



**RESPONDING WITH
COURAGE**



11-12

ANNUAL REPORT

ARSS INFRASTRUCTURE PROJECTS LIMITED

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FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Despite industry cycles, economic tailspins and business volatilities, ARSS Infrastructure Projects Limited **(ARSS) remains committed to a high standard of excellence in India's infrastructure and construction sector.** Such an approach helps to create a strong relationship of mutual trust and confidence with clients.

We believe the value that we generate for clients, will help them create far greater socio-economic value for the nation. And this process continues unabated, amid transitory headwinds that try to cripple the pace of infrastructure creation.

We are responding to challenges with execution **brilliance, greater focus on emerging opportunities and a risk-focused business approach.**

Our objective is to improve our core competence, so that we can be in the frontline of India's infrastructure creation.

TAPPING OUR STRENGTHS DURING TROUBLED TIMES



RICH REPERTOIRE

We have successfully executed over 100 projects involving the construction of over 400 km of roads and highways, 500 km of rail tracks and several other general civil engineering works over the last decade. This creates a repertoire of experience, expertise and diverse industry exposure.



STRONG ORDER BOOK

We possess an order book size of ₹ 3,223.11 crore as on 31st March, 2012.



RISK-FOCUSED BUSINESS MODEL

Over 80% of our projects are repeat businesses from government and government-backed entities. This reduces the risk of default and delayed payment.



BACKWARD-INTEGRATED

We possess six captive quarrying mines and 13 stone crusher units with a cumulative 3,250 TPH crushing capacity. It helps to reduce costs and improve margins considerably as raw materials from captive quarrying units are half the price of the materials purchased from outside.



ASSET STRENGTH

We possess high-quality construction equipment like Hydraulic Excavator, Tippers, Excavator-cum-Loader, Vibrator Roller, Vibrator Soil Contractor, Motor Grader, Hot Mix Plant, Batch Mix Plant, Concrete Batching Plant, Wet Mix Plant, Transit Mixture, Crane and other miscellaneous equipment. This asset strength ensures higher profitability and timely project execution.



QUALITY COMMITMENT

Stringent quality control and enhanced project monitoring have enabled us to ensure consistent delivery of globally benchmarked construction and infrastructure projects.



HUMAN CAPITAL

Our skilled team of engineers have driven product innovation, optimised cost and enhanced operational brilliance.



GREEN INITIATIVES

Our green initiatives focus on decreasing our carbon footprint to help maintain the earth's delicate ecological balance.

"If we want to be successful in helping shape a nation's infrastructure aspirations, we have to be present where the action is, where a tremendous opportunity beckons."

– Management approach

Based in Eastern India, ARSS is one of the leading infrastructure and construction companies in India, with an emphasis on railway and road construction.

In 2000, we started as a construction company in the field of railway infrastructure development, mainly in the state of Odisha 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. We have developed expertise in railway construction projects. We have now diversified into other construction segments, such as development and construction of roads, highways, bridges, irrigation projects and EPC projects for railways.



Vision

- To be a respected global player in the infrastructure development sector
- To satisfy our customer and enhance our shareholders' wealth
- To have innovation and commitment as the two mantras that drive us
- To attract, develop and sustain the best talents in the industry
- To continue to focus on the culture of trust
- To provide continuous learning opportunities, while meeting the expectations of our employees, stakeholders and the community

Mission

- To develop infrastructure through an effective use of new ideas and cutting-edge technology
- To become a major player in the railway infrastructure sector
- To conquer new horizons and new heights
- To do this, while enriching and enhancing the quality of human life
- To set our eyes on the international arenas and no longer remain limited to domestic projects
- To be a leader in the infrastructure sector

Values

- Commitment to quality and timeliness in providing products and services
- Continuous capacity improvement and use of latest technology to deliver tomorrow's solutions today
- Customer satisfaction is the final symbol of achievement in our projects
- Maintaining long-term and mutually beneficial relationships with our clients, shareholders and investors, while adhering to safety, ethical, legal, cultural and environmental requirements



Business focus

- Railways
- Roads
- Bridges
- Energy
- Real Estate
- Irrigation



Clients

- State Government of Odisha
- NHAI (National Highway Authority of India)
- NTPC (National Thermal Power Corporation Ltd)
- Indian Railways
- RVNL (Rail Vikash Nigam Limited)
- Vedanta Aluminium Limited
- Jindal Steel & Power Limited
- Indian Oil
- SAIL (Steel Authority of India Limited)
- NALCO (National Aluminium Company Ltd)



Strategic association

- PT Adhikarya (Persero) ➤ Harish Chandra (India) Limited
- Triveni Engicons Private Limited ➤ RITES ➤ Kalindee Rail Nirman (Engineers) Limited
- Patel Engineering Limited ➤ Rohit Kumar Das Construction Private Limited
- Backbone Enterprises Limited ➤ Atlanta Limited ➤ Som Dutt Builders (P) Limited
- Sri Durga Condev (P) Limited ➤ Welspun Infratech Limited ➤ GVR Infra Projects Ltd.



Group strength

- ARSS Developers Limited ➤ ARSS Steel & Power Limited ➤ ARSS Cement Limited
- ARSS Holdings Limited ➤ ARSS Bus Terminal Private Limited ➤ ARSS ETOE Rail Private Limited
- ARSS Engineering Limited ➤ ARSS Engineering & Technology Private Limited
- ARSS Damoh – Hirapur Tolls Private Limited ➤ ARSS Phoolsagar-Shahpura Tolls Private Limited
- ARSS Sijhata-Poudi-Kehunthpur Tolls Private Limited ➤ Sidhant Financial Services Limited
- Holy Vanijya Private Limited ➤ Faster Infracon Private Limited
- North West Sales and Marketing Limited





Quality adherence

- ISO 9001: 2008, Quality Management System Standard Certificate by Moody International Certification Limited



Exchange listing

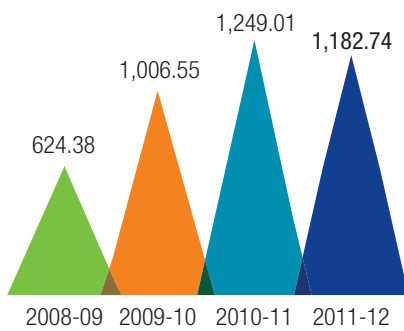
- National Stock Exchange of India Limited (NSE): ARSSINFRA
- Bombay Stock Exchange Limited (BSE): 533163

FINANCIAL SCORECARD



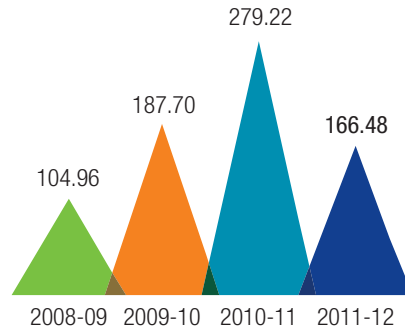
Revenue

(₹ in crore)



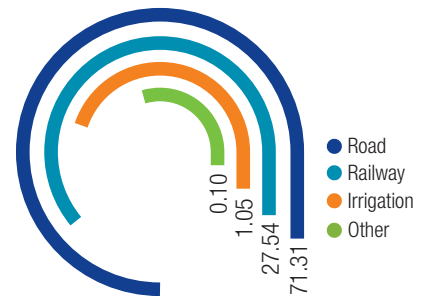
EBIDTA

(₹ in crore)



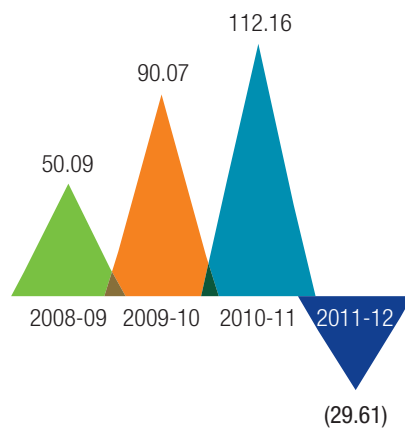
Order book

(%) As on 31st March, 2012



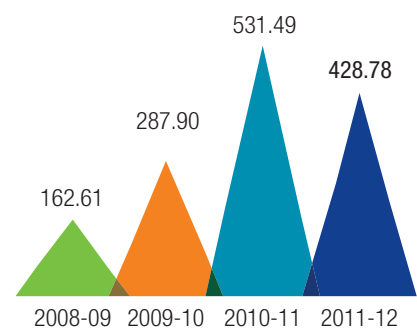
Net profit

(₹ in crore)



Gross block

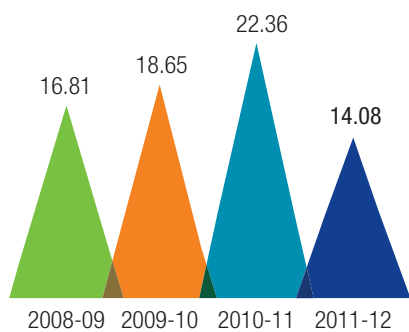
(₹ in crore)





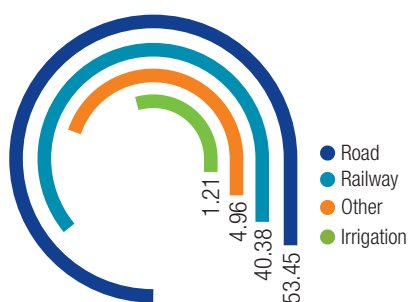
EBIDTA margin

(%)



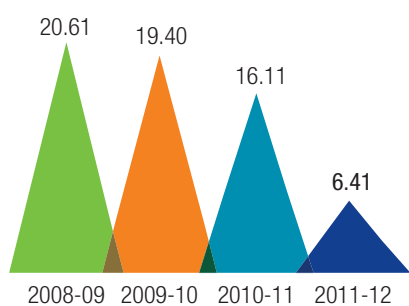
Revenue by division

(%) In 2011-12

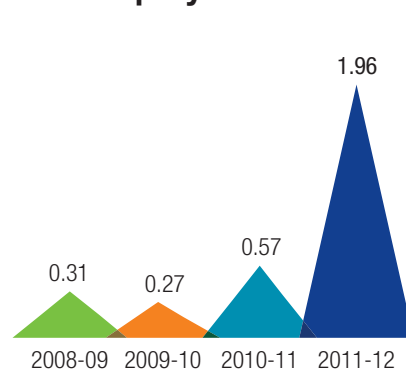


Return on capital employed

(%)



Debt-equity ratio



OVER TO THE CHAIRMAN



Subash Agarwal
Chairman



We are moving up the value-chain by concentrating on big-ticket and margin-accretive projects through the EPC route.



Dear Shareholders,

The weather forecast for the Indian economy predicts prolonged rain and thundershower, with dark clouds looming on the horizon. Economic growth for the fourth quarter of 2011-12 has plunged to a nine-year low, setting off heated debates among policymakers and business leaders about the way ahead. A post-mortem might reveal multiple reasons for this dismal performance. Sluggish infrastructure investments, policy inertia, persistent inflation, firm interest rates, growing fiscal deficit, weakening rupee, global volatilities and so on.

However, the fact remains that we need to refocus on certain key priorities like infrastructure creation and firm policy initiative to put the economy back on a higher growth trajectory. Robust infrastructure can elevate millions of people from poverty and backwardness and accelerate India's journey towards inclusive growth.

The government's commitment of US\$1 trillion infrastructure investment during the 12th Five-Year Plan reflects renewed focus on rebooting the infrastructure sector after a brief hiatus. At ARSS, we are enhancing our expertise to leverage this growing optimism. We will continue to focus on different sectors of construction and infrastructure across the country.

Currently, we have more than ₹ 3,000-crore order book which is expected to bulge further in the next fiscal.

We are moving up the value-chain by concentrating on big-ticket and margin-accretive projects through the EPC route. This would entail efficient working capital management and help strengthen our risk-focused business model. Besides, we will continue to reinforce our footprints in the Eastern states of India.

During 2011-12, our performance was impacted by the sluggish pace of infrastructure projects, sticky inflation and firm interest rates. The challenging scenario enhanced our capex and created a liquidity crunch. However, interest rates are likely to witness a declining trend on the back of falling crude prices and plummeting growth figures.



Our people have responded with courage to a challenging business scenario, and this spirit to prevail over odds remains our enduring strength. At ARSS, this spirit is the result of humane HR strategies, which creates an empowered workplace.



Our future priorities comprise of the following:

- Negotiation with clients for the extension of delayed projects without any penalty clause
- Better management of working capital
- Development of infrastructure through the effective use of cutting-edge technology
- Rationalisation of cost to enhance competitiveness
- Attract and retain best industry talent

Our people have responded with courage to a challenging business scenario, and this spirit to prevail over odds remains our enduring strength. At ARSS, this spirit is the result of humane HR strategies, which creates an empowered workplace.

For a developing country like India, infrastructure creation cannot wait. It's a non-negotiable national imperative and herein lies the business optimism of ARSS. We will continue to build on our strengths and evolve a client-facing business model to translate that optimism into on-ground reality.

On behalf of the Board, I take this opportunity to convey my gratitude to ARSS's management team, employees, suppliers, associates and our loyal clients for their continued support.

Best regards,

Subash Agarwal

Chairman

OPPORTUNITY NEVER SLEEPS

We believe in this simple dictum, even when we have to wrestle with challenges. India's construction and infrastructure potential is enormous. Therefore, even in a tepid market scenario, there are opportunities lurking in the shadow. Our approach is to identify business prospects by pursuing the following strategies:



Deepen pan-India presence

We intend to continuously bid for contracts from various state governments and government-backed organisations across India. Moreover, we have expanded our operations from Odisha to states like Chhattisgarh, Tamil Nadu, Rajasthan, Jharkhand, Andhra Pradesh, Kerala, Haryana, Assam and Maharashtra to capitalise on the emerging opportunities in these states.



Focus on high-growth areas

Increasing level of investment in infrastructure by governments (state and central), international development bodies (ADB, IFC, World Bank, among others) and private parties will be a major driver for growth. We intend to take advantage of over US\$ 1 trillion infrastructure investment commitment in the 12th Five Year Plan. Moreover, we will strengthen our existing expertise in executing the projects successfully and continue to bid for new projects.



Invest more in assets

At ARSS, we are investing in modern construction equipment to meet the evolving requirements of a broad spectrum of construction activities. Such an asset base also gives us the capability to design and execute projects of any scale. Moreover, our people have the requisite expertise and experience in the handling of modern construction equipment and machinery. Owning and managing a large equipment proportion gives us a competitive advantage and helps achieve higher operating margins.



Increase profitability and capital efficiency

The construction business is highly competitive and capital intensive. We focus on optimising asset utilisation to enhance returns. Besides, we are identifying and analysing margin-accretive projects. Moreover, we also intend to improve capital efficiency by accelerating project completion.

DIVERSE EXPERTISE MEANS GREATER INNOVATIVE STRENGTH

Road and bridge division



₹ 632.12 crore

Revenue from division

₹ 2,298.38 crore

Order book

9

Projects completed in 2011-12

53.45%

Contribution to total revenue

20

New projects awarded

Overview

Over the years, ARSS has developed expertise in the business of road construction. The Company has built over 400 km of road network (including highways), primarily in Eastern India. The Company's clients include state government organisations. It undertakes road projects on both standalone and joint-venture basis. The Company has entered into joint ventures and MoUs with several reputed domestic companies to pre-qualify and bid for larger projects.

Areas of intervention

- Building new roads
- Repair and reconstruction of roads
- Widening and strengthening of roads
- Constructing road embankments



Divisional growth strategies

- Focus on the speedy completion of existing projects
- Build value through prestigious brand-enhancing projects
- Strengthen construction equipment portfolio for swift project execution
- Optimise resource utilisation
- Bid for large projects, enhancing volumes and margins
- Optimise the use of equipment, people, materials and funds
- Expand geographic reach
- Focus on quality commitment
- Facilitate client oriented approach

Major highlights 2011-12

- Substantial completion of Cuttack-Paradeep Road Pkg II (43 km to 82 km)
- Completed major pilling work for the 'Vansudhara Bridge' at Gumuda
- Progressed in the Mohana-Paralakhemundi road in the politically disturbed area
- Undertook number of road projects in the politically disturbed areas where other players fear to enter

Projects completed during 2011-12

- Sarankul-Darpanarayanpur Road - 23 Km
- Old Cuttack-Sambalpur Road - 9 Km
- Gate No-4 to Sandhakund Basti-Paradeep Port Trust
- Siripur Square to Fire Station Square
- Barang bypass with Bhubaneswar Baranga Road
- Marsaghai-Jamboo – 24½ km Road
- Jaleswar Bypass - 12.2 km Road
- Prayagi Krushnaprasad – 24 km
- Tamaka Mangalpur - 13.2 km
- H.L Bridge over River Badanadi at Nuagoan

Railway division



₹ 477.62 crore

Revenue from division

₹ 887.77 crore

Order book

1

Project completed in 2011-12

40.38%

Contribution to total revenue

2

New projects awarded

Overview

ARSS has developed an expertise in railway construction projects, which include earthwork, major and minor bridges, supply of ballast, sleepers, laying of sleepers and rails and linking of tracks, among others. The Company executes orders for clients like Rail Vikas Nigam Limited, RITES, IRCON International Limited and railway authorities spread across various zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway.

Areas of intervention

- Survey, fixing of alignment and railway designing
- Building major and minor bridges for railways
- Manual and mechanical layout of rail tracks
- Maintenance of railroads and rail infrastructure
- Constructing service buildings, railway stations and terminals
- Building urban railways on elevated sections
- Signalling and electrification of railway yards
- Steel girder fabrication and erection
- Embankment, cuttings and flash butt welding for long rails



Divisional growth strategies

- Obtain in-depth knowledge and understanding of local markets
- Scale up operation and invest in modern equipment to widen the services spectrum
- Ensure long-term commitment with clients
- Enhance expertise and know-how of employees through regular technical seminars and training sessions
- Focus on high value projects in the Railway Infrastructure business to benefit from economies of scale
- Diversify the Company's Railway Infrastructure business into more complex and multi-disciplinary projects, which tend to have a higher contract value and the potential for better margins
- Enhance its design capabilities
- Reduce costs of materials through backward integration and importation
- Achieve higher operating margins by acquiring further capital equipment and other strategic assets
- Commenced railway infrastructure work (EPC basis) for JSPL at Angul power plant
- Undertook railway track work at Visakhapatnam steel plant
- Constructed and upgraded railway track of RSP yards and in-plant lines of Rourkela steel plant
- Rehabilitated and upgraded tracks inside the premises of Bokaro Steel Plant
- Constructed new track and signalling work and rehabilitation of existing track at rolling mill yard of Bokaro steel plant
- Undertook new BG rail link between Khurda Road and Bolangir (36 km stretch)
- Undertook earthwork, construction of bridges and permanent way works for linking of Barh railway station with in-plant yard — also construction of in-plant yard — in Bihar
- Constructed railway tracks, pucca drain, supply of permanent way materials, ballast and track linking work for rail infrastructure at SAIL-RITES Bengal Wagon Industry Private Limited at Kulti, West Bengal
- Supplied and installed track (excluding supply of rails) signalling, overhead equipment (OHE) and associated equipment for doubling of railway line between Barang and Rajatgarh (25 km), Cuttack and Barang (12 km) and a 3rd line between Barang and Khurda Road (35 km) in Odisha, India

Major highlights 2011-12

- Modified rail transport system and other major railway work at Angul (Odisha) for NALCO
- Constructed third line between Vizianagaram and Kottavalsa
- Constructed railway infrastructure facility for the transportation of coal from Naila railway station

Irrigation division



₹ 14.36 crore

Revenue from division

₹ 33.89 crore

Order book

1

Project under completion

1.25%

Contribution to total revenue

2

New projects awarded

Overview

ARSS forayed into irrigation projects few years back. Currently, the Company is involved in 5 irrigation projects.

Areas of intervention

- Digging of canals
- Construction of dam



Divisional growth strategies

- Focus on the early completion of projects
- Enhance manpower and engineering capabilities to execute large orders
- Diversify the project portfolio into a new variety of projects

Major highlights 2011-12

- Canal works (excavation and concrete lining) have been executed
- Irrigation work of more than ₹ 35 crore has been undertaken in Salandi Canal Project

Projects undertaken

- Salandi Canal division, Bhadrak, providing cement concrete lining to Salandi Left Main canal from RD 6840M to 10000M of Integrated Anandapur Barrage Project
- Salandi Canal division, Bhadrak, providing cement concrete lining to Salandi Left Main canal from RD 10000M to 13000M of Integrated Anandapur Barrage Project
- Salandi Canal division, Bhadrak, providing cement concrete lining to Salandi Left Main canal from RD 13000M to 16080M of Integrated Anandapur Barrage Project
- Construction of Kaushalya Dam and appurtenant works in Panchkula district

CAN WE MANAGE BUSINESS SUSTAINABILITY AND STILL DRIVE GROWTH?



At ARSS, the answer to such a question is 'Yes', provided we can nurture the latent potential of our people and integrate meaningfully with nature. At ARSS, these two things are not mutually exclusive, because they involve meticulous resource management, at the natural or the human level.



2,643

Team strength as on
31st March, 2012



600

Team members added
during 2011-12



NURTURING HUMAN CAPITAL

Initiatives, 2011-12

- Reviewed and strengthened HR policies and manual
- Completed performance appraisal
- Facilitated effective payroll management through computerisation of manpower data
- Identified and inducted high-quality talent for top management and other key positions
- Facilitated focused drive on productivity optimisation across departments
- Facilitate multi-tasking and job rotations for enhancing cross-functional exposure
- Facilitate job evaluation and competency mapping
- Facilitate talent management and succession planning
- Conduct organisational climate survey to measure employee satisfaction
- Focus on employees engagement and employee welfare activities

HR priorities for 2012-13

- Ensure availability of optimum manpower for smooth project execution
- Maintain healthy industrial relations
- Build a learning organisation
- Ensure role clarity and defining KRAs



Change is integral to all life on Earth, whether physical changes to the surface of the Earth — through the slow action of erosion or glaciations — or biological changes to the species that populate it. However, it's the rate of change that is scary. Global environment is changing at a rapid pace, faster than we can adapt.

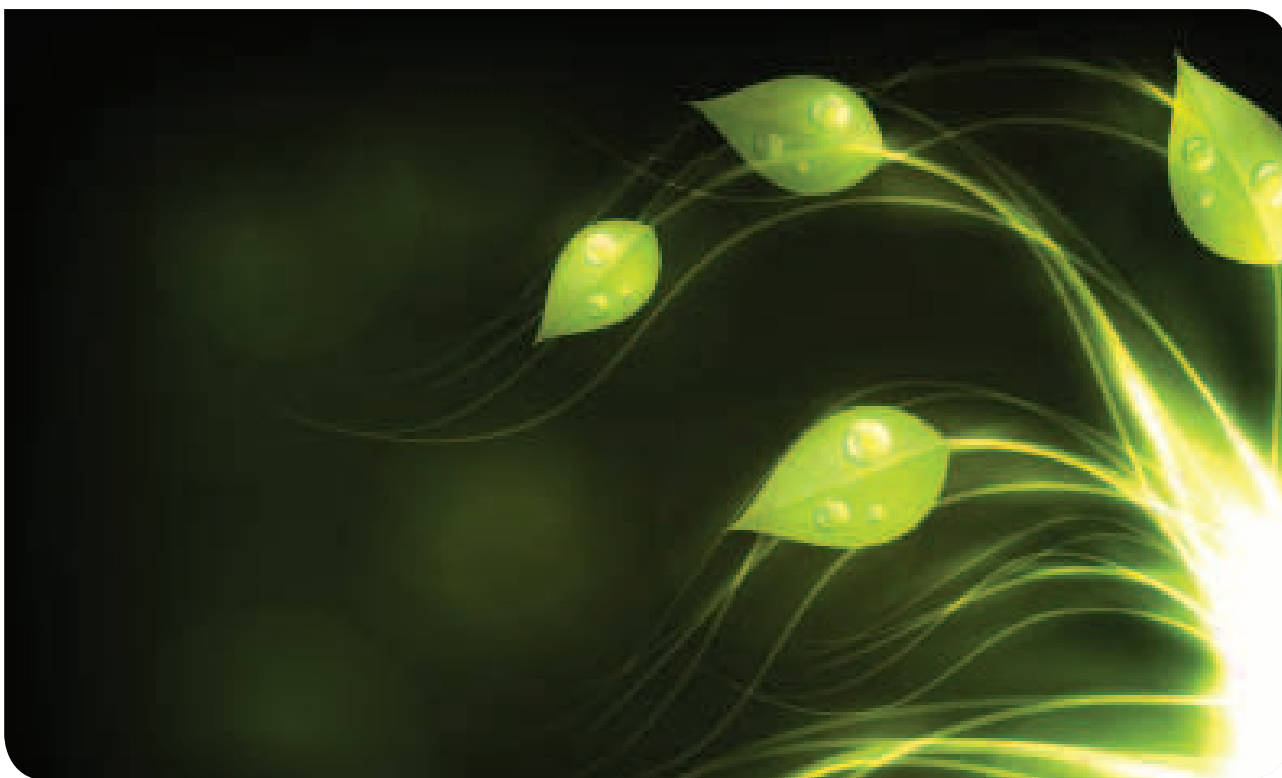
At ARSS, we consider climate change to be the greatest threat affecting economic stability, vulnerable communities and the society at large. Our climate change policy mandates that all group companies assume leadership roles in climate change mitigation in the pursuit of business aspirations and enhancement of shareholder value.

We are committed to continuously benchmarking and enhancing our own environmental performance through the reduction of our carbon and ecological footprints with the involvement of our business associates and partners, striving to be leaders in our industry sector. Through our services and solutions, we endeavour to help customers improve their environmental performance and help create a smiling planet.



GREEN INITIATIVES

- Integrate energy and environmental considerations in the design of new infrastructural facilities
- Improve resource efficiency in operations, especially key resources, such as energy and water
- Adopt the '3R' (reduce, reuse and recycle) philosophy for all types of wastes towards the prevention of pollution and disposal of 'inevitable' wastes, especially electronic waste, in line with regulatory requirements or industry best practices
- Promote 'green procurement' to the maximum extent possible
- Consider stakeholder expectations on our environmental performance in the design of infrastructure, operations, processes and solutions to the extent feasible
- Set, monitor and review objectives and targets on an ongoing basis towards achieving continuous improvement in environmental performance and the overall environmental management system
- Continue public reporting of our environmental performance and our contribution to climate change-related issues through relevant national and international forums and to other stakeholders through appropriate communication channels
- Communicate the environmental policy to all employees, business associates and other stakeholders and ensure that the policy is available to the public
- Review the environmental policy and allied management systems periodically to ensure their continuing applicability and relevance to our operations and evolving stakeholder expectations
- Strive to support various voluntary national and international protocols, conventions and agreements on environment protection and proactively engage with governmental and other agencies in driving future environmental policy and regulation



DIRECTORS' REPORT



Your Directors have pleasure in presenting the Twelveth Annual Report together with the Audited Accounts of the Company for the financial year ending 31st March, 2012.

1. FINANCIAL HIGHLIGHTS

	(₹ In crores)	
Particulars	2011-12	2010-11
Sales & Other Income	1198.58	1257.47
Profit before Depreciation, Interest and Tax	176.16	279.22
Less : Depreciation	37.91	28.22
Interest	162.08	99.03
Profit Before Tax	(23.82)	151.97
Less : Tax Expenses		
a) Current Year	-	30.23
b) Earlier Year	-	-
c) Deferred Tax	5.79	9.57
Profit/Loss After Tax	(29.61)	112.17
Balance brought forward from previous year	-	169.97
Amount Available for Appropriation	-	282.14
Appropriations		
a) Dividend	-	1.48
b) Tax on Dividend	-	0.24
c) Transfer to General Reserve	-	1.48
Balance Carried to Balance Sheet	-	278.93
Earning per Share (In ₹)		
(equity shares of face value of ₹ 10)	-	75.57

2. OPERATING RESULT

During the year, the turnover of your Company has decreased to ₹ 1198.58 crores from ₹ 1257.00 crores in the previous financial year. The loss incurred during the year was ₹ 29.61 crores as against a profit of ₹ 112.17 crores in the previous year. The financial result under review were subdued which were largely attributable to higher input costs and locking of working capital in various major projects which could not be completed in time.

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

3. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements, prepared in accordance with accounting Standard AS 21, issued by the Institute of Chartered Accountants of India, and as required by the Listing Agreement are attached and form part of the Annual Report and Accounts.

4. DIVIDEND

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

5. ORDER BOOK

Your Company has an order book of more than ₹ 3000.00 crore, which includes the following major works:

- a) Construction, rehabilitation and widening of Cuttack - Paradeep road, Orissa with a contract value of ₹ 208.27 crores.
- b) Construction of BRTS Corridor and Development of road, Jaipur Development Authority, Rajasthan, having a contract value of ₹ 104.41 crores.
- c) JSPL, Angul, Orissa Project-Work Order for execution of Rail Infrastructure Work with a contract Value of ₹ 261.00 crores.
- d) Construction for widening and strengthening of existing carriageway to two lane for Chandbali-Bhadrak-Anadpur (Km 0/0 to Km 45/0 of SH-9 and Km 0/0 to Km 50/0 of SH-53), Orissa, having a contract value of ₹ 216.23 crores.
- e) Widening and Strengthening of Existing Carriageway to 2 lane for Bhawanipatna to Khariar (2/0 Km to 70/0 Km SH-16), Orissa, with a contract Value of ₹ 105.51 crores.
- f) Construction of a new 2-lane Highway from km 38/00 to km 71/00 (length=33.0 Km) in Mizoram, with a contract value of ₹ 163.11 crores.
- g) Widening to 2 lane and improvement in km 0/0 to 102/9 km of Parlakhemundi-R. Udayagiri-Mohana road (SH-34) under LWE Scheme. Orissa with a contract value of ₹ 153.91 crores.
- h) Construction of earthwork, bridges, supply of P-way material, supply of ballast and P-way linking for proposed private railway siding taking off from Chacher railway station to in plany yard and including inplant yard of NTPC Mauda (but excluding works within railway boundary and excluding rail over rail bridge) Dist Nagpur (M.S.) with a contract value of ₹ 114.49 crores.
- i) Improvement of existing single intermediate lane of NH-44 to two lane with paved shoulders from km 230/200 to km 247/00, km 261/504 in the State of Assam with a contract value of ₹ 104.05 crores.
- j) Two laning without paved Shoulder of Developing of road project in the state of Madhya Pradesh from Damoh-Bhatlygarh-Baxwaha-Hirapur. (SH-37) with a contract value of ₹ 122.74 crores.
- k) 4/2 laning of Remuli-Roxy-Rajamunda section of NH-215 from 163-269 in the state of Odisha, with a contract value of ₹ 200.00 crores.
- l) MP State Road Project Manwar -Mangod (Bandheri) Road & Sardarpur -rajgarh - Bagh Road PKG-4 , with a contract value of ₹ 117.70 crores.
- m) Strengthening, Widening, Maintaining and operating of Sijhata-Hinoti-Malgaon-Khamriya, Ater-Poudi-Mharajpur-Parsamaniya & Managawar-Kehunthpur Roads (MDR Package-X) on BOT (annuity) Basis, with a contract value of ₹ 100.00 crores.
- n) Strengthening, Widening, Maintaining and operating of Phoolsagar-Niwas-Shahpur Road (MDR Package-VII) on BOT (annuity) Basis, with a contract value of ₹ 155.00 crores.

6. AUDITORS

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

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

7. REPORT OF AUDITORS

The notes on accounts and observations of the Auditors in their report on the accounts of the Company are self explanatory except clause no.4.2 which calls for further explanation. These are as follows;

Profit from HCIL-Adhikaria-ARSSPL JV has been ascertained on the basis of Provisional Accounts as on 31.03.2012 and also for earlier years instead of audited accounts, which is not in accordance with Accounting Standard -27, "Financial Reporting of Interest in Joint Ventures" issued by The Institute of Chartered Accountants of India.

HCIL-Adhikaria-ARSS, an international JV, a partner of the Company, which prepare their accounts in a different basis for a different

period than our Company. As their accounts are not yet finalised, the profit from the JV has been considered on provisional basis. This is beyond the control of the management and the Company does not expect any substantial deviations in the audited accounts.

8. DIRECTORS

During the year Mr. Dipak Kumar Dey resigned from the Board of Directors of the Company w.e.f 07.02.2012 due to his other pre occupations and in his place Mr. Upendra Nath Challu was appointed as an Independent Director on the same date. Mr. S.C. Parija who retires by rotation in terms of Section 255 of the Companies Act, 1956 at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Brief resume of Mr. S.C. Parija proposed to be reappointed, nature of his experience and names of the companies in which he holds directorship and membership are provided in the Notice for convening the Annual General Meeting.

9. PARTICULARS OF EMPLOYEES

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



Sr. No	Name of the person	Designation	Qualification	Age in years	Date of Joining	Experience (No of years)	Gross Remuneration (Per Month ₹ In Lacs)
1	Subash Agarwal	Executive Chairman	B. Com	47	05/11/2007	21	15.00
2	Rajesh Agarwal	Managing Director	B.E. Civil	37	01/10/2006	16	14.00
3	Sunil Agarwal	President & CEO	B.Com	36	01/04/2005	13	3.00
4	Anil Agarwal	Sr. VP & COO	B.Com	43	01/04/2006	17	3.00
5	S.K.Pattanaik	Director (Finance)	M.Com, MBA Finance, LLB	42	01/04/2005	18	2.50
6	S. K. Singla	VP & Project Head	B. Tech, Civil	47	01/07/2006	18	3.50
7	M.K. Banerjee	Chief Operating Officer	BE Civil, PGDBM	60	11/07/2011	36	4.75
8	Balvir Singh	Executive Vice President Civil	BE Civil	49	27/04/2011	27	3.00
9	C.J. Soni	Sr. Vice President Projects	Diploma Civil	51	16/12/2010	30	3.00
10	Jitu Mishra	Vice President (HR)	Vice President – HR	38	11/05/2011	15	2.50
11	P.Mithivanan	Head Asset Management	B.E- Mech	62	16/06/2011	38	2.00
12	M.P.S. Yadav	Sr. General Manager	A.M.I.E- Civil	43	04/11/2011	23	2.25
13	H.K. Gupta	Sr. General Manager Project	B.E. Civil	47	14/12/2011	27	2.20
14	Abdul Aziz	General Manager Project	B.Sc. Engg – Civil	43	1/02/2011	19	2.00
15	B.K. Sahoo	Chief Engineer Civil	B.E. Civil	70	07/11/2006	43	2.10
16	Malay Sarkar	Project Manager	B.E. Civil	55	28/11/2008	55	2.00

10. RESPONSIBILITY STATEMENT

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

- i) that in the preparation of Annual Accounts, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India have been followed by the Company and there has been no material departure,
- ii) that the Directors have selected such Accounting Policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the Profit and Loss of the Company for the year ended on that date.
- iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Sec-209 of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC. U/S 217 (1) (e)

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

The Company has neither earned any income nor incurred any expenditure in foreign currency during the financial year ended 31st March, 2012.

12. PUBLIC DEPOSITS

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

13. CORPORATE GOVERNANCE

Your Company is committed for adopting best ethical business practices in the management within the regulatory framework



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

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

14. INDUSTRIAL RELATION

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees and a sense of belongingness

with the organisation and solidarity with the management of the Company have helped to achieve better performance during the year.

15. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

(Subash Agarwal)

Chairman

Place : Bhubaneswar

Dated : The 14th day of May, 2012

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members
ARSS Infrastructure Projects Limited,
Bhubaneswar

We have examined the compliance of conditions of Corporate Governance by ARSS INFRASTRUCTURE PROJECTS LIMITED, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

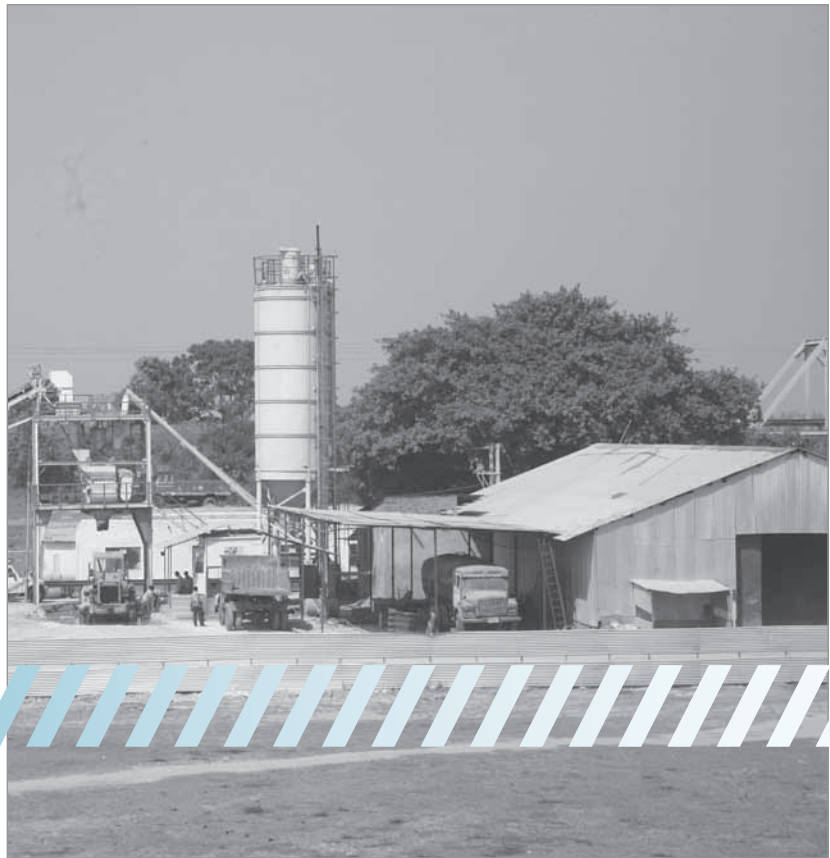
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place : Bhubaneswar
Dated : The 14th day of May, 2012

REPORT ON CORPORATE GOVERNANCE



1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Integrity, transparency, proper disclosure and accountability are the cornerstones of the value system of ARSS Infrastructure Projects Ltd. ARSS has always been committed to growth and long-term shareholder wealth creation, while preserving the interest of all stakeholders – its employees, partners, customers, suppliers, and the society at large. Good corporate governance practices have been fundamental to the fulfillment of this commitment.

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

2.1 BOARD COMPOSITION AND PARTICULARS OF DIRECTORS

The Company's policy is to maintain optimum combination of Executive and Non Executive Directors. The Board consists of 6 Directors as on 31.03.2012 out of which three are Independent Directors. Composition of the Board and category of Directors are as follows:

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

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

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

2.2 WHAT CONSTITUTES INDEPENDENCE OF DIRECTORS

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

2.3 THE INDEPENDENT DIRECTORS IN ARSS'S BOARD

- Apart from receiving sitting fees, do not have any pecuniary relationships of transactions with the Company, its promoters, its Directors, its senior management.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been executives of the Company in the immediately preceding three financial years.
- Are not partners or executives, or were not partners or executives during the preceding three years of any :

- Statutory audit firm or internal audit firm that is associated with the Company.
- Legal firm(s) and consulting firm(s) those have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company which may affect independence of the Director.
- Are not substantial share holders of the Company i.e. do not own two percent or more of the block of voting shares.

2.4 SELECTION OF INDEPENDENT DIRECTORS

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

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

Name & Designation	Director Identification Number (DIN)	Board Meetings		Attendance at Last AGM	No of Other Directorship	Membership in the Committees of other Companies	
		Held during the tenure	Attended			Membership	Chairmanships
Mr. Subash Agarwal Chairman	00218066	7	7	Yes	4	Nil	Nil
Dr. Bidhubhusan Samal Independent Director	00007256	7	7	Yes	13	3	3
Mr. Swarup Chandra Parija Independent Director	00363608	7	5	Yes	2	Nil	Nil
Mr. Dipak Kumar Dey * Independent Director	01092357	7	4	Yes	Nil	Nil	Nil

Name & Designation	Director Identification Number (DIN)	Board Meetings		Attendance at Last AGM	No of Other Directorship	Membership in the Committees of other Companies	
		Held during the tenure	Attended			Membership	Chairmanships
Mr. Upendra Nath Challu ** Independent Director	05214065	7	Nil	Nil	Nil	Nil	Nil
Mr. Rajesh Agarwal Managing Director	00217823	7	7	Yes	3	Nil	Nil
Mr. Soumendra Keshari Pattanaik Director (Finance)	00009924	7	7	Yes	3	Nil	Nil

Notes:-

* Mr. Dipak Kumar Dey (Independent Director) Resigned from Board of Directors w.e.f. 07-02-2012.

** Mr. Upendra Nath Challu appointed as Independent Director w.e.f. 07-02-2012

2.5 NO. OF BOARD MEETINGS

During the year 2011-12, the Board of Directors met seven times. The dates of Board meetings were 11th May,2011, 30th June,2011, 8th August,2011, 24th September, 2011, 12th November,2011, 22nd December , 2011 and 7th February 2012. The maximum time gap between any two consecutive meetings did not exceed four months.

3. BOARD COMMITTEES

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

3.1 AUDIT COMMITTEE**a) Composition**

During the year the Audit Committee of the Board and other related information are provide hereunder

Name of the member	Position	No. Of Meetings held	No. of meetings attend	Sitting fees paid (In ₹)
Mr. Swarup Chandra Parija	Chairman	6	5	1,00,000
Dr. Bidhubhushan Samal	Member	6	6	1,20,000
Mr. Dipak Kumar Dey*	Member	6	3	60,000

Notes:-

* Due to the Resignation of Mr. Dipak Kumar Dey (Independent Director) of the Company, Audit Committee has been reconstituted and Mr.Upendra Nath Challu has been inducted as a Member of the committee w.e.f. 07-02-2012.

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

Sri Sushanta Pradhan is the Secretary to the Audit Committee.

b) Objective:

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

c) Terms of Reference:

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

d) Power of the Audit Committee:

- To investigate any activity within its terms of reference.
- To seek information from any employee.

- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

e) The role of the Audit Committee includes:

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

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

f) Meetings

The Audit Committee met six times during the year on 9th May, 2011, 8th August , 2011, 23rd September, 2011, 12th November , 2011, 7th February, 2012 and 2nd March , 2012.

Executive of Accounts, Finance and Secretarial Department and Representatives of the Statutory and Internal Auditors attended the Audit Committee Meeting.

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

3.2 REMUNERATION COMMITTEE MEETING

a) Composition

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

Name of the member	Position	No. Of Meetings held	No. of meetings attend	Sitting fees paid (In ₹)
Dr. Bidhubhushan Samal	Chairman	4	4	80,000
Mr. Swarup Chandra Parija	Member	4	3	60,000
Mr. Dipak Kumar Dey *	Member	4	2	40,000

Notes:-

* Due to the Resignation of Mr. Dipak Kumar Dey (Independent Director) of the Company, Remuneration Committee has been reconstituted and Mr. Upendra Nath Challu Inducted as a Member of the committee w.e.f. 07-02-2012

b) Terms of Reference

The Remuneration Committee has been constituted to recommend / review remuneration of the Chairman, Managing Director and Whole Time Directors, based on their performance and defined assessment criteria.

c) Remuneration policy, details of remuneration and other terms of appointment of Directors

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

d) Remuneration paid to the Chairman & Director and the Whole time Directors.

(₹ In lacs)

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

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

The Non-Executive Directors are paid sitting fee at the rate of ₹ 20,000/- for attending each meeting of the Board and ₹ 20,000/- for attending each committee meeting.

e) Sitting fee paid to the Non-Executive Directors, for 2011-12 are as detailed below:

(₹ In lacs)

Name of the Director	Amount
Dr. Bidhubhushan Samal	4.20
Mr. Swarup Chandra Parija	3.20
Mr. Dipak Kumar Dey *	2.20

Notes:-

* Mr. Dipak Kumar Dey (Independent Director) Resigned from Board of Directors w.e.f. 07-02-2012

3.3 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

a) Composition

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

Name of the member	Position	No. Of Meetings held	No. of meetings attend	Sitting fees paid (In ₹)
Mr. Dipak Kumar Dey*	Chairman	4	2	40,000
Dr. Bidhubhushan Samal	Member	4	4	80,000
Mr. Swarup Chandra Parija	Member	4	3	60,000

Notes:-

* Due to the Resignation of Mr. Dipak Kumar Dey (Independent Director) of the Company, Shareholders/Investors Grievance Committee has been reconstituted and inducted Mr. Upendra Nath Challu, as a Member of the committee w.e.f. 07-02-2011

b) Terms of Reference

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

c) Compliance Officer

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

4. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND MANAGEMENT PERSONNEL.

The code of Business Conduct and Ethics for Directors and management personnel ('the Code'), as recommended by the Corporate Governance and Stakeholders' Interface Committee

and adopted by the Board, is a comprehensive Code applicable to all Directors and Management Personnel. The Code while laying down, in details, the standards of business conduct, ethics and governance, centers around the following theme:

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

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

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

I hereby confirm that the Company has obtained from all the members of the Board and management personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and management personnel in respect of the financial year 2011-12.

Sd/-
Subash Agarwal
Chairman

5. ANNUAL GENERAL MEETINGS

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

Year	Location	Date	Time
2009	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	20-07-2009	11.30 A.M
2010	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	26-07-2010	11.30 A.M
2011	Hotel Mayfair, Bhubaneswar – 751 015, Orissa.	24-09-2011	03.00 P.M

6. a) Disclosures on materially significant related party transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Schedule '20', forming Part of the Annual Report.

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

b) Details of non-compliance by the Company

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

7. MEANS OF COMMUNICATION.

Official news release, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.arssgroup.in.

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

The Company has designated a separate email-id exclusively for investor servicing i.e. response@arssgroup.in

8. GENERAL INFORMATION FOR SHAREHOLDERS

1. Date, Time and Venue of the Annual General Meeting of the Company	11th August, 2012 at the Registered Office of the Company at Plot-No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010.
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9. FINANCIAL CALENDAR 2012-2013

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

Unaudited Financial results for the first quarter ending 30th June, 2012	Within 45 days from 30th June, 2012.
Unaudited Financial results for the second quarter ending 30th September, 2012	Within 45 days from 30th September, 2012.
Unaudited Financial results for the third quarter ending 31st December, 2012	Within 45 days from 30th December, 2012.
Unaudited/ audited Financial results for the year ending 31st March, 2013	Within 60 days from 31st March, 2013.

10. DIVIDEND

Board of Directors at its meeting held on 11th May, 2011 recommended a dividend of ₹ 1/- per equity share as final dividend for the financial year ended 31st March, 2011.

11. LISTING

At Present, the Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing fees for the year 2012-13 have been deposited with NSE & BSE

The Company has deposited the custodial fees for the year 2012-13 with National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial account maintained by them as on March 31, 2012.

12. STOCK CODE

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

13. CORPORATE IDENTIFICATION NUMBER

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

14. STOCK MARKET DATA

High, lows and volumes of ARSS for 2011-12 at BSE and NSE

Sr. No	Month	BSE			NSE		
		High Price (In ₹)	Low Price (In ₹)	No. of Share Traded	High Price (In ₹)	Low Price (In ₹)	No. of Share Traded
1	Apr-11	637.80	513.60	5,078,940	637.50	515.00	9,142,952
2	May-11	540.00	353.70	7,095,001	545.50	353.50	13,080,605
3	Jun-11	479.75	362.00	6,844,698	479.10	361.65	13,819,672
4	Jul-11	464.90	393.25	1,867,340	464.80	393.40	3,903,649
5	Aug-11	406.00	383.00	2,416,882	405.70	282.10	6,907,354
6	Sep-11	395.40	278.60	7,495,183	395.00	277.25	15,700,159
7	Oct-11	373.90	311.00	5,136,023	373.25	302.25	5,550,891
8	Nov-11	340.00	182.90	2,415,495	340.90	182.90	4,939,337
9	Dec-11	198.40	99.80	1,873,409	198.45	99.45	3,548,657
10	Jan-12	124.75	104.00	1,227,156	132.05	104.65	2,521,058
11	Feb-12	150.90	119.20	3,051,927	150.75	119.20	5,844,320
12	Mar-12	130.70	101.00	897,532	136.00	100.05	2,009,611

15. DEMATERIALISATION OF SHARES

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

As at 31st March 2012, 1,48,30,428 Equity Shares representing 99.91% of total Equity Capital of the Company were held in dematerialised form.

The bifurcation of shares held in Physical and Demat form as on March 31, 2012 is given below.

Particulars	No. of Shares	% age
Physical Segment	12,802	0.09
Demat Segment		
NSDL	1,17,14,565	78.92
CDSL	31,15,863	20.99
Total	1,48,43,230	100.00

16. 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

17. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012

Sl.No	Category	Folios	%age	Shares	%age
1	Corporate Bodies	634	3.19	2,402,787	16.19
2	Foreign Inst. Investor	3	0.02	63,514	0.43
3	Promoter & Promoter Group	22	0.11	8,069,698	54.37
4	Nationalised Banks	1	0.01	1,000	0.01
5	Non Resident Indians	173	0.87	570,499	3.84
6	Public	8,922	95.21	3,660,305	24.66
7	Others	119	0.60	75,427	0.51
	Total	19,874	100.00	14,843,230	100.00

18. TOP TEN SHAREHOLDERS OF THE COMPANY AS ON 31ST MARCH, 2012

Sl.No	Shareholder Name	Category	Shares	%age
1	Anil Contractors Private Limited	Group Companies	1,500,000	10.11
2	Subash Agarwal	Promoters	1,173,500	7.91
3	Mohanlal Agarwal	Promoters	761,750	5.13
4	Rajesh Agarwal	Promoters	656,000	4.42
5	Ramdulari Agarwal	Promoters	495,000	3.33
6	Rajesh Agarwal (HUF)	Promoters	435,000	2.93
7	Sanju Agarwal	Promoters	426,250	2.87
8	Seema Agarwal	Promoters	415,000	2.80
9	Sangita Agarwal	Promoters	385,000	2.59
10	Sunil Agarwal	Promoters	365,398	2.46

19. DISTRIBUTION SCHEDULED OF SHAREHOLDING AS ON 31ST MARCH, 2012

Range	As on 31st March, 2012				As on 31st March, 2011			
	Folios	%age	Shares	%age	Folios	%age	Shares	%age
Up to 500	18,711	94.15	1,368,813	9.22	13,721	95.99%	673,772	4.54%
501-1000	535	2.69	419,608	2.83	209	1.46%	158,696	1.07%
1001-2000	302	1.52	456,363	3.07	155	1.08%	222,057	1.50%
2001-3000	103	0.52	259,085	1.75	42	0.29%	102,640	0.69%
3001-4000	43	0.22	147,315	0.99	22	0.15%	75,506	0.51%
4001-5000	42	0.21	192,678	1.30	24	0.17%	113,030	0.76%
5001-10000	53	0.27	380,152	2.56	39	0.27%	280,699	1.89%
10001 and above	85	0.43	11,619,216	78.28	82	0.57%	13,216,830	89.04%
Total	19,874	100.00	14,843,230	100.00	14,294	100.00%	14,843,230	100.00%

20. ADDRESS FOR CORRESPONDENCE

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

For and on behalf of the Board of Directors

(Subash Agarwal)
Chairman

Place : Bhubaneswar
Dated : The 14th day of May, 2012

CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY

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

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 (D) (i) (ii) of the Listing Agreement entered into with the Stock Exchanges.

(Rajesh Agarwal)
Managing Director

Place : Bhubaneswar
Dated : The 14th day of May, 2012

CEO/CFO CERTIFICATION

To

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

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, 2012 and certify that to the best of our knowledge and belief :
 - i) These Statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - ii) These Statements read together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or in violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit committee, the deficiencies in the design or operation of internal controls, in any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit committee;
 - i) Significant changes in internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

Place : Bhubaneswar
Dated : The 14th day of May, 2012

(S.K.Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS



1. INDUSTRY SCENARIO AND ECONOMIC RECOVERY

FY 2011-2012 was a challenging year. The global economy witnessed lower economic growth, resulting primarily from the Euro Zone debt crisis. European economies stagnated, the US witnessed a downgrade in its credit rating, while China and India were forced to tighten liquidity to tame rising inflation. According to the International Monetary Fund (IMF), the global economy is estimated to grow at a lower rate in 2012, compared to 3.8% in 2011. A sharp slowdown in Indian economy pressured the coalition government to take steps to boost economic growth. During a recent meeting with core sector ministers, the Prime Minister set higher targets for infrastructure development in roads, ports, airports and such.

2. BUSINESS PERFORMANCE

During 2011-12, although the Company achieved a comparable turnover, performance was not satisfactory when compared to previous years. The order book position of the Company remains healthy and contracts worth ₹ 3000 crores are in hand for execution. During the year, the Company incurred a loss of ₹ 29.61 crores.

The abridged Profit and Loss statement for the financial year ended 31st March, 2012 is as follows.

	(₹ in crores)		
Name of the Director	2011-2012	2010-2011	%change
Net Sales & Other Income	1198.58	1257.47	(-4.68)
Profit before Interest, Depreciation and Tax	(176.17)	279.22	(-163.09)
Depreciation	37.91	28.22	34.34
Provision for Tax	5.78	30.23	(-80.88)
Profit after Tax	(29.61)	112.17	(-126.39)
Earning per share (In ₹)	-	75.57	-

3. OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The economic slowdown affected the industry, including infrastructure to some extent. During the year, the Company faced a lot of difficulty in arranging working capital for execution of different projects to maintain the operational activity on roll. The industry was also affected by a hike in input prices during the second half of the year in addition to rising inflation and high employee costs for infrastructure projects, especially for government-backed projects. These led to cost overruns and delays in execution.

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

4. STRATEGIC INITIATIVES

The Company is well on course to meet growth targets despite increased competition. Effective business strategies have allowed the Company in executing projects in a timely manner and economise on critical resources through joint ventures in large projects.

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

5. OUTLOOK

Infrastructure industries are poised for growth as the economic development of a nation purely depends on infrastructural development. According to CRISIL, eight sectors like oil and gas, power, roads, ports, airports, railways, urban infrastructure and telecom, are expected to attract large investments in years to come.

6. INTERNAL CONTROL SYSTEMS AND EFFICIENCY

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

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

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

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

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

7. MANAGEMENT DEVELOPMENT IN HR

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

8. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

(Subash Agarwal)
Chairman

Place : Bhubaneswar
Dated : The 14th day of May, 2012

AUDITOR'S REPORT

To

The Members

ARSS Infrastructure Projects Limited

1. We have audited the attached Balance Sheet of ARSS Infrastructure Projects Limited, as at 31st March 2012, the Profit and Loss Account and 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report)(Amendment)Order, 2004(hereinafter referred to as the order) 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.
4. Further to our comments in the Annexure I referred to in paragraph 3 above, we report that:
 - 4.1 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.
 - 4.2 Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2012 and also for earlier years instead of audited accounts, which is not in accordance with Accounting Standard – 27, "Financial Reporting of Interest in Joint Ventures" issued by The Institute of Chartered Accountants of India.
 - 4.3 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.
 - 4.4 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 provided to us and on the basis of written representations received from the Company, we report that none of the Directors are disqualified as on 31.03.2012 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 provided to us, the said accounts, subject to the observations in para 4.2 above regarding consideration of provisional profit and investment in one of the Joint Venture, 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, 2012.
 - ii. In the case of Profit and Loss Account, of the Loss 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
Firm Regn. No – 313085E

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

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

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

- i) In respect of its Fixed Assets
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) According to the information and explanations provided 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 the 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 hence the status of the Company as a going concern is not affected.
- ii) In respect of its Inventories
 - a) As explained to us, inventories have been physically verified by the management during 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) According to the information and explanation provided to us, the procedure 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, 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.
- iii)
 - a) According to the information and explanations provided to us, the Company has granted loan to one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 9.20 lacs and the balance at the end of the year is ₹ 8.45 lacs.
 - b) In our opinion and according to the information and explanations provided to us, the aforesaid loan is interest free and other terms and conditions of the loan taken by the party, were not prima facie prejudicial to the interest of the Company.
 - c) The said interest free loan is repayable on demand and there is no repayment schedule.
 - d) The Company had taken loan from two parties covered in the register maintained U/s 301 of the Act. The maximum amount involved during the year was ₹ 250.00 lacs and the balance at the end of the year is ₹ 250.00 lacs.
 - e) In our opinion and according to the information and explanations provided to us, the aforesaid loan is interest free and other terms and conditions of the loan taken by the Company , were not prima facie prejudicial to the interest of the Company.
 - f) The said interest free loans are repayable on demand and there is no repayment schedule.
- iv) In our opinion and according to the information and explanations provided to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and also for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v)
 - a) According to the information & explanation provided to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in to the register, maintained U/s 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations provided to us, the transactions (excluding loans reported under paragraph iii above) exceeding the value of ₹ 5 lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
- vi) In our opinion and according to the information and explanations provided to us, the Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other provisions of the Act and rules framed there under.
- vii) In our opinion and according to the information and explanations provided to us the Company has an internal audit system commensurate with the size of Company and the nature of its business.
- viii) According to the information and explanations provided to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

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

- ix) a) According to the information and explanations provided to us the Company is irregular in deposit of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, VAT and Service Tax.
- b) According to the information and explanation provided to us, in our opinion, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable except service tax amounting to ₹ 70.41 lacs.
- c) According to the information & explanation provided to us and on basis of the records of the Company examined by us, the particulars of sales tax, income tax and entry tax as at 31st March, 2012 which have not been deposited on account of pending disputes are as under.

(₹ in lacs)		
Forum where disputes are Pending	Period to which the dispute relates.	Amount of demand
1. Orissa Sales Tax Act.		
Appellate Tribunal	2000-01 & 2004-05	52.11
Commissioner of Commercial Taxes	2000-01 to 2002-03	31.86
2. Orissa VAT Act		
Commissioner of Commercial Taxes	2004-05 to 2006-07	14.51
Joint Commissioner of Commercial Taxes	2004-05 to 2006-07 & 2010-11	18.70
3. Orissa Entry Tax Act		
Joint Commissioner of Commercial Taxes	2005-06 to 2006-07	24.60
Commissioner of Commercial Taxes	2005-06 to 2006-07	9.84
4. Central sales Tax Act		
Commissioner of Commercial Taxes	2008-09	791.11
5. Income Tax Act, 1961		
CIT(Appeal)	2006-07 to 2007-08	151.07
6. Andhra Pradesh VAT Act		
Appellate Deputy Commissioner(CT)	2008-09 to 2010-11	28.63

- x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) As at the Balance sheet date, Interest and principal amounting to ₹ 249.29 crores due to the financial institutions and banks have not been paid by the Company. Accordingly, the loan account with State Bank of India, and State Bank of Bikaner and Jaipur has been declared as Non Performing Assets.
- xii) According to the information and explanations provided to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv) As explained to us and on the basis of information provided to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the order are not applicable to the Company.
- xv) In our opinion and according to the information and explanations provided to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks are not prima facie prejudicial to the interest of the Company.
- xvi) In our opinion and according to the information and explanations provided to us, the term loans have been applied for the purpose for which they were obtained.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

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

- xvii) According to the information and explanations provided to us and on an overall examination of the books of accounts of the Company, we are of the opinion that no funds raised on short-term basis have been utilised for long term investment.
- xviii) According to the information and explanations provided to us, during the year, the Company has not made any preferential allotments of shares to parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause (xviii) of paragraph 4 of the order are not applicable to the Company.
- xix) During the period covered by our audit report, the Company has not issued any debentures. Accordingly, the provisions of clause (xix) of paragraph 4 of the order are not applicable to the Company.
- xx) The Company has not raised any monies by way of public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanation provided to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Bhubaneswar
The 14th day of May, 2012

BALANCE SHEET as at 31st March

		(₹ in lacs)	
	Notes	2012	2011
EQUITY AND LIABILITIES			
I Shareholders' Funds			
a	Share Capital	1,484.32	1,484.32
b	Reserves and Surplus	40,395.33	43,356.37
		41,879.65	44,840.69
II Non-Current Liabilities			
a	Long Term borrowings	28,889.68	27,096.10
b	Deferred Tax Liability	2,740.00	2,161.43
		31,629.68	29,257.53
III Current Liabilities			
a	Short Term Borrowings	72,266.06	56,888.55
b	Other Current Liabilities	43,423.35	39,121.77
c	Short Term Provisions	-	3,195.64
		1,15,689.41	99,205.96
	Total	1,89,198.74	1,73,304.18
ASSETS			
IV Non-current Assets			
a	Fixed Assets		
i	Tangible Assets	42,878.48	47,266.61
ii	Capital work-in-Progress	-	131.70
b	Non-Current Investments	5,368.57	3,618.52
		48,247.05	51,016.83
V Current Assets			
a	Inventories	75,644.32	77,709.88
b	Trade Receivables	32,101.70	7,122.40
c	Cash and Cash Equivalents	9,654.37	15,067.52
d	Short term loans and advances	23,207.29	21,871.35
e	Other current assets	344.00	516.20
		140,951.69	122,287.35
	Total	1,89,198.74	1,73,304.18
VI Significant accounting policies	A		
VII Notes on Financial Statements	B		

As per our report of even date

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

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

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

Bhubaneswar
The 14th day of May, 2012

(Sushanta Pradhan)
Company Secretary

PROFIT AND LOSS STATEMENT for the Period ended on 31st March

(₹ in lacs)

	Notes	2012	2011
I INCOME			
a Revenue from operations	16	118,273.99	124,901.11
b Other Income	17	1,584.95	845.49
Total revenue		1,19,858.94	1,25,746.60
II EXPENSES			
a Cost of materials consumed	18	31,283.04	29,990.18
b (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	19	1,860.47	(38,356.27)
c Employee benefits expense	20	4,046.52	4,192.29
d Depreciation and amortisation expense	21	3,791.06	2,822.31
e Finance costs	22	16,208.10	9,903.12
f Other expenses	23	65,052.21	101,998.00
Total Expenses		1,22,241.41	1,10,549.63
III PROFIT/(LOSS) BEFORE TAX		(2,382.47)	15,196.97
Tax expenses			
Current tax		-	3,023.13
Deferred tax		578.57	957.32
Total tax expenses		578.57	3,980.45
IV PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(2,961.04)	11,216.52
V EARNINGS PER EQUITY SHARE [NOMINAL VALUE OF SHARE ₹ 10]	24		
Basic			
Computed on the basis of profit from continuing operations			
		-	75.57
Diluted			
Computed on the basis of profit from continuing operations		-	75.57
VI SIGNIFICANT ACCOUNTING POLICIES	A		
VII NOTES ON FINANCIAL STATEMENTS	B		

As per our report of even date

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

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

Bhubaneswar
The 14th day of May, 2012

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

(Sushanta Pradhan)
Company Secretary

CASH FLOW STATEMENT for the year ended on 31st March

(₹ in lacs)

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	(2,382.47)	15,196.97
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of Profit / Loss from investment in partnership firm	(322.57)	(193.96)
Depreciation/amortisation on continuing operation	3,791.06	2,822.31
Depreciation/amortisation on sold Assets	(1,003.29)	-
Preliminary Expenses Written off	172.20	172.20
Loss/(profit) on sale of fixed assets	(158.02)	11.02
Interest expense	16,208.10	9,903.12
Operating profit before working capital changes	16,305.02	27,911.66
Movements in working capital:		
Increase/(decrease) in short-term provisions	(3,195.64)	-
Increase/(decrease) in other current liabilities	4,301.58	14,650.54
Increase/(decrease) in other long-term liabilities		
Decrease/(increase) in trade receivables	(24,979.30)	738.82
Decrease/(increase) in inventories	2,065.56	(40,699.00)
Decrease/(increase) in short-term loans and advances	(1,335.94)	(7,806.52)
Cash generated from / (used in) operations	(6,838.73)	(5,204.50)
Direct taxes paid (net of refunds)	-	2,583.80
Net cash flow from/(used in) operating activities (A)	(6,838.73)	(7,788.30)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,692.30)	(24,440.61)
Proceeds from sale of fixed assets	4,582.39	46.37
Proceeds of non-current investments	(1,750.05)	(3,274.11)
Share of Profit / Loss from investment in partnership firm	322.57	193.96
Net cash flow from/(used in) investing activities (B)	462.60	(27,474.39)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,793.58	22,240.39
Proceeds from short-term borrowings	15,377.51	27,042.04
Interest paid	(16,208.10)	(9,903.12)
Net cash flow from/(used in) in financing activities	962.99	39,379.31
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(5,413.14)	4,116.62
Cash and cash equivalents at the beginning of the year	15,067.52	10,950.90
Cash and cash equivalents at the end of the year	9,654.37	15,067.52
Components of cash and cash equivalents		
Cash on hand	92.21	239.34
Cheques / draft on hand		2,008.12
With banks on current account	35.07	1,221.18
on deposit account	9,527.09	11,598.82
Total cash and cash equivalents	9,654.37	15,067.52

As per our report of even date

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

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

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

Bhubaneswar
The 14th day of May, 2012

(Sushanta Pradhan)
Company Secretary

NOTES forming part of the Financial Statements

A. SIGNIFICANT ACCOUNTING POLICIES.

1. Corporate Information

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

2. Basis of Preparation

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

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

3. Summary of Significant Accounting Policies

a. Use of Estimates

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

b. Tangible Fixed Assets

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

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

c. Depreciation on Tangible Fixed Assets

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

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

d. Borrowing Costs

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

e. Investments

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

f. Accounting for Joint Ventures Contracts

i. Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted for in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed.

ii. In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income Tax Laws), the services rendered to the Joint Ventures are accounted for as income on accrual basis. The profit / Loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans and advances or current liabilities.

g. Inventories

i. Raw Materials, Stores & Spares and Finished Goods

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

ii. Work in Progress

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

NOTES forming part of the Financial Statements

h. Revenue Recognition

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

i. Taxes on Income

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

j. Employee Benefits

i) Defined contribution plans

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

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

ii) Defined benefit plan

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

iii) Short term employee benefits

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

k. Contingent Liabilities and Contingent Assets

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

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

l. Earning per share :

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

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

m. Overdue Charges in Respect of Loans

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

NOTES forming part of the Financial Statements

B. NOTES TO FINANCIAL STATEMENTS

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 1		
Share Capital		
Authorised shares :		
2,00,00,000 (P.Y. 2,00,00,000) equity shares of ₹ 10/- each	2,000.00	2,000.00
Issued, Subscribed & Paid up		
1,48,43,230 (P.Y. 1,48,43,230) equity shares of ₹ 10/- each fully paid up	1,484.32	1,484.32
	1,484.32	1,484.32

- i) 1,00,000 shares out of issued, subscribed and paid up share capital were issued against transfer of a plot of land in favour of the Company.
- ii) 69,00,700 shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in the last five years by capitalisation of reserves.
- a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	31st March, 2012 Nos.	31st March, 2011 Nos.
At the beginning of the Period	14,843,230	14,843,230
Outstanding at the end of the period	14,843,230	14,843,230

- b) Terms/right attached to equity shares

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

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

- c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholders	31st March 2012		31st March 2011	
	Nos.	%	Nos.	%
Anil contractors (P) Ltd.	1,500,000	10.11	1,500,000	10.11
Subash Agarwal	1,173,500	7.91	1,173,500	7.91
Mohanlal Agarwal	761,750	5.13	761,750	5.13
Total	3,435,250	23.15	3,435,250	23.15

As per records of the Company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 2		
Reserves and Surplus		
Securities Premium Account		
Balance as per last financial statements	14,736.35	14,736.35
Closing Balance	14,736.35	14,736.35
General Reserve		
Balance as per last financial statements	727.11	578.68
Add: Amount transferred from surplus balance in the statement of Profit and Loss	-	148.43
Closing Balance	727.11	727.11
Surplus in the statement of profit and loss		
Balance as per last financial statements	27,892.91	16,997.33
Profit/(loss) for the year	(2,961.04)	11,216.52
Less: Appropriations		
Proposed dividend on equity shares		
(Dividend per share ₹ Nil (Previous year ₹ 1))	-	148.43
Tax on proposed final equity dividend	-	24.08
Transfer to general reserve	-	148.43
Total appropriations	-	320.94
Net surplus in the statement of profit and loss	24,931.87	27,892.91
Total reserves and surplus	40,395.33	43,356.37

(₹ in lacs)

	Non-Current Portions		Current Maturities	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
NOTE NO. 3				
Long-Term Borrowings				
Term loans				
Rupee Loan from Banks (Secured)	13,744.36	14,896.16	5,078.08	6,171.46
Rupee Loan from NBFCs (Secured)	15,145.31	12,199.94	5,466.07	3,825.23
Total	28,889.68	27,096.10	10,544.14	9,996.69

- a) Rupee loan from banks carries interest rate of 10% to 14.25% p.a. The loans are repayable in 12 to 20 quarterly installments from the respective dates of disbursement of loans after considering moratorium period. The above loans are secured by way of mortgage on land and building and assets acquired out of such loan. The term loans which is part of loan from banks are also backed by personal guarantee of promoters.
- b) Term loan from NBFCs carries interest @ 9% to 16% p.a. and are repayable in 36 to 60 monthly equal instalments. The above loans are secured by way of mortgage on assets acquired out of such loan.

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 4		
Deferred Tax Liability		
Related to Fixed Assets		
Opening Balance	2,161.43	1,204.11
Addition during the year	578.57	957.32
	2,740.00	2,161.43

	31st March, 2012	31st March, 2011
NOTE NO. 5		
Short-Term Borrowings		
i) Cash credit loan from banks (Secured)	67,825.56	55,896.99
ii) Loan from NSIC (Secured)	94.90	-
iii) Loans from related parties (Unsecured)	812.98	991.56
iv) Inter-corporate deposit (Unsecured)	3,532.62	-
	72,266.06	56,888.55

Cash credit from banks is secured against hypothecation of stock and book debts and are backed personal guarantee of promoters. The interest on C.C. Loan varies from 10.5% to 14.75% p.a. Inter corporate deposit and loan from NSIC carries interest @ 9% and 13.40% respectively. All the above loans are repayable on demands.

	31st March, 2012	31st March, 2011
NOTE NO. 6		
Other Current Liabilities		
a) Other liabilities		
Current maturities of long-term borrowings	10,544.14	9,996.69
b) Others		
i) Creditors for Expenses	876.56	485.53
ii) Sundry Creditor for Trade	9,811.65	8,136.94
iii) Unpaid Dividend	0.58	-
iv) Security Deposit	2,012.85	1,206.86
v) Mobilisation Advance	19,610.07	18,960.40
vi) Sundry Creditor for Capital Goods	52.43	39.28
vii) Service Tax Payable	86.82	68.46
viii) TDS Payable	428.24	227.60
	43,423.35	39,121.77

	31st March, 2012	31st March, 2011
NOTE NO. 7		
Short Term Provisions		
a) Other Provision		
i) Provision for Income Tax	-	3,023.13
ii) Proposed equity dividend	-	148.43
iii) Provision for tax on proposed equity dividend	-	24.08
	-	3,195.64

NOTES forming part of the Financial Statements**NOTE NO. 8**

	Land	Building	Plant & Equipment	Furniture & Fixtures	Vehicles	Computers	Total
Tangible Assets							
Gross Block							
At 1st April 2010	743.63	327.02	25,832.09	113.02	1,474.90	168.16	28,658.82
Additions	82.00	19.94	23,753.87	26.66	480.23	77.91	24,440.61
Disposals	-	-	72.08	-	10.04	-	82.11
At 31st March 2011	825.63	346.96	49,513.88	139.69	1,945.09	246.07	53,017.31
Additions	0.12	-	2,608.14	10.33	157.06	48.36	2,824.01
Disposals	85.60	-	4,319.89	-	18.88	-	4,424.37
At 31st March 2012	740.15	346.96	47,802.13	150.02	2,083.26	294.42	51,416.95
Depreciation							
At 1st April 2010	-	5.50	2,647.93	11.92	250.95	36.80	2,953.11
Charge for the year	-	5.64	2,614.96	7.68	160.76	33.27	2,822.31
Disposals	-	-	21.95	-	2.77	-	24.72
At 31st March 2011	-	11.14	5,240.94	19.61	408.94	70.07	5,750.70
Charge for the year	-	5.72	3,538.05	9.21	194.68	43.40	3,791.06
Disposals	-	-	998.74	-	4.55	-	1,003.29
At 31st March 2012	-	16.86	7,780.25	28.81	599.08	113.47	8,538.47
Net Block							
At 31st March 2011	825.63	335.82	44,272.94	120.08	1,536.14	176.00	47,266.61
At 31st March 2012	740.15	330.10	40,021.88	121.20	1,484.18	180.95	42,878.48

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 9		
Capital Work in Progress		
Capital WIP	-	131.70
NOTE NO. 10		
Non-current investments		
A. Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
a) Investment in subsidiaries		
i) 1,47,60,000 equity shares of ₹ 10/- each at par in ARSS Damoh-Hirapur Tolls (P) Ltd.	1,476.00-	-
ii) Share application with ARSS Damoh-Hirapur Tolls (P) Ltd.	666.75	-
iii) 95,00,000 equity shares of ₹ 10/- each at par in ARSS Bus terminal (P) Ltd.	950.00-	-
iv) Share application with ARSS Bus Terminal (P) Ltd.	519.54	2,103.92
v) Investment in Joint Venture (Refer Note No. 26)	712.17	434.23
b) Investment in associates		
i) 2,50,000 equity shares of ₹ 10/- each issued at a premium of ₹ 30/- in ARSS Developers Ltd.	1,000.00	1,000.00
ii) Share application with ARSS Engineering Ltd.	8.08	8.08
iii) 4,999 equity shares of ₹ 10/- each in ARSS E to E Rail Pvt. Ltd.	0.50	0.50
iv) Share application with ARSS E to E Rail Pvt. Ltd.	11.14	0.64
v) Share application with ARSS Holdings Ltd.	6.30	6.30
vi) Share application with ARSS Phoolsagar Shahpura Tolls (P) Ltd.	1.62	-
vii) Share application with ARSS Sijhara-Poudi-Kehunthur Tolls (P) Ltd.	1.62	-
	5,353.73	3,553.68
B. Non-trade investments (valued at cost unless stated otherwise)		
a) In government and trust securities (unquoted)		
i) 6 years National Savings Certificate deposited with sales tax dept. and other Government Authorities	14.84	14.84
ii) In mutual funds (Quoted and fully paid up)	-	50.00
	14.84	64.84
TOTAL (A + B)	5,368.57	3,618.52
NOTE NO. 11		
Inventories		
(Valued at cost being lower of net realisable value) (As Certified by the Management)		
i) Raw materials and components	6,578.45	6,817.52
ii) Work-in-progress	46,062.47	57,429.25
iii) Finished goods	22,184.76	12,678.45
iv) Stores and spares	818.63	784.65
	75,644.32	77,709.88

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 12		
Trade receivables		
(Unsecured & Considered good)		
i) Over Six Months	18,610.39	494.24
ii) Others	13,491.31	6,628.16
	32,101.70	7,122.40
NOTE NO. 13		
Cash and Cash Equivalents		
Cash in hand	92.21	239.34
Balances with Banks		
In current Account	35.07	1,221.18
In Fixed Deposits	8,555.05	10,794.09
Interest accrued on fixed deposits	972.04	804.79
Cheques/Drafts on Hand	-	2,008.12
	9,654.37	15,067.52
Fixed deposits with a carrying amount of ₹ 85.55 crores (31 March 2011 : ₹ 107.94 crores) are pledged against Bank guarantees, security deposit and EMD.		
NOTE NO. 14		
Short Term Loans and Advances		
(Unsecured, considered good)		
Capital Advances	153.56	434.31
Security Deposit	7,615.25	6,255.28
Loans and Advances to Related Parties (Ref. Note No.27)	655.37	2,507.30
Other Loans and Advances		
Advance Income-Tax (Net of Provision for Taxation)	3,254.28	4,292.43
Prepaid Expenses	949.36	1,350.29
Loans to Employees	10.05	19.88
Balances with Statutory/Government authorities	3,611.37	3,512.38
Other Advances	6,958.04	3,499.47
	23,207.29	21,871.35
Loans to employees includes		
Dues from Non-Executive Directors	8.45	9.20
Dues from Officers	1.60	10.68
NOTE NO. 15		
Other Current Assets		
Preliminary Expenses		
(to the extent not written of or adjusted)	344.00	516.20
	344.00	516.20

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 16		
Revenue from Operations		
i) Sale of Services		
Contract Revenue	1,18,273.99	1,24,901.11
	1,18,273.99	1,24,901.11

NOTE NO. 17		
Other Income		
i) Interest on bank deposits	848.18	563.06
ii) Dividend Income	0.24	-
iii) Profit from Joint Ventures	322.57	193.96
iv) Other Non-Operating Income	413.97	88.47
	1584.95	845.49

NOTE NO. 18		
Cost of Material Consumed		
i) Inventories at the beginning of the year	7,602.18	5,259.44
ii) Add: Purchase	31,077.96	32,332.91
	38,680.13	37,592.35
iii) Less: Inventories at the end of the year	7,397.09	7,602.18
	31,283.04	29,990.18

NOTE NO. 19		
(Increase)/Decrease in inventories		
i) Inventories at the end of the year		
Work-in-progress	46,062.47	57,429.25
Finished goods	22,184.76	12,678.45
	68,247.24	70,107.71
ii) Inventories at the beginning of the year		
Work-in-progress	57,429.25	25,236.87
Finished goods	12,678.45	6,514.56
	70,107.71	31,751.44
	1,860.47	(38,356.27)

NOTE NO. 20		
Employee Benefit Expenses		
i) Salaries, Wages and Bonus	3,848.33	4,053.67
ii) Contribution Provident and Other Fund	85.21	54.71
iii) Staff Welfare Expenses	112.99	83.91
	4,046.52	4,192.29

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 21		
Depreciation and Amortisation Expense		
i) Depreciation on Tangible Assets	3,791.06	2,822.31
	3,791.06	2,822.31
NOTE NO. 22		
Finance Costs		
i) Interest	15,068.34	8,936.92
ii) Bank Charges	1,139.76	966.20
	16,208.10	9,903.12
NOTE NO. 23		
Other Expenses		
a) Operating Expenses		
i) Sub-contracting Expenses	35,820.01	75,980.93
ii) Power and Fuel	10,731.32	10,985.23
iii) Freight	2,351.24	1,719.55
iv) Repair & Maintenance (P&M)	4,273.01	4,376.39
v) Wages	3,097.32	2,363.86
vi) Royalty	1,481.20	1,280.24
vii) Hire Charges	1,340.85	814.46
	59,094.94	97,520.67
b) Selling & Distribution Expenses		
i) Advertising and Sales Promotion	45.19	47.70
ii) Tender Expenses	48.77	67.39
iii) Service Tax	73.92	131.54
iv) VAT	1,561.63	1,515.50
v) Business Promotion	78.46	80.99
	1,807.97	1,843.13
c) Establishment Expenses		
i) Rent	697.54	350.86
ii) Insurance	776.37	210.81
iii) Repairs and maintenance (Others)	13.45	47.33
iv) Traveling and Conveyance	318.42	261.64
v) Printing and Stationery	61.76	67.63
vi) Legal and Professional Fees	378.49	293.53
vii) Directors' Sitting Fees	9.60	9.22
viii) Payment to Auditor	28.68	28.68
ix) Internal Audit Fees	6.62	6.62
x) Loss on sale of fixed assets (Net)	158.02	11.02
xi) Miscellaneous expenses	1,700.35	1,346.87
	4,149.29	2,634.21
	65,052.21	1,01,998.00
Payment to Auditor Includes		
As Auditor:		
Audit Fee	22.06	22.06
Limited Review	6.62	6.62
	28.68	28.68

NOTES forming part of the Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 24		
Earnings Per Share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS Computations:		
Total Operations for the year	1,18,273.99	124901.11
Profit/(loss) After Tax	(2,961.04)	11,216.52
Net Profit/(Loss) for calculation of Basic EPS	-	11,216.52
Net Profit/(Loss) for calculation of Basic EPS	-	11,216.52
	In No.	In No.
Weighted average number of equity shares in calculating basic/diluted EPS	1,48,43,230	1,48,43,230
Basic/Diluted EPS (₹)	-	75.57

25. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

26. INTEREST IN JOINT VENTURES

The Company discloses its investment in joint venture at cost and recognises its share of profit/(loss) in the profit and loss account. The details of profit sharing ratio, investment as on 31.03.2012 and share of profit/(loss) in joint ventures are given below:

Sl. No.	Name of the Joint Venture	Profit sharing ratio (%)	Investment	Share of Profit
i)	ARSS-Anpr JV	51	2.01	0.70
ii)	ARSS-HCIL Consortium	60	16.45	5.08
iii)	Niraj-ARSS JV	60	26.81	8.01
iv)	ARSS-Atlanta JV	51	32.59	21.11
v)	ARSS-Gvr JV	51	0.65	(0.06)
vi)	Atlanta-ARSS JV	49	199.47	109.77
vii)	ARSS Triveni JV	51	45.45	6.85
viii)	Patel-ARSS JV	49	45.48	85.09
ix)	Backbone ARSS JV	49	113.37	8.37
x)	Somdatt Builders – ARSS JV	49	20.24	20.34
xi)	ARSS Mvpl JV	51	0.05	-
xii)	HCIL-ARSSSPL-Triveni JV	30	(20.60)	(0.73)
xiii)	HCIL-ARSS-Kalindee JV	30	3.30	(0.05)
xiv)	HCIL-Adhikariya-ARSS JV	30	157.75	-
xv)	HCIL-ARSSSPL JV	49	8.05	(0.07)
xvi)	Balajee – ARSS JV	30	6.31	3.37
			657.36	267.76

NOTES forming part of the Financial Statements

27. RELATED PARTY DISCLOSURES

Related Party Transactions

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

a) Sale/Purchase of Goods and Service

	Sale of Services
i) Subsidiary Company	
ARSS Damoh Hirapur Tolls (P) Ltd.	3,165.97
ii) Associated Concerns	
ARSS Developers Ltd.	1,183.68
iii) Joint Ventures	
ARSS-Anpr JV.	691.59
ARSS-HCIL Consortium	936.76
Niraj-ARSS JV.	5,840.01
ARSS-Atlanta JV.	3,627.23
Atlanta-ARSS JV.	5,552.10
ARSS-Triveni JV	929.89
Patel-ARSS JV.	2,872.30
Backbone- ARSS JV.	194.38
Somdatt Builders- ARSS JV.	673.60
HCIL-Adhikariya- ARSS JV.	22,147.55
	43,465.42

(₹ in lacs)

	31st March 2012	31st March 2011
b) Loans Given and Repayment Thereof		
Enterprises owned or significantly influenced by key management personnel or their relatives		
ARSS Developers Ltd.	645.37	2,497.30
ARSS Steel & Power Ltd.	10.00	10.00
Loans given to related parties are interest free and repayable on demand.		
c) Loans taken and repayment thereof		
Enterprises owned or significantly influenced by key management personnel or their relatives		
Northwest Sales & Marketing Ltd.	120.00	-
Sidhant Financial Services Ltd.	130.00	-
d) Remuneration to Key Managerial Personnel		
Sunil Agarwal (President & CEO)	34.80	34.80
Anil Agarwal (Sr. Vice President & COO)	34.80	34.80
Shiv Kumar Singla (Vice President & Project Head)	31.50	42.00
Total	101.10	111.60

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

NOTES forming part of the Financial Statements

28. CONTINGENT LIABILITIES

Name of the Statute to which the Liability Relates	Amount (₹ In Lacs)
a) Orissa Sales Tax Act	117.19
b) Orissa Entry Tax Act	34.44
c) Central Sales Tax Act	791.10
d) Orissa Electricity Act	47.22
e) Andhra Pradesh VAT Act.	28.63
f) Corporate Guarantees to Sister Concerns of the Company	
i) ARSS Damoh-Hirapur Tolls Pvt. Ltd.	8,700.00
ii) Anil Contractor Pvt. Ltd.	600.00
g) Income Tax Act	
i) CIT (Appeal)	151.07
h) Bank guarantee Outstanding	53,391.08
Total	63,860.73

NOTES forming part of the Financial Statements

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

The Company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid/payable as required under the said act have not been given.

- 30.** Revenue includes ₹ 230.80 crores against bills raised on account of various supplies/services provided in earlier quarters including claims in line with similar billing/claims made by the JVs on the contractees.
- 31.** Fixed Assets worth Gross Value of ₹ 42.13 crores were sold to Srei Equipment Finance Pvt. Ltd. during the year, the sales consideration of which was adjusted against overdue amount of loan availed from the above company. The said transaction has resulted in a loss of ₹ 1.56 Crores.
- 32.** No provision has been made against invoking performance Bank Guarantees by principals amounting to ₹ 29.17 crores and disputed by the Company.
- 33.** As at the Balance Sheet date, interest and principal amounting to ₹ 249.29 crores due to the financial institution and banks, have not been paid by the Company. Accordingly, the loan accounts with State Bank of India and State Bank of Bikaner and Jaipur have been declared as No performing Assets.
- 34.** Other expenses includes operating expenses amounting to ₹ 590.94 crores (P.Y. ₹ 975.20 crores) due to regrouping in line with revised Schedule – VI. Accordingly, for the year ended 31st March 2011 the net of materials consumed and changes in inventories has become negative.

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

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

Bhubaneswar
The 14th day of May, 2012

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

(Sushanta Pradhan)
Company Secretary

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

ARSS Infrastructure Projects Limited

1. We have audited the attached Consolidated Balance Sheet of ARSS Infrastructure Projects Limited and its subsidiaries hereinafter referred to as the "Group", as at 31st March 2012, the Consolidated Profit and Loss Account and the Consolidated Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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.
3. Financial statements of one subsidiary which reflect total assets of ₹ 7832.11 lacs as at 31st March, 2012 and net cash flows amounting to ₹ 2.43 lacs for the year then ended, have been audited by us.
4. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 2457.15 lacs as at 31st March, 2012, cash flows amounting to ₹ 10.67 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012,
 - ii) In the case of Consolidated Profit and Loss Account, of the Loss of the group for the year ended on that date; and
 - iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the group for the year ended on that date.

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

(CA. Kamal Agrawalla)
Partner
M. No. 059649

Bhubaneswar
The 14th day of May, 2012

CONSOLIDATED BALANCE SHEET as at 31st March

		(₹ in lacs)	
	Notes	2012	2011
EQUITY AND LIABILITIES			
I Shareholders' Funds			
a	Share Capital	1,484.32	1,484.32
b	Reserves and Surplus	40,395.33	43,356.37
		41,879.65	44,840.69
Minority Interest			
		806.25	
II Non-Current Liabilities			
a	Long Term borrowings	34,561.55	27,096.10
b	Deferred Tax Liability	2,740.00	2,161.43
		37,301.55	29,257.53
III Current Liabilities			
a	Short Term Borrowings	72,266.06	56,888.55
b	Other Current Liabilities	39,308.72	39,121.77
c	Short Term Provisions	-	3,195.64
		1,11,574.78	99,205.96
Total		1,91,562.23	1,73,304.18
ASSETS			
IV Non-current Assets			
a	Fixed Assets		
i	Tangible Assets	42,878.48	47,266.61
ii	Capital work-in-Progress	5,938.77	131.70
b	Non-Current Investments	1,756.28	3,618.52
		50,573.52	51,016.83
V Current Assets			
a	Inventories	75,644.32	77,709.88
b	Trade Receivables	32,101.70	7,122.40
c	Cash and Cash Equivalents	9,671.57	15,067.52
d	Short term loans and advances	23,207.29	21,871.35
e	Other current assets	363.82	516.20
		1,40,988.71	1,22,287.35
Total		1,91,562.23	1,73,304.18
VI Significant accounting policies		A	
VII Notes on Financial Statements		B	

As per our report of even date

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

(CA. Kamal Agrawalla)
Partner
M. No. 059649

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

CONSOLIDATED PROFIT AND LOSS STATEMENT for the Period ended on 31st March

(₹ in lacs)

	Notes	2012	2011
I INCOME			
a Revenue from operations (gross)	16	118,273.99	124,901.11
b Other Income	17	1,584.95	845.49
Total revenue (I)		1,19,858.94	1,25,746.60
II EXPENSES			
a Cost of materials consumed	18	31,283.04	29,990.18
b (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	19	1,860.47	(38,356.27)
c Employee benefits expense	20	4,046.52	4,192.29
d. Other expenses	21	65,052.21	1,01,998.00
Total Expenses (II)		1,02,242.24	97,824.19
III EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I) - (II)		17,616.70	27,922.40
Depreciation and amortisation expense	22	3,791.06	2,822.31
Finance costs	23	16,208.10	9,903.12
IV PROFIT/(LOSS) BEFORE TAX		(2,382.47)	15,196.97
TAX EXPENSES			
Current tax		-	3,023.13
Deferred tax		578.57	957.32
Total Tax Expenses		578.57	3,980.45
V PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(2,961.04)	11,216.52
VI EARNINGS PER EQUITY SHARE [NOMINAL VALUE OF SHARE ₹ 10)	24		
Basic			
Computed on the basis of profit from continuing operations			
Computed on the basis of total profit for the year			75.57
Diluted			
Computed on the basis of profit from continuing operations			
Computed on the basis of total profit for the year		-	75.57
VI SIGNIFICANT ACCOUNTING POLICIES	A		
VII NOTES ON FINANCIAL STATEMENTS	B		

As per our report of even date

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

(CA. Kamal Agrawalla)
Partner
M. No. 059649

Bhubaneswar
The 14th day of May, 2012

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

(Sushanta Pradhan)
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT for the year ended on 31st March

(₹ in lacs)

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	(2,382.47)	15,196.97
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of Profit / Loss from investment in partnership firm	(322.57)	(193.96)
Depreciation/amortisation on continuing operation	3,791.06	2,822.31
Depreciation/amortisation on sold Assets	(1,003.29)	0.00
Preliminary Expenses Written off	172.20	172.20
Loss/(profit) on sale of fixed assets	(158.02)	11.02
Interest expense	16,208.10	9,903.12
Dividend income	-	-
Operating profit before working capital changes	16,305.02	27,911.66
Movements in working capital:		
Increase/(decrease) in short-term provisions	(3,195.64)	-
Increase/(decrease) in other current liabilities	186.95	14,650.54
Decrease/(increase) in trade receivables	(24,979.30)	738.82
Decrease/(increase) in inventories	2,065.56	(40,699.00)
Decrease/(increase) in short-term loans and advances	(1,335.94)	(7,806.52)
Decrease/(increase) in Preliminary Expenses	(19.82)	-
Cash generated from / (used in) operations	(10,973.18)	(5,204.50)
Direct taxes paid (net of refunds)	-	2,583.80
Net cash flow from/(used in) operating activities (A)	(10,973.18)	(7,788.30)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(8,631.07)	(24,440.61)
Proceeds from sale of fixed assets	4,582.39	46.37
Proceeds of non-current investments	1,862.24	(3,274.11)
Share of Profit / Loss from investment in partnership firm	322.57	193.96
Net cash flow from/(used in) investing activities (B)	(1,863.88)	(27,474.39)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	806.25	-
Proceeds from long-term borrowings	7,465.45	22,240.39
Proceeds from short-term borrowings	15,377.51	27,042.04
Interest paid	(16,208.10)	(9,903.12)
Net cash flow from / (used in) in financing activities	7,441.11	39,379.31
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(5,395.95)	4,116.62
Cash and cash equivalents at the beginning of the year	15,067.52	10,950.90
Cash and cash equivalents at the end of the year	9,671.57	15,067.52
Components of cash and cash equivalents		
Cash on hand	94.59	239.34
Cheques / draft on hand	-	2,008.12
With banks on current account	49.89	1,221.18
on deposit account	9,527.09	11,598.88
Total cash and cash equivalents	9,671.57	15,067.52

As per our report of even date

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

(CA. Kamal Agrawalla)
Partner
M. No. 059649

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

Bhubaneswar
The 14th day of May, 2012

(Sushanta Pradhan)
Company Secretary

NOTES forming part of the Consolidated Financial Statements

SIGNIFICANT ACCOUNTING POLICY ON CONSOLIDATED ACCOUNTS

A. Principles of Consolidation

The consolidated financial statements relate to ARSS Infrastructure Projects Ltd. ("the Company") and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with accounting standard (AS) 21 – "Consolidated Financial Statements"
- b) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- c) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- d) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its statement of profit and loss to the extent such change is attributable to the associates profit or loss through its reserves for the balance, based on available information.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

A1. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements

NOTES forming part of the Consolidated Financial Statements

B. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 1		
Share Capital		
Authorised shares :		
2,00,00,000 (P.Y. 2,00,00,000) equity shares of ₹ 10/- each	2,000.00	2,000.00
Issued, Subscribed & Paid up		
1,48,43,230 (P.Y. 1,48,43,230) equity shares of ₹ 10/- each fully paid up	1,484.32	1,484.32
	1,484.32	1,484.32

- i) 1,00,000 shares out of issued, subscribed and paid up share capital were issued against transfer of a plot of land in favour of the Company.
- ii) 69,00,700 shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in the last five years by capitalisation of reserves.
- a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	No. of Shares	No. of Shares
At the beginning of the Period	14,843,230	14,843,230
Outstanding at the end of the period	14,843,230	14,843,230

- b) Terms/right attached to equity shares

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

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

- c) Details of shareholders holding more than 5% shares in the Company.

Name of the shareholders	31st March 2012		31st March 2011	
	No. of Shares	%	No. of Shares	%
Anil contractors (P) Ltd.	1,500,000	10.11	1,500,000	10.11
Subash Agarwal	1,173,500	7.91	1,173,500	7.91
Mohanlal Agarwal	761,750	5.13	761,750	5.13
	3,435,250	23.15	3,435,250	23.15

As per records of the Company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTES forming part of the Consolidated Financial Statements

	(₹ in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 2		
Reserves and Surplus		
Securities Premium Account		
Balance as per last financial statements	14,736.35	14,736.35
Closing Balance	14,736.35	14,736.35
General Reserve		
Balance as per last financial statements	727.11	578.68
Add: Amount transferred from surplus balance in the statement of Profit and Loss	-	148.43
Closing Balance	727.11	727.11
Surplus in the statement of profit and loss		
Balance as per last financial statements	27,892.91	16,997.33
Profit/(loss) for the year	(2,961.04)	11,216.52
Less: Appropriations		
Proposed dividend on equity shares		
(Dividend per share ₹ Nil (Previous year ₹ 1)		148.43
Tax on proposed final equity dividend	-	24.08
Transfer to general reserve	-	148.43
Total appropriations	-	320.94
Net surplus in the statement of profit and loss	24,931.87	27,892.91
Total reserves and surplus	40,395.33	43,356.3

	(₹ in lacs)			
	Non-Current Portions		Current Maturities	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
NOTE NO. 3				
Long-Term Borrowings				
Term loans				
Indian Rupee Loan from Banks (Secured)	19,416.23	14,896.16	5,078.08	6,171.46
Indian Rupee Loan from NBFCs (Secured)	15,145.31	12,199.94	5,466.07	3,825.23
Total	34,561.55	27,096.10	10,544.14	9,996.69

- a) Indian rupee loan from banks carries interest rate of 10% to 14.25% p.a. The loans are repayable in 12 to 20 quarterly installments from the respective dates of disbursement of loans after considering moratorium period. The above loans are secured by way of mortgage on land and building and assets acquired out of such loan. The term loans which is part of loan from banks are also backed by personal guarantee of promoters.
- b) Term loan from NBFCs carries interest @ 9% to 16% p.a. and are repayable in 36 to 60 monthly equal installments. The above loans are secured by way of mortgage on assets acquired out of such loan.

NOTES forming part of the Consolidated Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 4		
Deferred Tax Liability		
Related to Fixed Assets		
Opening Balance	2,161.43	1,204.11
Addition during the year	578.57	957.32
	2,740.00	2,161.43

	31st March, 2012	31st March, 2011
NOTE NO. 5		
Short-Term Borrowings		
i) Cash credit loan from banks (Secured)	67,825.56	55,896.99
ii) Loan from NSIC (Secured)	94.90	-
iii) Loans from related parties (Unsecured)	812.98	991.56
iv) Inter-corporate deposit (Unsecured)	3,532.62	-
	72,266.06	56,888.55

Cash credit from banks is secured against hypothecation of stock and book debts and are backed by personal guarantee of promoters. The interest on C.C. Loan varies from 10.5% to 14.75% p.a. Inter corporate deposit and loan from NSIC carries interest @ 9% and 13.40% respectively. All the above loans are repayable on demands.

	31st March, 2012	31st March, 2011
NOTE NO. 6		
Other Current Liabilities		
a) Other liabilities		
Current maturities of long-term borrowings	10,544.14	9,996.69
b) Others		
Creditors for Expenses	890.05	485.53
Sundry Creditor for Trade	9,996.99	8,136.94
Unpaid Dividend	0.58	-
Security Deposit	2,012.85	1,206.86
Mobilisation Advance	15,296.61	18,960.40
Sundry Creditor for Capital Goods	52.43	39.28
Service Tax Payable	86.82	68.46
TDS Payable	428.24	227.60
	39,308.72	39,121.77

	31st March, 2012	31st March, 2011
NOTE NO. 7		
Short Term Provisions		
a) Other Provision		
Current maturities of long-term borrowings		
i) Provision for Income Tax	-	3,023.13
ii) Proposed equity dividend	-	148.43
iii) Provision for tax on proposed equity dividend	-	24.08
	-	3,195.64

NOTES forming part of the Consolidated Financial Statements

NOTE NO. 8

	Land	Building	Plant & Equipment	Furniture & Fixtures	Vehicles	Computers	Total
Tangible Assets							
Gross Block							
At 1st April 2010	743.63	327.02	25,832.09	113.02	1,474.90	168.16	28,658.82
Additions	82.00	19.94	23,753.87	26.66	480.23	77.91	24,440.61
Disposals	-	-	72.08	-	10.04	-	82.11
At 31st March 2011	825.63	346.96	49,513.88	139.69	1,945.09	246.07	53,017.31
Additions	0.12	-	2,608.14	10.33	157.06	48.36	2,824.01
Disposals	85.60	-	4,319.89	-	18.88	-	4,424.37
At 31st March 2012	740.15	346.96	47,802.13	150.02	2,083.26	294.42	51,416.95
Depreciation							
At 1st April 2010	-	5.50	2,647.93	11.92	250.95	36.80	2,953.11
Charge for the year	-	5.64	2,614.96	7.68	160.76	33.27	2,822.31
Disposals	-	-	21.95	-	2.77	-	24.72
At 31st March 2011	-	11.14	5,240.94	19.61	408.94	70.07	5,750.70
Charge for the year	-	5.72	3,538.05	9.21	194.68	43.40	3,791.06
Disposals	-	-	998.74	-	4.55	-	1,003.29
At 31st March 2012	-	16.86	7,780.25	28.81	599.08	113.47	8,538.47
Net Block							
At 31st March 2011	825.63	335.82	44,272.94	120.08	1,536.14	176.00	47,266.61
At 31st March 2012	740.15	330.10	40,021.88	121.20	1,484.18	180.95	42,878.48

(₹ in lacs)

NOTES forming part of the Consolidated Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 9		
Capital Work in Progress		
Capital WIP	5,938.77	131.70

	31st March, 2012	31st March, 2011
NOTE NO. 10		
Non-current investments		
A. Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
a) Investment in subsidiaries		
i) 1,47,60,000 equity shares of ₹ 10/- each at par in ARSS Damoh Hirapur Tolls (P) Ltd.	-	-
ii) Share application with ARSS Damoh Hirapur Tolls (P) Ltd.	-	-
iii) 95,00,000 equity shares of ₹ 10/- each at par in ARSS Bus terminal (P) Ltd.	-	-
iv) Share application with ARSS Bus Terminal (P) Ltd.	-	2,103.92
v) Investment in Joint Venture (Refer Note No. 26)	712.17	434.23
b) Investment in associates		
i) 2,50,000 equity shares of ₹ 10/- each issued at a premium of ₹ 30/- in ARSS Developers Ltd.	1,000.00	1,000.00
ii) Share application with ARSS Engineering Ltd.	8.08	8.08
iii) 4,999 equity shares of ₹ 10/- each in ARSS E to E Rail Pvt. Ltd.	0.50	0.50
iv) Share application with ARSS E to E Rail Pvt. Ltd.	11.14	0.64
v) Share application with ARSS Holdings Ltd.	6.30	6.30
vi) Share application with ARSS Phoolsagar-Shahpura Tolls (P) Ltd.	1.62	-
vii) Share application with ARSS Poudi-Kehunthur-Sijhara-Poudi Tolls (P) Ltd.	1.62	-
	1,741.43	3,553.68
B. Non-trade investments (valued at cost unless stated otherwise)		
a) In government and trust securities (unquoted)		
i) 6 years National Savings Certificate deposited with sales tax dept. and other Government Authorities	14.84	14.84
ii) In mutual funds (Quoted and fully paid up with SBI)	-	50.00
	14.84	64.84
	1,756.28	3,618.52

	31st March, 2012	31st March, 2011
NOTE NO. 11		
Inventories		
(Valued at cost being lower of net realisable value) (As Certified by the Management)		
i) Raw materials and components	6,578.45	6,817.52
ii) Work-in-progress	46,062.47	57,429.25
iii) Finished goods	22,184.76	12,678.45
iv) Stores and spares	818.63	784.65
	75,644.32	77,709.88

NOTES forming part of the Consolidated Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 12		
Trade receivables		
(Unsecured & Considered good)		
i) Over Six Months	18,610.39	494.24
ii) Others	13,491.31	6,628.16
	32,101.70	7,122.40
NOTE NO. 13		
Cash and Cash Equivalents		
Cash in hand	94.59	239.34
Balances with Banks		
In current Account	49.89	1,221.18
In Fixed Deposits	8,555.05	10,794.09
Interest accrued on fixed deposits	972.04	804.79
Cheques/Drafts on Hand	-	2,008.12
	9,671.57	15,067.52
Fixed deposits with a carrying amount of ₹ 85.55 crores (31 March 2011 : ₹ 107.94 crores) are pledged against Bank guarantees, security deposit and EMD.		
NOTE NO. 14		
Short Term Loans and Advances		
(Unsecured, considered good)		
Capital Advances	153.56	434.31
Security Deposit	7,615.25	6,255.28
Loans and Advances to Related Parties (Ref. Note No.27)	655.37	2,507.30
Other Loans and Advances		
Advance Income-Tax (Net of Provision for Taxation)	3,254.28	4,292.43
Prepaid Expenses	949.36	1,350.29
Loans to Employees	10.05	19.88
Balances with Statutory/Government authorities	3,611.37	3,512.38
Other Advances	6,958.04	3,499.47
	23,207.29	21,871.35
Loans to employees includes		
Dues from Non-Executive Directors	8.45	9.20
Dues from Officers	1.60	10.68
NOTE NO. 15		
Other Current Assets		
Preliminary Expenses		
(to the extent not written of or adjusted)	363.82	516.20
	363.82	516.20

NOTES forming part of the Consolidated Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 16		
Revenue from Operations		
i) Sale of Services		
Contract Revenue	1,18,273.99	1,24,901.11
	1,18,273.99	1,24,901.11

	31st March, 2012	31st March, 2011
NOTE NO. 17		
Other Income		
i) Interest on bank deposits	848.18	563.06
ii) Dividend Income	0.24	-
iii) Profit from Joint Ventures	322.57	193.96
iv) Other Non-Operating Income	413.97	88.47
	1584.95	845.49

	31st March, 2012	31st March, 2011
NOTE NO. 18		
Cost of Material Consumed		
i) Inventory at the beginning of the year	7,602.18	5,259.44
Add: Purchase	31,077.96	32,332.91
	38,680.13	37,592.35
iii) Less: Inventory at the end of the year	7,397.09	7,602.18
	31,283.04	29,990.18

	31st March, 2012	31st March, 2011
NOTE NO. 19		
(Increase)/Decrease in inventories		
i) Inventories at the end of the year		
Work-in-progress	46,062.47	57,429.25
Finished goods	22,184.76	12,678.45
	68,247.24	70,107.71
ii) Inventories at the beginning of the year		
Work-in-progress	57,429.25	25,236.87
Finished goods	12,678.45	6,514.56
	70,107.71	31,751.44
	1,860.47	(38,356.27)

	31st March, 2012	31st March, 2011
NOTE NO. 20		
Employee Benefit Expenses		
i) Salaries, Wages and Bonus	3,848.33	4,053.67
ii) Contribution Provident and Other Fund	85.21	54.71
iii) Staff Welfare Expenses	112.99	83.91
	4,046.52	4,192.29

NOTES forming part of the Consolidated Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 21		
Depreciation and Amortisation Expense		
i) Depreciation on Tangible Assets	3,791.06	2,822.31
	3,791.06	2,822.31
NOTE NO. 22		
Finance Costs		
i) Interest	15,068.34	8,936.92
ii) Bank Charges	1,139.76	966.20
	16,208.10	9,903.12
NOTE NO. 23		
a) Other Expenses		
i) Sub-contracting Expenses	35,820.01	75,980.93
ii) Power and Fuel	10,731.32	10,985.23
iii) Freight	2,351.24	1,719.55
iv) Repair & Maintenance (P&M)	4,273.01	4,376.39
v) Wages	3,097.32	2,363.86
vi) Royalty	1,481.20	1,280.24
vii) Hire Charges	1,340.85	814.46
	59,094.94	97,520.67
b) Selling & Distribution Expenses		
i) Advertising and Sales Promotion	45.19	47.70
ii) Tender Expenses	48.77	67.39
iii) Service Tax	73.92	131.54
iv) VAT	1,561.63	1,515.50
v) Business Promotion	78.46	80.99
	1,807.97	1,843.13
c) Establishment Expenses		
i) Rent	697.54	350.86
ii) Insurance	776.37	210.81
iii) Repairs and maintenance (Others)	13.45	47.33
iv) Traveling and Conveyance	318.42	261.64
v) Printing and Stationery	61.76	67.63
vi) Legal and Professional Fees	378.49	293.53
vii) Directors' Sitting Fees	9.60	9.22
viii) Payment to Auditor	28.68	28.68
ix) Internal Audit Fees	6.62	6.62
x) Loss on sale of fixed assets (Net)	158.02	11.02
xi) Miscellaneous expenses	1,700.35	1,346.87
	4,149.29	2,634.21
	65,052.21	1,01,998.00
Payment to Auditor Includes		
As Auditor:		
Audit Fee	22.06	22.06
Limited Review	6.62	6.62
	28.68	28.68

NOTES forming part of the Consolidated Financial Statements

(₹ in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 24		
Earnings Per Share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS Computations:		
Total Operations for the year	1,18,273.99	124901.11
Profit/(loss) After Tax	(2,961.04)	11,216.52
Net Profit/(Loss) for calculation of Basic EPS	-	11,216.52
Net Profit/(Loss) for calculation of Basic EPS	-	11,216.52
	In No.	In No.
Weighted average number of equity shares in calculating basic/diluted EPS	1,48,43,230	1,48,43,230
Basic/Diluted EPS (₹)	-	75.57

25. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

26. INTEREST IN JOINT VENTURES

The Company discloses its investment in joint venture at cost and recognises its share of profit/(loss) in the profit and loss account. The details of profit sharing ratio, investment as on 31.03.2012 and share of profit/(loss) in joint ventures are given below:

Sl. No.	Name of the Joint Venture	Profit sharing ratio (%)	Investment	Share of Profit
i)	ARSS-Anpr JV	51	2.01	0.70
ii)	ARSS-HCIL Consortium	60	16.45	5.08
iii)	Niraj-ARSS JV	60	26.81	8.01
iv)	ARSS Atlanta JV	51	32.59	21.11
v)	ARSS –GVR JV	51	0.65	(0.06)
vi)	Atlanta – ARSS JV	49	199.47	109.77
vii)	ARSS Triveni JV	51	45.45	6.85
viii)	Patel-ARSS JV	49	45.48	85.09
ix)	Backbone ARSS JV	49	113.37	8.37
x)	Somdatt Builders – ARSS JV	49	20.24	20.34
xi)	ARSS Mvpl JV	51	0.05	-
xii)	HCIL-ARSSSPL-Triveni JV	30	(20.60)	(0.73)
xiii)	HCIL-ARSS-Kalindee JV	30	3.30	(0.05)
xiv)	HCIL-Adhikariya-ARSS JV	30	157.75	-
xv)	HCIL-ARSSSPL JV	49	8.05	(0.07)
xvi)	Balajee – ARSS JV	30	6.31	3.37
			657.36	267.76

NOTES forming part of the Consolidated Financial Statements

27. RELATED PARTY DISCLOSURES

Related Party Transactions

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

a) Sale/Purchase of Goods and Service

	Sale of Services
i) Subsidiary Company	
ARSS Damoh Hirapur Tolls (P) Ltd.	3,165.97
ii) Associated Concerns	
ARSS Developers Ltd.	1,183.68
iii) Joint Ventures	
ARSS-Anpr JV.	691.59
ARSS-HCIL Consortium	936.76
Niraj-ARSS JV.	5,840.01
ARSS-Atlanta JV.	3,627.23
Atlanta-ARSS JV.	5,552.10
ARSS-Triveni JV	929.89
Patel-ARSS JV.	2,872.30
Backbone- ARSS JV.	194.38
Somdatt Builders- ARSS JV.	673.60
HCIL-Adhikariya- ARSS JV.	22,147.55
	43,465.42

(₹ in lacs)

	31st March 2012	31st March 2011
b) Loans Given and Repayment Thereof		
Enterprises owned or significantly influenced by key management personnel or their relatives		
ARSS Developers Ltd.	645.37	2,497.30
ARSS Steel & Power Ltd.	10.00	10.00
Loans given to related parties are interest free and repayable on demand.		
c) Loans taken and repayment thereof		
Enterprises owned or significantly influenced by key management personnel or their relatives		
North west Sales & Marketing Ltd.	120.00	-
Sidhant Financial Services Ltd.	130.00	-
d) Remuneration to Key Managerial Personnel		
Sunil Agarwal (President & CEO)	34.80	34.80
Anil Agarwal (Sr. Vice President & COO)	34.80	34.80
Shiv Kumar Singla (Vice President & Project Head)	31.50	42.00
Total	101.10	111.60

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

NOTES forming part of the Consolidated Financial Statements

28. CONTINGENT LIABILITIES

Name of the Statute to which the Liability Relates	Amount (₹ In Lacs)
a) Orissa Sales Tax Act	117.19
b) Orissa Entry Tax Act	34.44
c) Central Sales Tax Act	791.10
d) Orissa Electricity Act	47.22
e) Andhra Pradesh VAT Act.	28.63
f) Corporate Guarantees to Sister Concerns of the Company	
i) ARSS Damoh-Hirapur Tolls Pvt. Ltd.	8,700.00
ii) Anil Contractor Pvt. Ltd.	600.00
g) Income Tax Act	
i) CIT (Appeal)	151.07
h) Bank guarantee Outstanding	53,391.08
Total	63,860.73

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

The Company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid/payable as required under the said act have not been given.

- 30.** Revenue includes ₹ 230.80 crores against bills raised on account of various supplies/services provided in earlier quarters including claims in line with similar billing/claims made by the JVs on the contractees.
- 31.** Fixed Assets worth Gross Value of ₹ 42.13 crores were sold to Srei Equipment Finance Pvt. Ltd. during the year, the sales consideration of which was adjusted against overdue amount of loan availed from the above company. The said transaction has resulted in a loss of ₹ 1.56 Crores.
- 32.** No provision has been made against invoking performance Bank Guarantees by principals amounting to ₹ 29.17 crores and disputed by the Company
- 33.** As at the Balance Sheet date, interest and principal amounting to ₹ 249.29 crores due to the financial institution and banks, have not been paid by the Company. Accordingly, the loan accounts with State Bank of India and State Bank of Bikaner and Jaipur have been declared as No performing Assets.
- 34.** Other expenses includes operating expenses amounting to ₹ 590.94 crores (P.Y. ₹ 975.20 crores) due to regrouping in line with revised Schedule – VI. Accordingly, for the year ended 31st. March'2011 the net of materials consumed and changes in inventories has become negative.

As per our report of even date

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

(CA. Kamal Agrawalla)
Partner
M. No. 059649

For and on behalf of the Board of Directors

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

Bhubaneswar
The 14th day of May, 2012

(Sushanta Pradhan)
Company Secretary



ARSS INFRASTRUCTURE PROJECTS LIMITED

REGISTERED OFFICE:- PLOT NO-38, SECTOR-A, ZONE-D,
MANCHESWAR INDUSTRIAL ESTATE, BHUBANESWAR-751010, ODISHA

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of ARSS INFRASTRUCTURE PROJECTS LIMITED will be held on Saturday, the 11th August, 2012 at 11.00 A.M. at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and if thought fit adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri S.C.Parija, who retires by rotation and being eligible, offers himself for re-appointment.
3. To conform the appointment of Mr.U.N.Challu as Director, who was appointed as additional Director of the Company, by the Board of Directors in their meeting held on 7th February, 2012.
4. To appoint Auditors of the Company.

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

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

SPECIAL BUSINESS:

1. INCREASE OF AUTHORISED CAPITAL

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

“RESOLVED THAT pursuant to Section 16, 31, and 94 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force) the Authorised Share Capital of the Company be increased from ₹ 20,00,00,000/- (Rupees Twenty crore only) divided into 2,00,00,000 (two crore) equity shares of ₹10/- (Rupees ten only)each to ₹ 35,00,00,000/- (Rupees thirty five crore only) by creation of Additional 1,50,00,000 (One Crore Fifty lacs) Preference shares of ₹ 10/-(Ten) each.”

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

V. The authorised share capital of the Company is ₹ 35,00,00,000/- (Rupees thirty five crore only) divided into 2,00,00,000 (Two Crore) equity shares of ₹ 10.00 (Rupees Ten only) each and 1,50,00,000 (One Crore Fifty Lacs) preference shares of ₹ 10.00(Rupees Ten Only)with power to increase or reduce the capital for the time being into several classes, and to attach there to respectively such preferential, qualified on special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided by the resolution of the Company and consolidate, sub-divide or reorganise the shares and issue shares of higher or lower denomination.”

2. FURTHER ISSUE OF SHARES -

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

RESOLVED THAT Pursuant to the Provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the “Act”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company, as amended and Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company listed and subject to the guidelines/rules/regulations made by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments in this regard and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting any such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company(hereinafter referred to as the “Board”) which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution),the consent of the Company be and is hereby accorded to the Board to offer/issue/allot in trenches in accordance with the Article-4 of the Articles of Association of the Company and subject to such permissions, consents, approvals of any Statutory Authority, that may be required in this connection, the consent and approval of the Company be and is hereby accorded to the Board to

offer, issue and allot 1,50,00,000 no. of Preference Shares to Promoters and Promoter Groups in trenches.

RESOLVED FURTHER THAT in order to give effect to these Resolutions, the Board be and is hereby authorised to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary,expedient,usual,proper or incidental to complete the transactions contemplated by these Resolutions and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the 1,50,00,000 no. of Preference Shares and listing thereof with the Stock Exchange(s), enter into any agreements or other instruments, and to take such actions or give such directions as they may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they deem fit.

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

By Order Of the Board

For **ARSS Infrastructure Projects Limited**

Place: Bhubaneswar
Date: 14th May,2012

(Sushanta Pradhan)
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the annual general meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. However, proxy forms should be deposited at the registered office of the Company not less than 48 (Forty Eight) hours before the commencement of the meeting in order to be effective.
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Register of members and share transfer books of the Company shall remain closed from Monday, 6th August, 2012 to Saturday, 11th August, 2012 (Both days inclusive).
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to visit the website of the Company www.arssgroup.in for viewing the quarterly, half-yearly and annual financial results and for more information about the Company. Useful

information on various services being provided to the investors is also available on the website of the Company.

6. All the investor related communication may be addressed to:

Mr. Sushanta Pradhan

Company Secretary and Compliance Officer
Sector-A, Zone-D, Plot No-38,
Mancheswar Industrial Estate,
Bhubaneswar-751010, Odisha
Tel: 0674-2588552, 2588554, Fax: 0674- 2585074.

7. Members/Proxies are requested to kindly take note the following:
 - a. Copies of Annual Report will not be distributed at the venue of Annual General Meeting.
 - b. Bring their Attendance Slip sent herewith duly completed and signed for attending the meeting.
 - c. Entry to the meeting hall will be strictly on the basis of the entrance slip to be made available at the counters at the venue, to be exchanged with the duly completed and signed Attendance Slip.
8. Members are requested to send their queries on the operations of the Company, if any, to reach the Company's Registered Office at least 10 days before the meeting so that the information could be compiled in advance.
9. Members may please note that briefcase, bag, mobile phone and eatables will not be allowed to be taken inside the venue of the meeting for security reasons.
10. Members are requested to notify immediately any change in their address directly to their Depository Participant in case they hold Shares in dematerialised form or to the Company's Registrar & Transfer Agents, in case they hold Shares in physical form.

11. As per the MCA Circular no. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, the Ministry of Corporate Affairs has taken 'green initiative' in Corporate Governance – by allowing paperless compliances by companies. As per the said circular, companies are permitted to send the Annual Reports to the members through electronic mode (e-mail). Hence, members are requested to update their e-mail id and changes there in from time to time with the RTA of the Company and the Company at investorgrievance@arssgroup.in

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

Item No. 1 –

The Company in the recent past approached its Bankers for restructuring of its existing debts due to some financial problem arising out of economic slowdown in infrastructure industry. The corporate debt restructuring Proposal was made through the lead banker i.e, State Bank of India in

terms of guidelines issued by the Reserve Bank of India. The CDR Proposal was accepted by the CDR cell on dated 30th January, 2012 and final approval was made on 1st June, 2012. In terms of the aforesaid CDR approval the promoters of the Company have to bring in ₹ 60.00 crores in two tranches of ₹ 30.00 Crore each for restructuring the capital base of the Company. As the Company's present authorised share capital is ₹ 20,00,00,000/- (Rupees Twenty crores Only). Further issue of shares will not be possible unless authorised capital is enhanced. Accordingly the Company need to enhance its authorised capital so as to accommodate the fresh issue.

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

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

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

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

Item No. 2-

The Company has gone for Corporate Debt Restructuring (CDR) so as to restructure the repayment of existing loan which arise out of economic slowdown in infrastructure industry. In order to comply with the conditions stipulated by Corporate Debt Restructuring Empowered Group (CDR EG), your Directors consider it desirable to issue Preference Shares

to Promoters and Promoter Group under preferential allotment. In terms of provision of Section 81 (1A) of the Companies Act, 1956 and Securities and Exchange Board of India (Issue of Capital and Discloser Requirements) Regulations, 2009 the approval of share holders is required for any preferential issue to persons other than its existing members and not in the same proportion as the share holders'

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

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

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

By Order Of the Board

For **ARSS Infrastructure Projects Limited**

Place: Bhubaneswar
Date: 14th May, 2012

(Sushanta Pradhan)
Company Secretary

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

Particulars	Shri.S.C.Parija
Date of Birth	03.03.1941
Appointed on	27.11.2007
Qualification.	Master Degree in Political Science, Master Degree in Fiscal Studies from University of Bath (UK).
Expertise in Specific functional area.	Administrative Assignment & Decision Making.
Directorship held in other Companies.	1. Filatex India Limited. 2. ARSS Developers Limited.
Memberships / Chairmanships of Audit and Investor Grievances Committee across public companies.	Nil
Shareholding	Nil



ARSS INFRASTRUCTURE PROJECTS LIMITED

REGISTERED OFFICE:- PLOT NO-38, SECTOR-A, ZONE-D,
MANCHESWAR INDUSTRIAL ESTATE
BHUBANESWAR-751010, ODISHA

ATTENDANCE SLIP

L.F. No No of Shares held.....

DP ID Client ID

I/We hereby record my/our presence at the 12th Annual General Meeting of the Company on Saturday, the 11th August, 2012 at 11.00 A.M. at the Registered Office of the Company.

Name of the Member

(IN BLOCK LETTER)

Signature of member/proxy*

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



ARSS INFRASTRUCTURE PROJECTS LIMITED

REGISTERED OFFICE:- PLOT NO-38, SECTOR-A, ZONE-D,
MANCHESWAR INDUSTRIAL ESTATE
BHUBANESWAR-751010, ODISHA

FORM OF PROXY

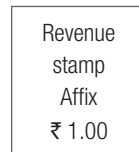
L.F. No No of Shares held

DP ID Client ID

I/We..... being a member/members of the above named Company hereby appoint Mr./Ms..... or failing him Mr./ Ms..... as my/our proxy to vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company on Saturday, the 11th August, 2012 at 11.00 A.M. at the Registered Office of the Company or at any adjournment thereof.

Signed this..... Day of2012

Signature.....



Signature
(Please sign across the stamp)

Note-

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Subash Agarwal, Chairman
Mr. Rajesh Agarwal, Managing Director
Mr. Soumendra K. Pattanaik, Director (Finance)
Dr. Bidhubhusan Samal, Independent Director
Mr. Swarup Chandra Parija, Independent Director
Mr. Upendra Nath Challu, Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Sunil Agarwal, President and Chief Executive Officer
Mr. Anil Agarwal, Senior Vice President & COO
Mr. Jitu Mishra, Vice President-H.R
Mr. Amit Panwar, Vice President (Railways)
Mr. Y. Rama Rao, Advisor to the Engineering Section
Mr. Bijay Kumar Sahoo, Chief Engineer (Works)
Mr. Rashmi Ranjan Singh, General Manager (Finance and Accounts)
Mr. S. P. Dash, General Manager (Contracts) and Head of the tendering
Mr. Subrata Chaudhary, Senior Track Engineer
Mr. H.K. Gupta, Sr. General Manager-Projects
Mr. Abhay Choubey, AVP -Maintenance & Material
Mr. K. Mahadev, Vice President-Contracts & Arbitration
Mr. M.P.S. Yadav, Sr. General Manager-Projects
Mr. Shachi Kant Jha, General Manager-Planning & Costing
Mr. Sushanta Pradhan, Company Secretary and Compliance Officer

BOARD COMMITTEES

Audit Committee

Mr. Swarup Chandra Parija, Chairman
Dr. Bidhubhusan Samal
Mr. Upendra Nath Challu

Shareholders' Grievance Committee

Mr. Upendra Nath Challu, Chairman
Dr. Bidhubhusan Samal
Mr. Swarup Chandra Parija

Remuneration Committee

Dr. Bidhubhusan Samal, Chairman
Mr. Swarup Chandra Parija
Mr. Upendra Nath Challu

AUDITORS

P. A. & Associates
Chartered Accountants,
20, Govind Vihar, Bamikhal
Bhubaneswar - 751010, Odisha

REGISTERED OFFICE

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Mancheswar Industrial Estate
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BANKERS

State Bank of India
Bank of India
ICICI Bank Limited
IDBI Bank Limited
Punjab National Bank
State Bank of Bikaner and Jaipur
EXIM Bank
AXIS Bank Limited
HDFC Bank Limited
Central Bank of India

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
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ARSS INFRASTRUCTURE PROJECTS LIMITED

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