: Sector-A, Zone-D, Plot No. -38
Mancheswar Industrial Estate, Mancheswar
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 4th January, 2008.

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

Place: Bhubaneswar
Dated: The 5th day of May, 2008

(Rajesh Agarwal)
Managing Director



To

The Board of Directors

ARSS Infrastructure Projects Ltd.

Regd. Office: Sector-A, Zone-D, Plot No. -38

Mancheswar Industrial Estate, Mancheswar

Bhubaneswar-751010

Orissa

Dear Sirs,

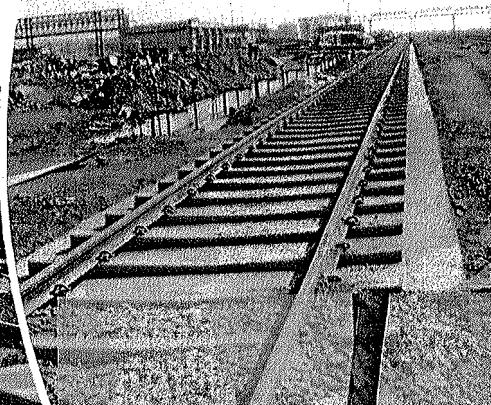
1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2008 and certify that to the best of our knowledge and belief :
 - a) These Statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - b) 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 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, deficiencies in the design or operation of internal controls, in any, of which we are aware and the steps we have take or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit committee;
 - a) Significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; andInstances 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

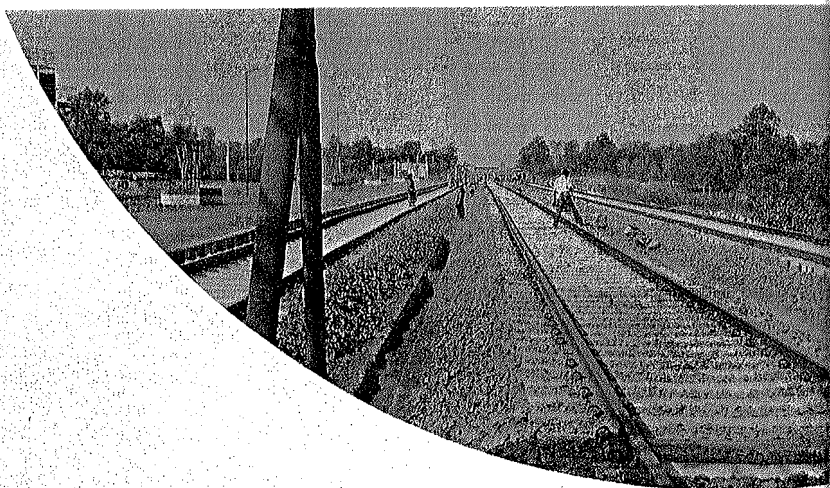
Dated: The 5th day of May, 2008

(Abhishek Jajoo)
Chief Financial Officer

(Rajesh Agarwal)
Managing Director



Railway Road Bed





AUDITOR'S REPORT

The Members

ARSS Infrastructure Projects Ltd

Chartered Accountants

We have audited the attached balance Sheet of ARSS Infrastructure Projects Ltd, as at 31st March'2008, the Profit and Loss Account and also the Cash flow statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with 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 of material misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure I referred to in paragraph 3 above, we report that :

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

Provision of Rs. 6.13 lacs on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, "Accounting for Retirement Benefits" issued by The Institute of Chartered Accountants of India.

Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2008 instead of audited accounts, which is not in accordance with Accounting Standard – 27, " Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India.

In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.

The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.

- 4.5 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement have been drawn up in accordance with Accounting Standards (AS) referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 except as stated in Para – 4.2 above.
- 4.6 According to the information and explanations given to us and on the basis of written representations received from the company, we report that none of the Directors are disqualified as on 31.03.2008 from being appointed as a director in terms of clause (g), sub section (i) of section 274 of the Companies Act, 1956.
- 4.7 In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Significant Accounting Policies and other notes appearing in Schedule – 20, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In the case of Balance Sheet of the state of affairs of company as at 31st March, 2008.
 - ii. In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date and.
 - iii. In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

For P.A. & ASSOCIATES
Chartered Accountants

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Place: Bhubaneswar
Dated: The 5th day of May, 2008

(CA. P. S. Panda)
Partner
M. No.: 51092



ANNEXURE TO AUDITOR'S REPORT

(Referred to in Para 1 of the said report of even date)

1. In respect of its Fixed Assets

- a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) As informed to us, all the fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its Inventories

- a) As explained to us, inventories have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its business.
- b) The procedures of physical verification of inventories followed by the management in our opinion are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

3. According to the information and explanations given to us, the company has not granted/accepted any loans from parties covered in the register maintained under section 301 of the Companies Act, 1956.

Hence provisions of clause (b), (c), (d), (e), (f) and (g) of the said order are not applicable to the company.

4. In our opinion and according to the information and explanations given 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 the 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.

5. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained.

6. In our opinion and according to the information and explanations given to us, each such transaction have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

7. The company has not accepted any deposits from the public.
8. In our opinion and according to the information and explanation given to us, the company has an internal audit system commensurate with the size of company and the nature of its business.
9. As explained to us by the company, The Central Government has not prescribed for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
10. According to the information and explanations given to us the company is generally regular in deposit of undisputed statutory dues including Provident Fund, Income Tax, Sales Tax and Service Tax.
11. According to the information and explanations given to us, in our opinion, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
11. The disputed statutory dues aggregating to Rs. 91.96 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Year	Nature of Dues	Amount demanded (in lakhs)	Forum where dispute is pending
2000 to 2003	Orissa Sales Tax	31.85	CCT
2000 to 2005	-Do-	60.11	ACCT

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12. The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
13. In our opinion and based on the information and explanations given to us and records examined by us, the company has not defaulted in repayment of dues to financial institutions or banks.
14. According to the information and explanations given 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.
15. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/society.
16. As explained to us and on the basis of information given to us, the company is not dealing in shares, securities, debentures and other investments.
17. The Company has given guarantees for loans taken by others from banks or financial institutions. The terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
18. The term loans have been applied for the purpose for which they were obtained.
19. According to the information and explanations given to us and on 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 purposes.

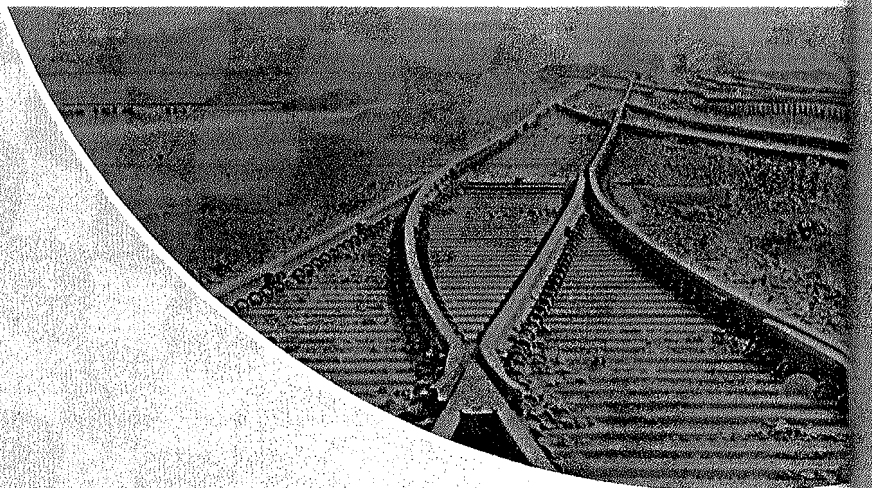
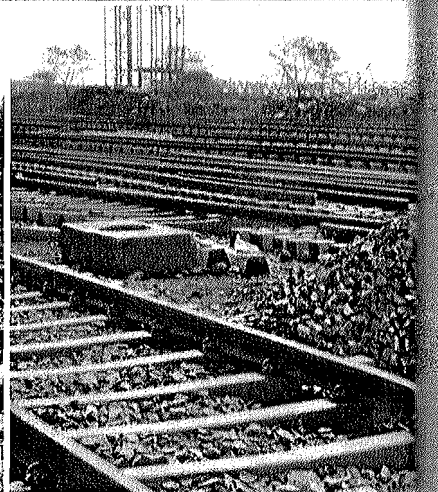
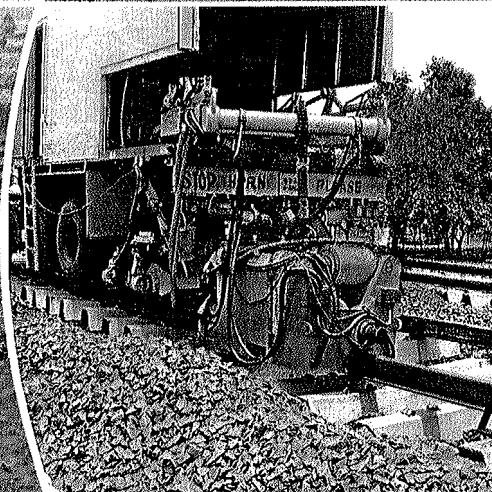
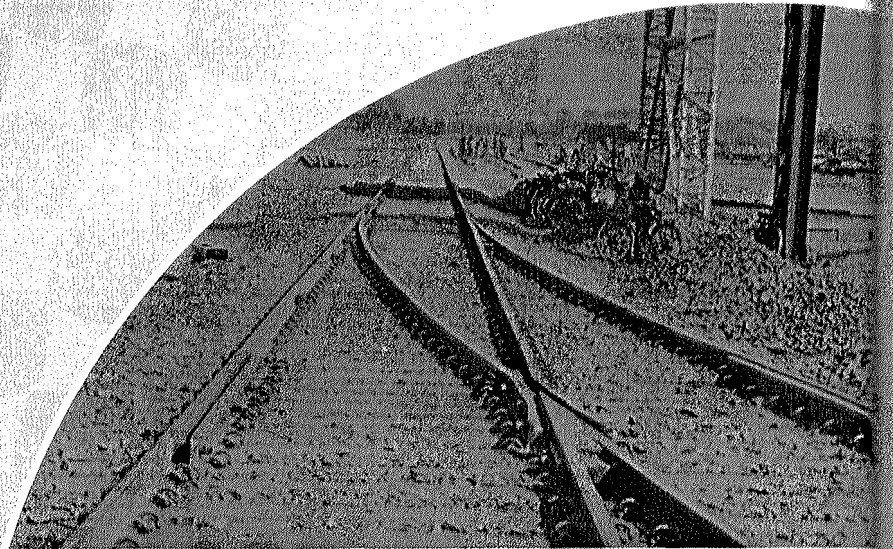


20. According to the information and explanations given to us, during the year, the company has made a preferential allotments of shares to parties covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
21. During the period covered by our audit report, the Company has not issued any debentures.
22. The Company has not raised any money during the year through the public issue.
23. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For P.A. & ASSOCIATES
Chartered Accountants

(CA. P. S. Panda)
Partner
M. No.: 51092

Place: Bhubaneswar
Dated: The 5th day of May, 2008



Railway Track Linking



Balance Sheet as at 31st March, 2008

	Schedule	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	125,540,000	107,960,500
b) Reserves and Surplus	2	871,796,456	185,931,512
2. Loan Funds			
a) Secured Loans	3	975,277,469	378,665,727
b) Unsecured Loans	4	10,000,000	-
3. Deferred Tax	5	26,449,497	13,818,588
Total		2,009,063,422	686,376,327
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	6	864,347,716	315,145,682
b) Less: Depreciation		86,825,072	47,323,666
c) Net Block		777,522,645	267,822,016
2. Investments	7	25,436,921	18,256,201
3. Current Assets, Loans and Advances			
a) Inventories	8	622,103,160	73,298,835
b) Sundry Debtors	9	653,574,370	145,136,306
c) Cash & Bank Balances	10	373,999,265	116,425,792
d) Loans & Advances	11	506,967,157	205,984,507
		2,156,643,952	540,845,439
4. Current Liabilities and Provisions			
a) Current Liabilities	12	858,935,086	105,763,831
b) Provisions	13	92,135,010	35,261,598
		951,070,096	141,025,429
5. Net Current Assets (3-4)		1,205,573,856	399,820,010
6. Miscellaneous Expenditure (To the extent not written off or adjusted)	14	530,000	478,100
		2,009,063,422	686,376,327
7. Significant Accounting policies and notes to accounts	20		

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The schedules referred to above form an integral part of the balance sheet

As per our separate report of even date

For P.A. & Associates
Chartered Accountants(CA P.S. Panda)
Partner
M. No. 51092

For and on behalf of the Board

Place: Bhubaneswar
Dated: The 5th day of May, 2008(B.B.Sahoo)
Company Secretary(S.K. Pattanaik)
Director Finance(Rajesh Agarwal)
Managing Director

Profit and Loss Account for the period ended 31st March, 2008

	Schedule	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. Income			
Contract Revenue		3,125,798,708	1,330,013,536
Other Income		29,233,380	8,307,565
		<u>3,155,032,088</u>	<u>1,338,321,101</u>
2. Expenditure			
Direct Contract expenses	15	2,530,581,376	1,069,510,979
Personnel Expenses	16	29,828,204	12,890,331
Administrative Expenses	17	50,703,746	31,787,216
Selling Expenses	18	31,851,051	29,137,581
Interest & Financial Charges	19	94,163,206	37,559,074
Depreciation		39,501,406	17,509,689
		<u>2,776,628,989</u>	<u>1,198,394,869</u>
3. Profit Before Tax		378,403,099	139,926,232
4. Less: Tax Expenses			
Current Income Tax		90,860,620	34,703,181
Deferred Tax		12,630,909	9,919,529
Fringe Benefit Tax		1,274,389	558,417
Income tax for earlier years		2,658,184	-
5. Profit After Tax		270,978,997	94,745,106
6. Balance brought forward from Previous year		149,131,512	77,192,906
7. Amount Available for Appropriation		420,110,508	171,938,012
8. Appropriations			
Interim Dividend		12,554,000	-
Tax on Dividend		2,133,552	-
Transfer to General Reserve		3,138,500	-
9. Profit Carried Forward		<u>402,284,456</u>	<u>171,938,012</u>
10. Earnings Per Share (Face value Rs. 10 each)			
Basic		23.77	10.50
Diluted		23.77	10.50
11. Significant Accounting policies and Notes to accounts	20		

The schedules referred to above form an integral part of the Profit & Loss Account

As per our separate report of even date

For and on behalf of the Board

For P.A. & Associates
Chartered Accountants

(CA P.S. Panda)
Partner
M. No. 51092

Place: Bhubaneswar
Dated: The 5th day of May, 2008

(B.B.Sahoo)
Company Secretary

(S.K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director



Cash Flow Statement for the period ended 31st March, 2008

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation & execeptional items	378,403,099	139,926,233
Add: Adjustments for:		
Depreciation	39,501,406	17,509,689
Interest paid	94,163,206	28,928,623
Preliminary Exp. W/o	198,100	148,100
Operating profit before working capital change	512,265,811	186,512,645
Add: Adjustments for:		
Trade & other receivables	(809,420,714)	(198,109,367)
Inventories	(548,804,325)	30,907,500
Trade payable & other liabilities	753,171,256	9,553,081
Cash generation from operation	(92,787,973)	28,863,859
Income Tax & Fringe Benefit Tax	40,053,334	35,261,598
Net cash from operating activities	(132,841,307)	(6,397,739)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(549,202,034)	(161,836,492)
Sale of Fixed Assets	0	0
Preliminary expenditure	(250,000)	(250,000)
Investment	(7,180,720)	(9,194,655)
Net cash from Investing Activities	(556,632,754)	(171,281,147)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital & Premium	447,153,000	75,384,000
Dividend Paid	(12,554,000)	0
Interest Paid	(94,163,206)	(28,928,623)
Unsecured Loan accepted	10,000,000	(200,000)
Borrowings Availed including	596,611,742	197,200,418
Repayment of Borrowings		
Net cash from Financing Activities	947,047,536	243,455,795
D. INCREASE / DECREASE IN CASH AND CASH EQUIVALENT	257,573,475	65,776,909
E. CASH AND CASH EQUIVALENT AS AT BEGINNING	116,425,791	50,648,882
F. CASH AND CASH EQUIVALENT AS AT CLOSING	373,999,266	116,425,791

As per separate report of even date

For and on behalf of the Board

For P.A. & Associates
Chartered Accountants(CA P.S. Panda)
Partner
M. No. 51092Place: Bhubaneswar
Dated: The 5th day of May, 2008(B.B.Sahoo)
Company Secretary(S.K. Pattanaik)
Director Finance(Rajesh Agarwal)
Managing Director

Schedule to Balance Sheet & Profit & Loss Account

SCHEDULE 1: SHARE CAPITAL

Authorised:

2,00,00,000 (Previous year: 1,50,00,000)

equity shares of Rs. 10/- each

200,000,000

150,000,000

Issued, Subscribed & Paid up

1,24,54,000 (P.Y. 1,06,71,050) equity shares of

Rs. 10/- each fully paid up in cash

125,540,000

106,710,500

100,000 (P.Y. 69,00,700 bonus shares)

equity shares of Rs. 10/- each fully paid up other than in cash

Share Deposit

1,250,000

125,540,000

107,960,500

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1. Of the above Equity Shares

- 100000 shares out of issued and subscribed share capital issued and allotted against a plot of Land on which the Corporate Office of the Company has been built.
- 69,00,700 shares out of issued and subscribed share capital are bonus shares which have been issued during the year 2006-07 out of capitalisation of Profits of Rs. 2,28,06,500/- and Share Premium Account of Rs. 4,62,00,500/-

SCHEDULE 2: RESERVES AND SURPLUS

Share Premium Account

As per last Balance Sheet

36,800,000

20,600,000

Add: On fresh issue

429,573,400

42,400,500

Less: Utilisation against bonus issue

-

46,200,500

46,200,500

36,800,000

General Reserve

1,138,500

Profit & Loss Account

142,244,450

149,131,512

149,131,512

185,931,512

**SCHEDULE 3: SECURED LOANS**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Term Loan	225,540,373	59,439,463
Working Capital Loan (Secured by way of mortgage of Land & Building and Plant & Machinery and hypothecation of stock & book debts)	483,320,993	230,446,691
Loan from NBFC (Against hypothecation of fixed assets of the Company, acquired out of the Loan)	266,416,103	88,779,573
	975,277,469	378,665,727

SCHEDULE 4: UNSECURED LOAN

- Loan from Shareholders	10,000,000	-
	10,000,000	-

SCHEDULE 5: DEFERRED TAX LIABILITY

Deferred Tax Liability		
Opening Balance	13,818,588	3,899,059
Add: addition during the year	12,630,909	9,919,529
	26,449,497	13,818,588

SCHEDULE 6: FIXED ASSETS

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION	NET BLOCK	
		As at 1st April 2007 Rupees	Addition during the year Rupees	Deletion during the year Rupees	As at 31st March 2008 Rupees	As at 31st March 2008 Rupees	As at 31st March 2008 Rupees	As at 31st March 2007 Rupees
1.	Land (Free Hold)	3,008,329	56,845,700	-	59,845,029	-	59,845,029	3,008,329
2.	Land (Lease Hold)	-	3,978,325	-	3,978,325	-	3,978,325	-
3.	Building							
	a) Factory	298,976	-	-	298,976	76,440	222,536	232,522
	b) Non-Factory	-	11,606,372	-	11,606,372	74,127	11,532,245	
4.	Plant & Machinery	287,216,914	437,880,916	-	725,097,830	80,394,136	644,703,694	242,245,210
5.	Furniture & Fixture	1,157,424	1,537,359	-	2,694,783	319,562	2,375,221	970,532
6.	Vehicles	22,431,406	35,036,283	-	57,467,689	5,323,260	52,144,429	20,604,824
7.	Computer	1,032,633	2,317,080	-	3,349,713	637,547	2,712,166	760,599
		315,145,682	549,202,034	-	864,347,716	86,825,072	777,522,645	267,822,016
	Previous Year	153,303,190	161,836,492	-	315,145,682	29,813,976	267,822,016	



SCHEDULE 7: INVESTMENT

(Unquoted at cost)

		As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
NSC	2,027,000	2,027,000	
Interest accrued on above		799,810	584,088
In Capital of Joint Ventures		22,610,111	15,645,113
		25,436,921	18,256,201

SCHEDULE 8: INVENTORIES

At cost being lower of N.R.V.

Raw Materials	10,008,237	1,517,210
Spare Parts	11,448,623	-
Finished Goods	40,523,740	14,480,985

At completion contract method

Work in Progress	560,122,560	57,300,640
	622,103,160	73,298,835

SCHEDULE 9: SUNDRY DEBTORS

(Unsecured, considered good)

Outstanding for a period more than six months	98,183,508	5,892,272
Others	555,390,862	139,244,034
	653,574,370	145,136,306

SCHEDULE 10: CASH AND BANK BALANCES

Cash in hand (As certified by the management)

Balance with Schedule Banks	6,426,524	3,537,867
a. In Current Accounts	20,405,462	44,550,268
b. In Fixed Deposit Accounts	163,930,040	37,421,577
c. Interest Accrued on above	5,220,071	1,471,577
d. Cheques in Hand	178,017,168	29,444,503
	373,999,265	116,425,792

SCHEDULE 11: LOANS AND ADVANCES

(Unsecured considered good)

Advance Recoverable in cash or in kind for value to be received	506,967,157	205,984,507
	506,967,157	205,984,507

SCHEDULE 12: CURRENT LIABILITIES

Sundry Creditors	858,935,086	105,763,831
	858,935,086	105,763,831

SCHEDULE 13: PROVISIONS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Provision for Tax	90,860,620	34,703,181
Provision for Fringe Benefit Tax	1,274,389	558,417
	<u>92,135,010</u>	<u>35,261,598</u>

SCHEDULE 14: MISCELLANEOUS EXPENDITURE
(to the extent not written off or adjusted)

Preliminary Expenses	530,000	478,100
	<u>530,000</u>	<u>478,100</u>

SCHEDULE 15: DIRECT EXPENSES

Material purchase including subcontract charges	2,720,649,312	763,882,897
Wages	116,641,082	95,218,702
Power & Fuel	126,778,106	101,025,602
Royalty	21,253,078	5,357,473
Repair & Maintenance (Plant & Vehicle)	57,034,879	37,713,934
Hire Charges	37,029,244	35,404,871
	<u>3,079,385,701</u>	<u>1,038,603,479</u>
Increase / (Decrease) in Stock		
Opening Stock	73,298,835	104,206,335
Closing Stock	622,103,160	73,298,835
	<u>2,530,581,376</u>	<u>1,069,510,979</u>

SCHEDULE 16: PERSONNEL EXPENSES

Salary, Wages & Bonus	29,828,204	12,890,331
	<u>29,828,204</u>	<u>12,890,331</u>

SCHEDULE 17: ADMINISTRATIVE EXPENSES

Insurance	6,409,080	4,992,612
Fuel & Lubricants	1,709,665	1,648,650
Repair & Maintenance (O)	1,074,166	225,309
Rent, Rates & Taxes	6,700,045	2,048,589
Managerial Remuneration	6,263,348	9,361,044
General Expenses	13,883,526	7,825,179
Telephone Expenses	2,858,907	1,437,751
Travelling & Conveyance	9,945,112	3,844,036
Electricity Charges	988,758	304,046
Prior Year Expenses	371,138	-
Payment to Auditors		
As Audit Fees	500,000	100,000
	<u>50,703,746</u>	<u>31,787,216</u>

**SCHEDULE 18: SELLING EXPENSES**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Business Promotion	897,470	513,010
Advertisement	1,073,580	82,776
Tender Document	1,185,080	292,280
Sales Tax / VAT	28,694,921	28,249,514
	31,851,051	29,137,580

SCHEDULE 19: INTEREST & FINANCIAL CHARGES

Bank Commission & Other Charges	20,663,513	8,630,451
Interest	73,499,693	28,928,623
	94,163,206	37,559,074

SCHEDULE - 20 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting**

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets

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

3. Depreciation

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

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

4. Borrowing Costs

Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalized. Other interest and borrowing cost are charged to revenue.

5. Inventories**i) Raw Materials 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 process 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.

6. 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 do not include material supplied by the clients free of cost. Other revenue and expenses are accounted for on accrual basis.

7. Taxes on Income

Provision for current taxation is made on the taxable profits for the year in accordance with the Income Tax Laws applicable to the assessment year.

Deferred Tax is recognized subject to consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

8. Retirement Benefits

i) The Company has a defined contribution plan for Provident Fund and Employees State insurance and the Company's contribution thereto are charged to the Profit & Loss Account.

ii) Pending actuarial Valuation, the Company has estimated the gratuity liability on adhoc basis.

9. Contingent Liabilities and Contingent Assets

No provision is made for liabilities which are contingent in nature, unless it is probable that an asset has been impaired or a liability incurred as on the Balance Sheet date and a reasonable estimate of the resulting loss can be made.

Contingent Assets are not recognized in the financial statements.

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10. 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 ON ACCOUNTS

1. Materials are purchased indigenously.
2. The company operates only in one segment, i.e. Civil Construction. Hence the company has no segment as defined in Accounting Standard - 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
3. The deferred tax liability comprise of the following:

(in Rs.)

Sl. No	Particulars	As at 31 st March, 2008	As at 31 st March, 2007
a)	Deferred Tax Liability Relating to fixed assets	1,26,30,909	99,19,529
b)	Deferred Tax Asset Disallowance u/s 36(v) of the Income Tax Act, 1961	-	-
c)	Provision for deferred tax	2,64,49,497	1,38,18,588



4. The company during the year has issued 1,00,000 shares of Rs.10 each with a premium Rs.20 each to partners of M/ S ARSS Engineering & Technology a partnership firm where in a director of the Company was a partner in consideration of a plot of land on which the corporate office of the Company has been constructed.
5. As per Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the details of transaction between the company and the related parties are given below.

a. Expenses

(Rs. in lacs)

Name & Nature of Relationship	Nature of Transaction	Amount
Subash Agarwal, Chairman	Director's Remuneration	10.00
Rajesh Agarwal, Mg. Director	Director's Remuneration Commission	19.20 10.50
Sunil Agarwal, Director (Resigned w.e.f. 31.10.2007)	Director's Remuneration Managerial Remuneration	10.50 2.45
S. K. Pattanaik, Director	Director's Remuneration	6.36
S. K. Singla, Director (Resigned w.e.f. 31.10.2007)	Director's Remuneration Managerial Remuneration	1.75 2.45
Anil Agarwal, Relative	Managerial Remuneration	2.45

b. Other Transactions

(Rs. in lacs)

Name & Nature of Relationship	Nature of Transaction	Amount	Balance as on 31.03.08
Rajesh Agarwal, Managing Director	Hire Charges	14.11	—
Sunil Agarwal, Director (Resigned w.e.f. 31.10.2007)	Hire Charges	5.40	—
S. K. Singla, Director	Hire Charges Sub Contract	2.00 601.40	7.43 —
M/s. Anil Agarwal, Associate	Hire Charges	3.45	—
ARSS Engineering & Technology, Associate	Rent	0.20	—
Ram Dulari Agarwal, Relative	Hire Charges	3.60	—
Sanju Agarwal, Relative	Hire Charges	3.60	—
Sangeeta Agarwal, Relative	Hire Charges	3.60	—
Seema Agarwal, Relative	Hire Charges	3.60	—
Sabita Agarwal, Relative	Hire Charges	3.60	—
M/s. Anil Agarwal, Associate	Purchase of Fixed Assets	-	3.59
Harischandra - ARSSPL- JV, Joint Venture	Sub Contract	254.64	217.69
Harischandra-ARSSPL-Triveni-JV, Joint Venture	Sub Contract	275.60	—
Harischandra-ARSSPL-Kalindi-JV, Joint Venture	Sub Contract	390.24	109.27
Harischandra-ARSSPL-Adhikaria-JV, Joint Venture	Sub Contract	1478.61	224.85
Niraj-ARSS-JV, Joint Venture	Sub Contract	662.12	327.03
ARSS-HCIL-Consortium	Sub Contract	149.59	23.76
Anil Contractors Pvt. Ltd.	Sub Contract	2197.61	—

6. Earning Per Share (Equity of Rs.10 each)

Particulars	EPS	
	Basic Rs.	Diluted Rs.
NET PROFIT AFTER TAXATION	27,09,78,997	27,09,78,997
NUMBER OF EQUITY SHARES		
a. At the beginning of the period	1,06,71,050	1,06,71,050
b. Issued during the period	18,82,950	18,82,950
c. At the end of the period	1,25,54,000	1,25,54,000
d. Weighted Equity shares at the end of the period	1,13,99,504	1,13,99,504
BASIC /DILUTED EPS	23.77	23.77

7. Provision of Rs. 6.13 lacs on account of retirement gratuity has been made on adhoc basis.

8. No amount is due to any small scale industrial undertaking under sundry creditors. (Previous year - Nil).

9. Other particulars required pursuant to para 4 of part II of Schedule – VI:

a. Foreign Currency Transactions

(in Lacs)

Sl. No	Particulars	31.03.2008	31.03.2007
a)	Earnings in Foreign Currency	Nil	Nil
b)	Expenditure in Foreign Currency	Nil	Nil

b. Managerial Remuneration as per section 198 of the Companies Act,1956.

(in Rs.)

Particulars	31.03.2008	31.03.2007
Salaries	52,13,348	42,75,760
Commission	10,50,000	25,42,642

c. Computation of Net Profit in accordance with Section 349 of the Companies Act,1956.

Particulars	31.03.2008	31.03.2007
Profit before Taxation	37,84,03,099	13,99,26,232
Add : Managerial Remuneration	52,13,348	42,75,760
Profit for the year as per section 349	38,36,16,447	14,42,01,992
Commission to Non - Executive Directors	—	25,42,642
Commission to Managing Director	10,50,000	12,71,321
Commission to Directors	—	12,71,321
Total	10,50,000	50,85,284



- d. Depreciation is provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act 1956. During the year, Rs. 3,95,01,406/- (Previous year Rs. 1,75,09,689/-) has been provided as depreciation, asset wise detail is given below.

Sl. No.	Particulars	Amount(Rs.)
1.	Building (Factory)	9,986
2.	Building (Non-Factory)	74,127
3.	Pant & Machinery	3,54,22,432
4.	Furniture & Fixtures	1,32,670
5.	Vehicle	34,96,678
6.	Computer	3,65,513
	Total	3,95,01,406

10. Since the Company carries on the business of Construction, being a service industry the quantitative information as required under para 3 of part II of Schedule – VI is not being furnished.
11. Previous period figures have been rearranged and regrouped wherever considered necessary.
12. Paise has been converted to nearest rupee.

For and on behalf of the Board

For P.A. & Associates
Chartered Accountants

(CA P.S. Panda)
Partner
M. No. 51092

Place: Bhubaneswar
Dated: The 5th day of May, 2008

(B.B.Sahoo)
Company Secretary

(S.K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

OUR AREAS OF OPERATION



ARSS Infrastructure Projects Limited, has full-fledged offices and allied facilities at all its points of operation.



ARSS Infrastructure Projects Limited

REGD. OFFICE

Plot No. 38, Sector-A, Zone-D
Mancheswar Industrial Estate, Bhubaneswar 751 010, Orissa, India
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Sri Sai Matha Nilayam
Visakhapatnam, Seethammadhara

ORISSA

HIG 46, BDA Enclave, GM Marg, Jayadev Vihar
Bhubaneswar 751 013

RAJASTAN

C/o - K. M. Garg, 16 - Mahavir Nagar
Besides Sony World Showroom, Tunk Road, Jaipur 302 018

CHHATISHGARH

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