



# ARSS Infrastructure Projects Limited

## 2015-16 Annual Report



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## Chairman's Letter

Dear Shareholders,

Let me start by sharing my views on the challenges the infrastructure industry is facing today before penning various developments. The Indian macroeconomic environment has looked turbulent during the past years, consequent to a deceleration in global economic growth. India's GDP growth rate has slowed down to a decadal low, partly due to global factors, but more on account of slow reforms and delays in implementation of projects in the country.

Over the last quarter, the Government has taken various initiatives to boost development of infrastructure in the country. These include setting up of infrastructure targets for various sectors, putting in place an institutional mechanism to monitor and hasten the progress of PPP projects at the Central and state levels.

Let me begin this letter with a view of the Indian economy, then move on to what is happening in infrastructure and the construction industry and end with a brief discussion on your Company. According to the latest estimates of GDP and Gross Value Added (GVA) released by the Government of India's Central Statistical Organisation, the Indian economy is certainly getting back to a higher growth path. For 2015-16, real (or inflation adjusted) GDP has grown by 7.6% — up from 7.2% in 2014-15. That makes India the fastest growing large country in the world, with a growth that not only exceeds any developed nation but also major emerging economies such as China. Besides, I believe that the economy has not yet realised its potential as several reform measures are yet to take off and make a material impact. For instance, several key initiatives such as the ones for start-ups or the 'Make in India' campaign are yet to be meaningfully implemented.

Regarding the infrastructure sector with special focus on the country's construction industry, the situation is quite grim. The Government of India has clearly recognised this and launched several reform measures to boost sectors like roads, railways, power distribution, rural and urban development. The Union Budget 2016-17 has allocated Rs. 2.21 lakh crore for the sector. The one good news is the pace with which projects are being sanctioned for the construction of highways. The biggest issue in the sector is the legacy of stalled projects, thanks to the freeze in decision making that occurred over the last four years of the previous government. This has far reaching adverse consequences on the future execution of work.

These stalled projects have disturbed the momentum in creating physical infrastructure, and have seriously hurt the financial strength of private developers and construction companies. Such enterprises mobilised labour and deployed expensive plant and machinery at sites; these were not sufficiently utilised due to project stoppages, and led to massive cost over-runs. Instead of expediting projects, government and quasi-government execution agencies have held back payments. Consequently, the claims of construction companies on the executing agencies have mounted substantially. Regrettably, when the decision of independent arbitrators in such dispute resolution has favoured a construction company, the executing agencies have invariably stalled the payment process by routinely appealing to higher judicial jurisdictions.

The example of your Company is no different from what is faced by other construction companies. Consider the case of ARSS. Your Company has filed for claims over Rs. 4,000 crores due to various project related disputes. Of these, some claims has been awarded to ARSS through arbitration. But unfortunately, some of these arbitration awards have been further disputed by clients. Thus several awards that were positive to your Company have been taken to the judiciary. To put it in perspective, had your Company received the full amount that it was awarded, it could have wiped out its debts and started afresh.

In such an environment, the entire infrastructure and construction sector is highly strapped for cash. As long as legacy claims settlement issues are not expeditiously dealt with, there is very little scope of a serious revival of the sector because most companies do not have the financial strength to absorb the losses of the past and yet continue financing new projects. Given this context, two positive legal developments need to be mentioned.

The Arbitration and Conciliation (Amendment) Act, legislated in 2015, facilitates faster and time bound decision making in the arbitration process. Moreover, it requires the aggrieved party to deposit award money in an escrow account before taking the judicial route to challenge an arbitration award. Hopefully, this will reduce the current practice of needless appeals.

The Commercial Courts, Commercial Division And Commercial Appellate Division of High Courts Act, also passed in 2015, has introduced the setting up of commercial courts at the district level as well as commercial division in the High Court to deal with commercial disputes over ₹ 1 crore. Thus, all appeals of arbitration orders will be dealt with Commercial Appellate Divisions of the High Courts — which ought to speed up the resolution of commercial disputes. Time will tell whether these two laws actually deliver what are intended in the statutes.

Let me move now to the performance of your Company. The standalone results for 2015-16, which reflect construction business have been encouraging, and reflect efforts at streamlining operations, optimizing efficiencies of on-going projects and pursuing pending dues at every level.

- Turnover of ₹ 623.30 crores.
- EBITDA is ₹ 207 crores in FY 2015-16 an increase of 6.3 % over the previous year.
- PAT was ₹ 5.02 crores.
- EPS (basic) in the FY 2015-16 is ₹ 3.38 as against ₹ 4.19 in the previous year.

I am therefore saying two things: that your Company is wholly committed to reduce the debt burden but in order to generate fair value, the due process will be followed which is taking time. Infrastructure developers and construction companies go through sharper business cycles than many other sectors. The better ones come out of slumps stronger than before. Your Company ranks among the best in the construction business — in terms of expertise, execution capabilities and the determination to surmount all odds to succeed.

With these thoughts and feelings, I would like to take this opportunity to wholeheartedly thank the Central and State Governments, Shareholders, Investors, Bankers, Financial Institutions, Regulators, Suppliers, Media and Customers for their consistent and constant support. I wish to express appreciation to my colleagues on the Board and our employees for their thought Leadership, dedication and commitment. I am indeed grateful to you all for your cooperation and the trust you have reposed in us.

With warm and very best regards,

Yours

Subash Agarwal

Chairman

## Company Information

### Board of Directors

#### Chairman

Mr. Subash Agarwal (Executive Director)

#### Managing Director

Mr. Rajesh Agarwal (Executive Director)

### Independent Non Executive Directors

Mr. Swarup Chandra Parija

Ms. Rima Dhawan

Mr. Bhushan Kumar Makhija

Mr. Kamlesh Kumar Sharma

### Nominee Directors

Mr. Krishna Chandra Raut (State Bank of India)

### Senior Executives

Mr. Sunil Agarwal- President & CEO

Mr. Anil Agarwal- Sr. VP & COO

Mr. S. K. Pattanaik- CFO

### Company Secretary & Compliance Officer

Ms. Alka Khemka

### Registered Office

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

Mancheswar Industrial Estate

Bhubaneswar-751 010

Phone - 91 674 258 8552 – 4

Fax- 91 674 258 5074

Email – cs@arssgroup.in, response@arssgroup.in

Web site - www.arssgroup.in

### Corporate Office

ARSS Mall, Plot No-40,

Community Centre, Block-A,

Paschim Vihar

Opposit to Jwalaheri Market,

New Delhi – 110063

Phone – 91 11 25 25 2024

Fax - 91 11 25 25 2012

E-mail- delhi@arssgroup.in

### Registrar and Share Transfer Agents

Bigshare Services Private Limited

E/2, Ansa Industrial Estate,

Sakivihar Road, Sakinaka,

Andheri (E), Mumbai – 400 072

Tel: + 91 22 2847 0652, 4043 0200

Fax: + 91 22 2847 5207

e-mail: edp@bigshareonline.com

Website: www.bigshareonline.com

### Board Committees

#### Audit Committee

Mr. Swarup Chandra Parija

Independent Director- Chairman of the Committee

Ms. Rima Dhawan

Independent Director- Member

Mr. Krishna Chandra Raut

Nominee Director- Member

#### Stakeholders Relationship Committee

Mr. Swarup Chandra Parija,

Independent Director- Chairman of the Committee

Mr. Kamlesh Kumar Sharma

Independent Director- Member

Mr. Krishna Chandra Raut

Nominee Director- Member

#### Nomination and Remuneration Committee

Mr. Swarup Chandra Parija,

Independent Director- Chairman of the Committee

Mr. Bhushan Kumar Makhija

Independent Director- Member

Mr. Krishna Chandra Raut

Nominee Director- Member

#### Corporate Social Responsibility Committee

Mr. Rajesh Agarwal

Executive Director- Chairman of the Committee

Mr. Swarup Chandra Parija

Independent Director- Member

Ms. Rima Dhawan

Independent Director- Member

#### Statutory Auditors

Ajay B Garg

Chartered Accountants,

517-518, Shreekant Chambers,

V.N. Purav Marg, Chembur,

Mumbai- 400 071,

Tel:- 022 6797 8001,

Fax:- 022 6797 8002

E-mail:- agarg@ajaygarg.com

#### Bankers

State Bank of India

Bank of India

ICICI Bank Ltd

IDBI Bank Ltd

Punjab National Bank

State Bank of Bikaner and Jaipur

## Directors' Report

To,  
The Members of  
ARSS Infrastructure Projects Limited

Your Directors have pleasure in presenting before you the 16<sup>th</sup> Annual Report of the Company together with Audited Statements of Accounts for the Financial Year ended 31<sup>st</sup> March, 2016:

### 1. Financial Results:

The performance during the period ended 31<sup>st</sup> March, 2016 has been as under:

### 1. Financial Results:

The performance during the period ended 31<sup>st</sup> March, 2016 has been as under:

(₹ In Crores)

| Particulars  | 2015-16 | 2014-15 |
|--|---------|---------|
| Sales  | 623.30  | 655.53  |
| Profit before Depreciation, Interest and Tax                       | 207.21  | 208.99  |
| Less : Depreciation  | 36.14   | 36.55   |
| Interest   | 164.84  | 166.96  |
| Profit Before Tax  | 6.23    | 5.48    |
| Less : Tax Expenses  |         |         |
| a) Current Year  | 1.27    | 1.10    |
| b) Earlier Year  | 1.30    | 0.07    |
| c) Deferred Tax  | (1.36)  | (1.90)  |
| Profit/Loss After Tax  | 5.02    | 6.22    |
| Balance brought forward from previous year                         | 192.62  | 186.40  |
| Amount Available for Appropriation                                 | 197.64  | 192.62  |
| Appropriations   |         |         |
| a) Dividend  | -       | -       |
| b) Tax on Dividend   | -       | -       |
| c) Transfer to General Reserve                                     | -       | -       |
| Balance Carried to Balance Sheet                                   | 197.64  | 192.62  |
| Earnings per Share (In ₹)<br>(equity shares of face value of ₹ 10) | 3.38    | 4.19    |

### 2. Dividend

Your Directors have not recommended any dividend for the financial year ended March 31, 2016.

### 3. Operating Result :

The turnover of the Company in the year is Rs. 623.30 crore as compared to Rs. 655.53 crores in the previous year. The profit before tax is Rs. 6.23 crores as compared to Rs. 5.48 crores for the previous year.

**4. Details of Subsidiary, Joint Venture or Associates**

During the year under review no companies except 'ARSS Bus Terminal Pvt. Limited', non material subsidiary (ceased to be company's subsidiary w.e.f. 6th September, 2015) have become or ceased to be company's subsidiary, joint ventures or associate companies. A report on the company's subsidiary, joint ventures or associate companies as per companies Act 2013 is provided hereunder:

| Sl. No | Name of the company                      | Address of the company  | CIN/GLN/ PAN          | Holding / subsidiary / associate   | % of shares held/ share in JV | Applicable section |
|--------|--|---|-----------------------|--|-------------------------------|--------------------|
| 1      | ARSS Damoh-Hirapur Tolls Private limited | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | U45201OR2011PTC013524 | Subsidiary Company   | 99.82 %                       | 2 (87)             |
| 2      | ARSS Bus Terminal Private Limited        | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | U63031OR2010PTC012372 | Transferred its 51% stake to Welspun Enterprises Limited on 6 <sup>th</sup> September, 2015 and ceased to be a subsidiary of our Company | -                             | 2 (87)             |
| 3      | ARSS Developers Limited.                 | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | U45209OR2007PLC009201 | Associate Company  | 38.41%                        | 2 (6)              |
| 4      | NIRAJ-ARSS JV.                           | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAAAN5116B            | Joint Venture  | 40.00%                        | 2 (6)              |
| 5      | ARSS-ATLANTA JV.                         | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAQFA8726P            | Joint Venture  | 51.00%                        | 2 (6)              |
| 6      | ATLANTA-ARSS JV                          | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AABAA0048E            | Joint Venture  | 49.00%                        | 2 (6)              |
| 7      | ARSS-HCIL CONSORTIUM                     | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAOFA4560D            | Joint Venture  | 60.00%                        | 2 (6)              |
| 8      | ARSS-TRIVENI JV                          | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AABAA1081H            | Joint Venture  | 51.00%                        | 2 (6)              |
| 9      | PATEL-ARSS JV                            | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAAAP8266E            | Joint Venture  | 49.00%                        | 2 (6)              |
| 10     | BACKBONE-ARSS JV.                        | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAAAB7056Q            | Joint Venture  | 49.00%                        | 2 (6)              |

| Sl. No | Name of the company       | Address of the company  | CIN/GLN/ PAN | Holding / subsidiary / associate | % of shares held/ share in JV | Applicable section |
|--------|---------------------------|---|--------------|----------------------------------|-------------------------------|--------------------|
| 11     | SOMDATT BUILDERS-ARSS JV  | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AADAS6434L   | Joint Venture                    | 49.00%                        | 2 (6)              |
| 12     | ARSS-ANPR JV              | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AABAA1158M   | Joint Venture                    | 51.00%                        | 2 (6)              |
| 13     | HCIL-ADHIKARYA-ARSS JV    | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAEFH3757R   | Joint Venture                    | 30.00%                        | 2 (6)              |
| 14     | ARSS GVR JV               | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AACAA1049A   | Joint Venture                    | 51.00%                        | 2 (6)              |
| 15     | HCIL-ARSSSPL-TRIVENI JV   | 113-A, Kamala Nagar, Delhi-110007   | AADFH8758B   | Joint Venture                    | 30.00%                        | 2 (6)              |
| 16     | HCIL-KALINDEE-ARSS JV     | 113-A, Kamala Nagar, Delhi-110007   | AAEFH1678M   | Joint Venture                    | 30.00%                        | 2 (6)              |
| 17     | HARISH CHANDRA-ARSSSPL JV | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAAAH1493H   | Joint Venture                    | 49.00%                        | 2 (6)              |
| 18     | ARSS-MVPL JV              | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AABAA1497P   | Joint Venture                    | 51.00%                        | 2 (6)              |
| 19     | ARSS-BALAJI JV            | At / P.O : Belpahar R.S., Belpahar  | AABAB1071G   | Joint Venture                    | 30.00%                        | 2 (6)              |
| 20     | ARSS - SIPS (JV)          | 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi – 110 035           | AAEAA3620K   | Joint Venture                    | 51.00%                        | 2 (6)              |
| 21     | ARSS - SCPL (JV)          | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAEAA3621J   | Joint Venture                    | 51.00%                        | 2 (6)              |
| 22     | ARSS - BMS (JV)           | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010 | AAEAA4835G   | Joint Venture                    | 51.00%                        | 2 (6)              |

##### 5. Consolidated Financial Statements:

Consolidated financial statements in terms of Section 129 (3) of the Companies Act, 2013 read with rule 6 of Companies (Accounts) Rules, 2014 and accounting Standard AS 21, issued by the Institute of Chartered Accountants of India and as required by the Listing Agreements with Stock Exchange(s) could not be prepared due to dispute between the company and one of its subsidiary ARSS Bus Terminal Private Limited (previous year). Since this subsidiary company (ABTPL) has ceased to be a subsidiary of the Company w.e.f 6th September, 2015 Company may prepare the consolidated financial statements from the current financial year 2016-17 onwards.

**6. Reserve**

No amount was proposed to be transferred to general reserve.

**7. Operations- Work Orders**

Your Directors are pleased to inform that during the year under report, the Company has secured the following major contracts:

- a. Third Line Work between Rourkela and Jharsuguda Stations (Section II) - Execution of Earthwork in Formation, Construction of Minor Bridges, P. Way Linking Works with Supply of Track Ballast and other related works between Dharuadhi Station yard to Jharsuguda Station Yard from Km: 486.50 to Km: 515.00, with a contract value of Rs.69.33 Crores.
- b. Plant Road Network, Phase II” of 3.0 MTPA Integrated Steel Plant of NMDC Limited at Nagarnar, Chattishgarh, India.” has been awarded to our Company, with a contract value of Rs.40.42 Crores.
- c. Jarapada-Budhapank with flyover at Talcher Road- 3rd & 4th line: Execution of Earth Work, Minor Bridges & Other Allied works (KM 525.133 to KM 483.047 i.e. 35.5 Km- 3rd Line & 42.00 Km- 4th line approx. excluding flyover portion at Talcher Road, with a contract value of Rs.109.27 Crores.
- d. Construction of Road Bed, Station Buildings, Passenger Amenities, Minor Bridges, General Electrical works in connection with new BG Rail line from Nuagaon Km 68.300 to Paradeep Km 81.200 on Khurda Road Division of East Coast Railway in the State of Odisha, India (Package 2C), with a contract value of Rs.142.79 Crores.
- e. Budhapank-Salegaon Via- Rajathagarh – 3rd & 4th line: Execution of earthwork, minor bridges & other allied works (Km: 483.047 to Km. 398.166 i.e 2\*85 =170 km approx, with a contract value of Rs.156.85 Crores.
- f. Construction of Six lane ROB in lieu of L.C. 70 Sitapura on JP-SWM Railway Line, with a contract value of Rs.87.43 Crores.
- g. Execution works of package-1 of private railway siding with all Contractor’s materials (except Rails for plain track free of cost) for coal transportation system for Darlipali STPP of NTPC Limited in Sundergarh Dist Odisha State (from Ch. 6.000 to Ch. 12.460- Pkg.1) in Darlipali – Dulanga MGR section, with a contract value of Rs.53.91 Crores.
- h. Jagdalpur –Koraput Doubling Project- Execution of Earthwork in formation, Minor bridges, Protection works and other allied works from Km.263.300 to Km.223.500 of Kotpar Road (Excluding) – Charamula kusumi (Including) – Khadapa (Including) – Dhanapur (Including) –Jeypore(Including) – Chatariput (Including) section in connection with KK line doubling of WAT Division, East Coast Railway, with a contract value of Rs.44.04 Crores.
- i. Widening to 2-lane from Km 212.700 to Km 253.700 Km and Km 281.700 to Km 311.700 of NH 326 (Erstwhile from km 0/000 to Km 30/000 and from Km 58/0 to Km 99/0 of SH-4) under Vijayawada Ranchi Corridor in the State of Odisha on EPC basis, with a contract value of Rs.148.00 Crores.
- j. Widening & Strengthening of Jamujhadi – Basudevpur – Dhamara – Road (S.H.) to 2 – Lane without paved shoulder from 18/800 Km to 22/750 Km & from 27/100 Km to 60/470 Km, with a contract value of Rs. 64.73 Crores.
- k. Khurda Road – Bolangir New B.G. Link Project – Execution of Earthwork in formation, Minor bridges and other allied works from Km 80.00 to Km. 93 from Khurda End in between Nayagarh – Nuagaon & Dasapalla of east coast Railway, with a contract value of Rs. 38.45 Crores.
- l. Construction of Underpass at rajmahal Square, Bhubaneswar , with a contract value of Rs. 37.10 Crores.

**8. Listing with stock exchanges:**

The Company confirms that it has paid the Annual Listing Fees for the year 2016-17 to The Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the Company’s Shares are listed.

**9. Management Discussion and Analysis Report:**

As required under regulation 34 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report as ‘Annexure –A’.

## 10. Corporate Governance and Shareholders Information:

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by Securities and Exchange Board of India (SEBI). The report on Corporate Governance as prescribed in Schedule V (C) of the SEBI Listing Regulations forms an integral part of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance along-with a declaration signed by Managing Director stating that the members of the Board of Directors and Senior Management personnel have affirmed compliance with the respective codes of conduct of the Board of Directors and Senior Management is attached to the report on Corporate Governance. A report on Corporate Governance is included as a part of this Annual Report as 'Annexure –B'.

## 11. The extract of the annual return as provided under sub-section (3) of section 92;

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as 'Annexure –C'.

## 12. Number of Board Meetings:

Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

12<sup>th</sup> May,2015, 07<sup>th</sup> August, 2015, 06<sup>th</sup> September,2015, 07<sup>th</sup> November,2015 and 12<sup>th</sup> February,2016 .

## 13. Audit Committee

The committee has in place an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in 'Annexure B' of the Board Report on the Corporate Governance forming part of this report. Members are requested to refer to point n. 4 of Corporate Governance Report attached with this annual report.

## 14. Dematerialization of shares:

As on 31<sup>st</sup> March, 2016, 99.91% of the company's paid up Equity Share Capital is in dematerialized form and balance 0.09% is in physical form. The Company's Registrars are Bigshare Services Private Limited having registered office at E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka Andheri (E), Mumbai- 400 072.

## 15. Public deposits, covered under Chapter V of the Act

Your Company has not invited any deposit from public and shareholders. So, the provisions of the Chapter V of the Companies Act, 2013 are not attracted.

## 16. Auditors:

### Statutory Auditors:

As per the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 M/s Ajay B Garg, Chartered Accountants, Mumbai, (Membership No. 32538) Statutory Auditors of the Company was appointed for a term of 4 years i.e. till the conclusion of 19<sup>th</sup> Annual General Meeting (AGM), which was subject to ratification at every AGM, hold office until the conclusion of ensuing Annual General Meeting.

### Cost Auditors:

M/s. Asutosh & Associates, Cost Accountants, Bhubaneswar were appointed as Cost Auditors for auditing the cost accounts of your Company for the year ended 31<sup>st</sup> March, 2016 by the Board of Directors pursuant to the Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014.

### Secretarial Auditors:

M/s. ADP & Associates, Company Secretaries, Bhubaneswar were appointed as Secretarial Auditors of the Company for the financial year 2015-16 by the Board of Directors pursuant to the Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report submitted by Company Secretary in Practice (M/s. ADP & Associates, Company Secretaries, Bhubaneswar) is enclosed as a part of this report 'Annexure-D'. Qualifications or remarks made by the Secretarial Auditor in his Report are self explanatory.

**Internal Auditors:**

M/s. PR & Associates, Cost Accountants, Bhubaneswar were appointed as Internal Auditors of the Company for the financial year 2016-17 by the Board of Directors pursuant to the Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

**17. Report of Auditors:****Statutory Auditors**

Our reply to the qualifications of Auditors -

- a. In absence of relevant records, Contract-wise surplus/loss has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.

**Company Reply:** The Company's secured debts are under Corporate Debt restructuring and the liability and interest payable does not commensurate with the turnover and cannot be justified as there is limited support from Financial Institution. During the execution period there is also escalation claim, revision of contract value, extension of completion period, etc. due to which unpredictable variation in reliable estimation of revenue and cost. Also the allocation of combine Operating overhead, Head office overhead and financial cost is not possible due to combine use or high swapping of resources, size of the Contracts. In absence of the overheads and financial cost allocation the Company is unable to determine Contract wise surplus / deficit.

- b. In the absence of accounts of Balaji-ARSS (JV) and ARSS-MVPL JV, discrepancies, if any, between the said accounts with that of the Company is not ascertainable.

**Company Reply:** The Joint Venture has completed the object for which it was formed, No transaction has been entered into during the year. The accounts of the JVs are under the control of respective JV partners i.e. Balaji Engicons Pvt. Ltd. and Mateshweri Vanijya Pvt. Ltd. and the same has not been yet finalized from their end. Hence financial implication for the JV is not quantifiable. However the accounting effects of the discrepancies, if any after the finalization of its accounts will be given at current date.

**Secretarial Auditors:**

Report of the secretarial auditors as attached is self explanatory in terms of qualifications.

**18. Directors /Key Managerial Personnel Appointed / Resigned During the Year;**

The following were appointed/ reappointed/ Resigned as Directors /Key Managerial Personnel during the financial year under review:

| Sl. No. | Name               | Designation   | Date of Appointment                | Date of Resignation        |
|---------|--------------------|---|------------------------------------|----------------------------|
| 1       | Mr. Rajesh Agarwal | Managing Director<br>(Position regularized originally appointed on 17 <sup>th</sup> May, 2000)      | 29 <sup>th</sup> , September, 2015 | -                          |
| 2       | Mr. B. K. Makhija  | Independent Director<br>(Position regularized originally appointed on 31 <sup>st</sup> March, 2015) | 29 <sup>th</sup> , September, 2015 | -                          |
| 3       | Mr. K. K. Sharma   | Independent Director<br>(Position regularized originally appointed on 4 <sup>th</sup> May, 2015)    | 29 <sup>th</sup> , September, 2015 | -                          |
| 4       | Mr. B. K. Mishra   | Nominee Director<br>(Bank of India)   | 18 <sup>th</sup> July, 2014        | 7 <sup>th</sup> July, 2015 |

**19. Director's Responsibility Statement:**

Pursuant to the section 134 sub-section (3) clause (c) Directors confirm and state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls and such internal financial controls are adequate and are operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 20. Code of Conduct

The Code of Conduct (hereinafter referred to as 'Code') is applicable to all its Board Members and Senior Management Personnel of the Company. A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. All Board Members and Senior Management Personnel had affirmed compliance with the Code during the year and no violation of the same was reported. A declaration to the effect that all Board Members and Senior Management Personnel have complied with the Code during the financial year 2015-16, duly signed by Managing Director of the Company is herein below enclosed with Corporate Governance Report. The Code has also been posted on the Company's Web-site.

## 21. Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees & Particulars of employees:

The information required pursuant to Section 197 (12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder:

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year.
  - a. Mr. Subash Agarwal- Chairman- 1: 27.5
  - b. Mr. Rajesh Agarwal- Managing Director- 1: 25
- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year - 0%  
(Increase in the remuneration of Company Secretary w.e.f 1<sup>st</sup> October, 2015 after probation only.)
- (iii) The percentage increase in the median remuneration of employees in the financial year- 0%
- (iv) The number of permanent employees on rolls of the company.  
Total 768 employees as on 31<sup>st</sup> March, 2016.
- (v) The explanation on the relationship between average increase in remuneration and company performance.- NA
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.-NA
- (vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over/ decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;
  - Variations in the market capitalization of the company: The market capitalization of the company as on 31.03.2016 was Rs. 49.28 crores and as on 31.03.2015 was Rs. 53.36 crores.
  - Price earnings ratio of the company: Price earnings ratio of the company as on 31.03.2016 was 9.82 and as on 31.03.2015 was 8.58.

- Percentage increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year:

The Company had come out with initial public offer (IPO) in 2010 with issue price per share of Rs. 450/-. Share price as on March 31, 2016 with NSE is Rs. 33.20/- per share indicating decrease in the market quotation of shares.

- (viii) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration- 0%
- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company- Same response as in point vi) above .i.e. 0%.
- (x) The key parameters for any variable component of remuneration availed by the directors;- No Director has received any variable component of remuneration.
- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: 0.79: 1
- (xii) Affirmation that the remuneration is as per the remuneration policy of the company.

The remuneration paid to employees is as per the remuneration policy of the Company.

As required under the provision of Section 197 (12) read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, as amended, there was no employees who have drawn salary or appointed under this category during the financial year 2015-16.

## **22. Company's Policy On Directors' Appointment And Remuneration Including Criteria For Determining Qualifications, Positive Attributes, Independence Of A Director And Other Matters Provided Under Sub-Section (3) Of Section 178;**

The same has been provided in detail in the Corporate Governance Report attached with the board report.

## **23. Declaration given by independent directors under sub-section (6) of section 149;**

The Company has complied with the definition of Independence as per regulation SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

## **24. Industrial Relation:**

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

## **25. Adequacy of internal financial controls with reference to the Financial Statements. –**

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the information used for carrying on Business Operations.

Key elements of the Internal Control Systems has been provided & explained in MDA report attached with Director's report.

## **26. Annual Evaluation by the Board of Its Own Performance (Including Committees And Individual Directors)**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

## **27. Independent Directors Meeting**

During the year under review, the Independent Directors of the Company met on 2<sup>nd</sup> May, 2016, inter-alia, to discuss:

- i) Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.
- ii) Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors.
- iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## **28. Familiarisation Programme of Independent Directors**

In compliance with the requirements of SEBI Listing Regulations, the Company has put in place a familiarization program for Independent Directors to familiarize them with their role, rights and responsibility as Directors, the operations of the Company, business overview etc. The details of the familiarization program are explained in the Corporate Governance Report and the same is also available on the website of the Company.

## **29. Details of significant and material orders:**

There are no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## **30. Particulars of Loans, Guarantees or Investments under Section 186**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **31. Particulars of Contracts or Arrangements with Related Parties Referred To In Sub-Section (1) of Section 188 in the Prescribed Form AOC-2**

All related party transactions attracting compliance under Section 188 and / or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are placed before the Audit Committee as also before the Board for approval. Prior omnibus approval of the Audit Committee was also sought for transactions which are of a foreseen and repetitive nature.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors of the Company is uploaded on the website of the Company i.e [www.arssgroup.in](http://www.arssgroup.in).

The particulars of contracts entered into with related parties during the year as per Form AOC-2 is enclosed as 'Annexure-E'.

## **32. Material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:**

Corporate Debt Restructuring Cell had communicated its decision regarding exit of ARSS Infrastructure Projects Limited from CDR mechanism vide letter dated 20th May, 2016.

## **33. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

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 sub - Section (3) (m) section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

The Company has neither earned any income nor incurred any expenditure in foreign currency during the financial year ended 31<sup>st</sup> March, 2016.

## **34. Development and Implementation of Risk Management Policy:**

The Company has established risk management framework. The Company has been addressing various risks impacting the Company. In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company at its Meeting held on February, 2015 has constituted a Risk Management Committee and has approved the Risk Management Policy of the company. This Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company.

**35. Corporate Social Responsibility**

In terms of section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company has constituted a CSR Committee. The Committee comprises of one Executive Director & two Independent Directors. CSR Committee of the Board has developed a CSR Policy. The CSR Policy has been uploaded on the website of the Company at [www.arssgroup.in](http://www.arssgroup.in) under CSR Policy link. Since the average profit for the last three years was in negative figures, no CSR activities was performed / undertaken by the company during the year. Though for the financial year 2016-17 company has to mandatorily perform the CSR activities as the average profit for the last year is positive unlike previous year.

**36. Whistle Blower Policy of the Company**

In accordance with requirement of Companies Act as well as listing agreement a vigil mechanism has been adopted by the Board of Directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. There were no complaints under the whistle blower during the year under review. A link to such policy is also provided in the website of the company.

**34. 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, employees at all levels.

For and on behalf of the Board of Directors

**Place:** Bhubaneswar

**Dated:** 12<sup>th</sup> August, 2016

Sd/-

(Subash Agarwal)

Chairman

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

### 1. India's Infrastructure Sector, Industry Structure and Developments:

The construction industry contributes significantly to the national economy. The Government of India launched various plans to transform urban India viz. Smart Cities Mission, Housing for All by 2022, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and undertook measures to improve the Country's infrastructures. A 'smart city' is an urban region that is highly advanced with core infrastructure elements like: (i) adequate water supply, (ii) assured electricity supply, (iii) sanitation, including solid waste management, (iv) efficient urban mobility and public transport, (v) affordable housing, (vi) robust IT connectivity and digitalization, (vii) good governance, (viii) sustainable environment, (ix) safety and security of citizens, and (x) health & education. The list of 33 smart cities for the 'Smart Cities Mission' has been released by the Government of India till May, 2016.

Apart from the Smart Cities project, the Government's mission 'Housing for All by 2022' will be a major game changer for the industry. Increased impetus to the creation of affordable housing, along with quicker approvals and other supportive policy changes will result in an increased construction activity. Likewise, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) will bring in increased activity in infrastructure and related sectors. These schemes will work on Public Private Partnership (PPP) model. The large investments in the mega-projects eventually will start showing growth and vibrancy in the construction industry.

According to the advance estimates made available by the Central Statistical Organisation (CSO), the country will have succeeded in achieving a robust and steady pace of economic growth in 2015-16 as it did in 2014-15. Real Gross Value Added (GVA) is expected to grow by 7.3% in 2015-16 versus 7.1% in 2014-15. Importantly, there has been a revival in industrial output — from 5.9% growth in 2014-15 to 7.3% in 2015-16.

Additionally, its other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer prices inflation has declined to nearly half of what it was a few years ago. As compared to 10.9% CPI inflation in 2013, the level was down to 5.9% in 2015. With inflation under control, the Reserve Bank of India (RBI) has eased monetary policy and reduced the benchmark repo rate in three installments by a total of 100 basis points. Consequently, lending rates have reduced marginally. The base rate for scheduled commercial banks, which was 10.25% in 2013-14 has reduced to 9.7% by the end of Q3, 2015-16. Having said so, interest rates need to come down further to really bolster investments.

After recording impressive growth in the early part of this decade, the construction sector in India has witnessed steady decline in growth. The Government of India (GoI) has recognised this and launched several reform measures to boost sectors like roads, railways, power distribution, rural and urban development. The Union Budget 2016-17 has allocated a record Rs.2.21 lakh crore for the infrastructure sector. The roads sector alone has been allocated Rs. 97,000 crore as the government plans to award 10,000 kilometres of new road projects in 2016-17, including Rs. 19,000 crore earmarked for rural roads under the Pradhan Mantri Gram Sadak Yojna. In addition, the Government has initiated several policy reform measures to support the sector. This includes promotion of hybrid method of road development, reform measures for state electricity boards and power distribution, redeveloping inland waterways and thrust on renewable energy. Unfortunately, much of the measures are yet to translate into development work on the ground, and important initiatives like changes to the land acquisition bill and issues related to coal allocations are yet to be resolved politically.

#### Opportunities and Threats, Risks and concerns

The Government of India along with the State Governments has taken several initiatives to encourage the development in the construction/real estate sector. The Smart City Mission, Housing for All by 2022 Scheme, AMRUT, government efforts to improve the country's residential and transport infrastructures, Foreign Direct Investment (FDI) in the construction development sector, passing of Real Estate Bill etc. are the prime opportunities available in the years to come. Further actual results of the Company would also depend on future economic development in the Country.

Currently the Construction industry is facing multiple headwinds like regulatory uncertainty and lack of clear policies among others which has created a disturbing environment for all the industry participants. This headwinds has affected the performance of industry players and delayed the projects execution due to land acquisition issues, non-availability of various clearances etc. the industry players are grappling with lower order-book, higher costs and fixed overheads and lower profitability which affect their debt servicing ability affecting the health of various financial institutions. Our business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of constructions and other work on projects before payment is received from clients. In certain cases, we are contractually committed to our clients to fund working capital on our projects and involved borrowed funds to fulfill our working capital needs which involved higher rate of interest which may dampen the growth in profitability.

## Outlook

The simple fact of quality infrastructure requirement of the Country is the long term growth driver for the construction sector. The construction industry has been witness to a strong growth wave powered by large spends on housing, road, water supply, urban transformation etc. To put things in perspective, the total investment in infrastructure is estimated to have increased significantly. From a policy perspective, there has been a growing consensus that a PPP model is required to remove difficulties concerning the development of infrastructure in the country.

Infrastructure industries are poised for growth as economic development of a nation purely depends on the infrastructural development. Present political scenario of the country provides an positive indication for the growth sustenance of the infrastructure industry.

## 2. Internal control systems and their adequacy

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the information used for carrying on Business Operations.

### Key elements of the Internal Control Systems are as follows:

- Existence of Authority Manuals and periodical updating of the same for all Functions.
- Existence of clearly defined organizational structure and authority.
- Existence of corporate policies for Financial Reporting and Accounting.
- Existence of Management information system updated from time to time as may be required.
- Existence of Annual Budgets and Long Term Business Plans.
- Existence of Internal Audit System.
- Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

The Company has appointed an Independent Auditor to ensure compliance and effectiveness of the Internal Control Systems in place. The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required. Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance. Risk assessments, inspections and safety audits are carried out periodically.

## 3. Discussion on financial performance with respect to operational performance

The performance during the period ended 31<sup>st</sup> March, 2016 has been as under:

(Rs. In Crores)

| Particulars                                  | 2015-16 | 2014-15 |
|--|---------|---------|
| Sales  | 623.30  | 655.53  |
| Profit before Depreciation, Interest and Tax | 207.21  | 208.99  |
| Less : Depreciation                          | 36.14   | 36.55   |
| Interest                                     | 164.84  | 166.96  |
| Profit Before Tax                            | 6.23    | 5.48    |
| Less : Tax Expenses                          |         |         |
| a) Current Year                              | 1.27    | 1.10    |
| b) Earlier Year                              | 1.30    | 0.07    |
| c) Deferred Tax                              | (1.36)  | (1.90)  |
| Profit/Loss After Tax                        | 5.02    | 6.22    |
| Balance brought forward from previous year   | 192.62  | 186.40  |
| Amount Available for Appropriation           | 197.64  | 192.62  |

|  |        |        |
|--|--------|--------|
| Appropriations   |        |        |
| a) Dividend  | -      | -      |
| b) Tax on Dividend   | -      | -      |
| c) Transfer to General Reserve   | -      | -      |
| Balance Carried to Balance Sheet                                       | 197.64 | 192.62 |
| Earnings per Share (In Rs.)<br>(equity shares of face value of Rs. 10) | 3.38   | 4.19   |

#### 4. Human Resources Development and Industrial Relations:

During 2015-16, with a couple of new projects getting awarded to ARSS, some projects moving into the mobilisation phase and few nearing completion of execution, the focus of HR was primarily on external hiring, timely resource mobilisation, resource redeployment, training and up-skilling at various levels. However, the objective of furthering operational efficiencies remained a common thread through these activities. New talent was inducted into the organisation to fill leadership gaps at the middle to senior level within the organisation. For certain critical functions, external hiring was done at junior levels and through rigorous training at a professional institution, such hires were made organisation ready for taking up various positions at the site execution level. Since 2015-16 was a year of consolidation, the remuneration and benefits mostly remained unaltered. However, ground work started on rationalising the compensation structure to make it more employees friendly and with a plan to implement the same in coming financial year. Safety related training also remained as one of the primary focus areas. In the area of Project Management, self and immediate superior's assessments were completed with an objective to roll out appropriate training programmes for the next financial year with special focus on project risk assessment and mitigation.

Labor relations at all work sides and at the headquarters of the Company continued to remain cordial throughout the year. There was no industrial dispute during the year under review.

#### 5. Business Performance :

The turnover of the Company in the year is Rs. 623.30 crore as compared to Rs. 655.53 crores in the previous year. The profit before tax is Rs. 6.22 as compared to Rs. 5.48 crores for the previous year.

#### 6. Strategic Initiative:

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

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

#### 7. Internal Controls and their Adequacy

ARSS has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management, documented policies, guidelines and procedures.

#### 9. Cautionary Statement:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

Place: Bhubaneswar  
Dated: The 12<sup>th</sup> August, 2016

(Subash Agarwal)  
Chairman

## Corporate Governance Report

### 1. Company's Philosophy on code of Corporate Governance.

The Company's policies, practices and philosophy adopted since inception are in line with Corporate Governance. These policies, practices are required periodically to ensure its effective compliance. The composition of Board of Directors is well balanced with a view to manage the affairs of the Company efficiently and professionally. The Company's philosophy is to provide satisfaction to all stakeholders including customers, shareholders and employees.

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

The entire governance structure is actively supervised by Board of Directors, which oversees management activities and ensures their effectiveness in delivering member value. To implement this, ARSS has always strived to promote an informed Board that functions independently.

This Chapter reports the Company's compliance with the Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations) as given below:

### 2. Board of Directors

The Board of Directors has an ideal combination of executive and non executive Directors and is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations which *inter alia* stipulates that the Board should have an optimum combination of Executive and Non-executive Directors with at least one Woman Director and not less than fifty percent of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director.

- (i) The Company had 7 Directors (as on 31.03.2016) of which 2 are Executive Directors, 1 is Nominee Director and 4 are Non-Executive & Independent Directors. Out of 4 Non-Executive & Independent Directors there is one Woman Independent Director.
- (ii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanship /Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of Private Limited Companies, Section 25 companies, and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and CSR Committee.

| Name                                    | Category             | Board Meetings         |          | Attendance at Last AGM | No. of Directorship/ Membership/ Chairmanship in other Public committee |                  |                    | No. of shares held in the company as on 31.03.2016 |
|---|----------------------|------------------------|----------|------------------------|---|------------------|--------------------|--|
|   |                      | Held During the tenure | Attended |                        | Director  | Committee member | Committee Chairman |  |
| Mr. Subash Agarwal (Chairman)           | Executive Director   | 5                      | 4        | Yes                    | 2   | Nil              | Nil                | 11,73,500  |
| Mr. Rajesh Agarwal<br>Managing Director | Executive Director   | 5                      | 5        | Yes                    | 3   | Nil              | Nil                | 3,56,000   |
| Mr. Swarup Chandra Parija               | Independent Director | 5                      | 4        | No                     | 1   | 2                | 1                  | Nil  |
| Ms. Rima Dhawan                         | Independent Director | 5                      | 5        | Yes                    | Nil   | Nil              | Nil                | Nil  |
| Mr. Bhusan Kumar Makhija                | Independent Director | 5                      | 4        | No                     | Nil   | Nil              | Nil                | Nil  |
| *Mr. Kamlesh Kumar Sharma               | Independent Director | 5                      | 3        | No                     | Nil   | Nil              | Nil                | Nil  |
| *Mr. Bikram Keshari Mishra              | Nominee Director     | 5                      | 1        | No                     | Nil   | Nil              | Nil                | Nil  |
| Mr. Krishna Chandra Raut                | Nominee Director     | 5                      | 2        | No                     | 1   | Nil              | Nil                | Nil  |

#### Notes:-

- Excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend).

- Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other public companies has been considered.
- Ms. Kamlesh Kumar Sharma was appointed as Independent Director of the Company w.e.f. 04-05-2015.
- Mr. B.K. Mishra resigned from Board of Directors of the Company w.e.f. 07-07-2015.
- None of the present directors except Mr. Subash Agarwal & Mr. Rajesh Agarwal are "Relative" of each other as defined in Section 2 (77) of Companies Act, 2013 and Rule 4 of the companies (Specification of definitions details) Rule 2014.

**(iii) No. of Board Meetings**

Five Board Meetings were held during the year and the time gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

12<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 6<sup>th</sup> September, 2015, 7<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016.

Further, the Board Meetings for approval of quarterly and annual financial results were held on the following dates:

|  |                                   |
|--|-----------------------------------|
| 1 <sup>st</sup> Quarter Results          | : 7 <sup>th</sup> August, 2015    |
| 2 <sup>nd</sup> Quarter Results          | : 7 <sup>th</sup> November, 2015  |
| 3 <sup>rd</sup> Quarter Results          | : 12 <sup>th</sup> February, 2016 |
| 4 <sup>th</sup> Quarter & Annual Results | : 27 <sup>th</sup> May, 2016      |

The tentative dates of the Board Meetings for consideration of financial results for the year ending 31<sup>st</sup> March, 2017 are as follows:

|  |                                   |
|--|-----------------------------------|
| 1 <sup>st</sup> Quarter Results          | : 12 <sup>th</sup> August, 2016   |
| 2 <sup>nd</sup> Quarter Results          | : 10 <sup>th</sup> November, 2016 |
| 3 <sup>rd</sup> Quarter Results          | : 10 <sup>th</sup> February, 2017 |
| 4 <sup>th</sup> Quarter & Annual Results | : 12 <sup>th</sup> May, 2017      |

**(iv) Board Procedure**

The Board ensures that the Company's reporting and disclosure practices meet the highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value. The Agenda of the meeting is circulated well in advance to the Board members backed by comprehensive background information to enable them to take appropriate decisions. During the year, information as information to be placed before board of directors under SEBI (Listing Obligations & Disclosure Requirements), Regulation, 2015, [Reg. 17(7)] has been placed before the Board for its consideration. The Board is also kept informed of major events / items and approvals taken wherever necessary. The Managing Director at the Board Meetings keep the Board apprised of the overall performance of the Company.

**(v) Code of Conduct for Board members and Senior Management**

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules there-under. All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

The Code of Conduct is available on the website of the company.

**(vi) Formulation of Policy for Selection and Appointment of Directors and their Remuneration**

The Nomination and Remuneration Committee discussed and thereafter decided upon the policy for selection of appointment of directors and their remuneration. The highlights of this policy are as follows:

**A) Criteria of selection of Non Executive Directors**

- a) The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

- b) In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d) The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in their respective fields;
  - Personal, Professional or business standing;
  - Diversity of the Board.
  - In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **B. Remuneration to Non Executive Directors**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees for participation in the Board / Committee meetings and commission as detailed hereunder:

- a) A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee meeting attended by him/her at his/her discretion of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- b) The Committee may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board.
- c) The payment of such commission would be at the discretion of board only and shall not exceed 1% of the net profit of the Company;
- d) The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company

#### **C. Chairman/ Managing Director & Whole Time Director - Criteria for selection / appointment**

For the purpose of selection of the Managing Director or Whole Time Director the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

#### **D. Remuneration for the Chairman/ Managing Director or Whole Time Director**

- a) At the time of appointment or re-appointment, the Chairman, Managing Director or Whole Time Director may be paid such remuneration as may be mutually agreed between the Company (which includes the nomination & Remuneration Committee and the Board of Directors) and the Chairman, Managing Director or Whole Time Director within the overall limits prescribed under the Companies Act, 2013.
- b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- c) The remuneration of the Chairman, Managing Director or Whole Time Director may be broadly divided into fixed and variable components. The fixed component shall comprise salary, allowances, perquisites, amenities and retiral benefits. The variable component shall comprise performance bonus.
- d) In determining the remuneration (including the fixed increment and performance bonus) the Committee shall ensure / consider the following:
  - the relationship of remuneration and performance benchmarks is clear;
  - balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

- Responsibility required to be shouldered by the Managing Director or Whole Time Director, the industry benchmarks and the current trends.

**(vii) Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and senior officers just below the board level) the Committee shall ensure / consider the following:

- the relationship of remuneration and performance benchmark is clear;
- the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance and current compensation trends in the market.

The Chairman, Managing Director or Whole Time Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors and thereafter shall recommend the annual increment and performance incentive to the Committee for its review and approval.

**(viii) Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

**3. Independent Directors :**

The Company has complied with the definition of Independence as per the Listing Agreement and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

The company issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013. The appointment letters of Independent Directors has been placed on the Company's website at [www.arssgroup.in](http://www.arssgroup.in). Independent Directors letters link.

**(i) Training & Induction of Independent Directors:**

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

**(ii) Performance Evaluation of non-executive and Independent Directors**

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

**(iii) Independent Directors Meeting**

During the year under review, the Independent Directors of the Company met on 2<sup>nd</sup> May, 2016, inter-alia, to discuss:

- i) Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.

- ii) Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors.
- iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

**(iv) Board Committees:**

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has four committees i.e Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

**4. Audit Committee:**

**i) Terms of reference:**

The Audit Committee reviews the audit reports submitted by the Auditors, financial results, effectiveness of internal audit processes and the Company's risk management strategy. It reviews the Company's established systems and the Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**ii) Composition:**

The Audit Committee of the Company consists of 3 Non- Executive Director. The Chairman of the Audit Committee is financially literate and majority of them having accounting or related financial management experience. Company Secretary acts as Secretary to the Committee. CFO & AVP Finance are the permanent invitees in the Audit Committee meetings.

**iii) No. of Meetings held during the year:**

During the year the Committee had 4 Meetings i.e. on 12<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 7<sup>th</sup> November, 2015 and 12<sup>th</sup> February,2016.

**iv) Composition, name of Members and attendance during the year:**

The audit committee was reconstituted in the board meeting held on 31.03.2016. Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2015-16 are given below:

| Name of the member        | Position | No. of Meetings held | No. of meetings Attended |
|---------------------------|----------|----------------------|--------------------------|
| Mr. Swarup Chandra Parija | Chairman | 4                    | 4                        |
| Mr. Krishna Chandra Raut  | Member   | 4                    | 2                        |
| Ms. Rima Dhawan           | Member   | 4                    | 4                        |

**5. Nomination and Remuneration Committee Meeting:**

**i) Terms of reference:**

This Committee shall identify the persons, who are qualified to become Directors of the Company (including independent directors) / who may be appointed in Senior Management in accordance with the criteria lay down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

**ii) Composition:**

The Nomination and Remuneration Committee of the Company consists of 3 Non-Executive Independent Directors including Chairman.

**iii) No. of Meetings held during the year:**

During the year the Committee had 4 Meetings i.e. on 12<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 7<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016.

**iv) Composition, name of Members and attendance during the year:**

The Nomination and Remuneration committee was reconstituted in the board meeting held on 31.03.2016. Composition of Nomination and Remuneration Committee and attendance of each Director during the meetings held in financial year 2015-16 are given below:

| Name of the member        | Position | No. of Meetings held | No. of meetings Attended |
|---------------------------|----------|----------------------|--------------------------|
| Mr. Swarup Chandra Parija | Chairman | 4                    | 4                        |
| Mr. Krishna Chandra Raut  | Member   | 4                    | 2                        |
| Mr. Bhushan Kumar Makhija | Member   | 4                    | 4                        |

**v) Remuneration to Directors**

The remuneration provided to the Board Members, Key Managerial Personnel (KMPs) & Senior Management Personnel (SMPs) is in adherence with the provisions of the listing agreement, Section 197, 198, 178 and other applicable provisions of the Companies Act, 2013 and Rules made there under.

**vi) Remuneration to Executive Directors: Remuneration policy / criteria of payment to Executive Directors:**

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Chairman / Managing Director / Whole Time Directors (MD / WTDs). Their remuneration is governed by the external competitive environment; track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for Chairman / MD / WTDs is subjected to the recommendation of the nomination & remuneration committee and approval of the Board of Directors, members in due compliance of the provisions of Companies Act, 2013 and other applicable rules made there under. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

Details of remuneration paid to Chairman / Managing Director / Whole Time Directors for the year ended 31<sup>st</sup> March, 2016:

| Name of the Director | Position          | Salary Per Annum (₹ In Lacs) |
|----------------------|-------------------|------------------------------|
| Mr. Subash Agarwal   | Chairman          | 33.00                        |
| Mr. Rajesh Agarwal   | Managing Director | 30.00                        |

**vii) Remuneration to Non-Executive Directors:**

The Non-Executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-Executive Directors for attending meetings of Board of Directors is ₹ 40,000/- (w.e.f 7<sup>th</sup> August, 2015) per meeting and for Committee meetings of Board of Directors is ₹ 20,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses for attending the meeting. The Non-Executive Directors of the Company were not paid any other remuneration or commission.

**viii) Sitting fee paid to the Non-Executive Directors, for 2015-16 are as detailed below:**

| Name of the Director      | Amount (₹ In Lacs) |
|---------------------------|--------------------|
| Mr. Swarup Chandra Parija | 3.60               |
| Mr. Krishna Chandra Raut  | 1.80               |
| Ms. Rima Dhawan           | 2.60               |
| Mr. Bhushan Kumar Makhija | 2.00               |
| Mr. Kamlesh Kumar Sharma* | 1.60               |
| Mr. B. K. Mishra**        | 0.20               |
| <b>Total</b>              | <b>11.80</b>       |

**Notes:-**

\* Mr. Kamlesh Kumar Sharma was appointed as Independent Director of the Company w.e.f. 04-05-2015.

\*\* Mr. B.K. Mishra resigned from Board of Directors of the Company w.e.f. 07-07-2015.

**ix) Relationship of Non-Executive Directors with the Company and inter-se:**

There is no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company and *inter-se* themselves except for the sitting fees paid to them for attending the Board and Committee meetings.

**iv) Corporate Social Responsibility Committee (CSR):****iv) Terms of reference:**

The Committee formulates CSR Policy. Since the average profit for the last three years was in negative figures, no CSR activities was performed / undertaken by the company during the year.

**ii) Composition:**

The CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 1 Executive Director.

**iii) No. of Meetings held during the year:**

During the year the Committee had met only once i.e. on 12<sup>th</sup> February, 2015.

**iv) Composition, name of Members and attendance during the year:**

| Name of the member        | Position | No. of Meetings held | No. of meetings Attended |
|---------------------------|----------|----------------------|--------------------------|
| Mr. Rajesh Agarwal        | Chairman | 1                    | 1                        |
| Mr. Swarup Chandra Parija | Member   | 1                    | 1                        |
| Ms. Rima Dhawan           | Member   | 1                    | 0                        |

**7. Stakeholders Relationship Committee.****i) Terms of reference:**

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also functions in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

**ii) Composition of the Committee:**

The Committee consists of 3 Non-Executive Directors.

**iii) No. of meetings held and attended during the year:**

During the year the Committee had 4 Meetings i.e. on 12<sup>th</sup> May, 2015, 7<sup>th</sup> August ,2015, 7<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016.

**(iv) Composition, name of Members and attendance during the year:**

| Name of the member        | Position | No. of Meetings held | No. of meetings attend |
|---------------------------|----------|----------------------|------------------------|
| Mr. Swarup Chandra Parija | Chairman | 4                    | 4                      |
| Mr. Krishna Chandra Raut  | Member   | 4                    | 2                      |
| Ms.Rima Dhawan *          | Member   | 4                    | 1                      |
| Mr. Kamlesh Kumar Sharma* | Member   | 4                    | 3                      |

\* Ms. Rima Dhawan resigned from Stakeholders Relationship Committee w.e.f. 7<sup>th</sup> August, 2015 and Mr. Kamlesh Kumar Sharma was appointed as member of the Stakeholders Relationship Committee in the board meeting held on 7<sup>th</sup> August, 2015.

**(v) Name and Designation of Compliance Officer:**

Ms. Alka Khemka, Company Secretary, is the Compliance Officer of the company.

**Shareholder's Services:**

| Sl. No. | Nature of Complaint                | 2015-16  |          | 2014-15  |          |
|---------|------------------------------------|----------|----------|----------|----------|
|         |                                    | Received | Answered | Received | Answered |
| 1       | All kind of Shareholders Complaint | NIL      | NIL      | NIL      | NIL      |

**8. Risk Management Committee:**

In accordance with the provisions of the Listing Agreement, the Board of Directors of the Company at its Meeting held on 12<sup>th</sup> February, 2015 has constituted a Risk Management Committee. This Committee comprises 3 Members i.e. Mr. Rajesh Agarwal- Managing Director (Chairman of the committee), Mr. S. K. Pattanaik- Ex-Director (CFO) (Member of the Committee) and Mr. Sunil Agarwal- Chief Executive Officer (Member of the Committee).

This Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company. No meeting of this Committee was held during the financial year i.e. 2015-16.

**9. Other Committee:**

The Company also has a Warrant Allotment Committee, Internal Complaint Committee (ICC) Committee and Inspection Committee of the Board constituted by the Board of directors.

Risk Management Committee assigned with the task, inter-alia, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk and updating the Board about the major risks.

**10. Annual General Meetings:**

**Location and time for the last three AGM:**

| Year    | Date       | Time       | Location   | Special Resolution  |
|---------|------------|------------|--|---|
| 2012-13 | 27-09-2013 | 11.00 A.M. | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010. | i) Increase in authorized share capital<br>ii) Further issue of shares<br>iii) Reappointment of Executive Chairman of the company   |
| 2013-14 | 18-07-2014 | 11.00 A.M. | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010. | i) Further issue of shares<br>ii) Related party transactions  |
| 2014-15 | 29-09-2015 | 11.00 A.M. | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010. | i) Waiver of recovery of excess managerial remuneration paid to Mr. Soumendra Keshari Pattanaik, Whole-time Director (Director Finance) of the company for the period from 1 <sup>st</sup> April, 2011 till 31 <sup>st</sup> March, 2014.<br>ii) Re- appointment of Mr. Swarup Chandra Parija as an Independent director.<br>iii) Revision of Remuneration of Mr. Anil Agarwal (Sr. Vice President & COO)<br>iv) Revision of Remuneration of Mr. Sunil Agarwal (President and CEO)<br>v) Reclassification and alteration of authorized share capital and change in capital clause of Memorandum of Association: |

**i) Extraordinary General Meeting**

No EGM was conducted during the year under review.

**ii) Postal Ballot**

The postal ballot notice for approval of members for the following items as special resolutions was approved by the board on 07<sup>th</sup> August, 2015.

M/s Adesh Tandon & Associates, Practicing Company Secretary firm, were appointed as Scrutinizer for conducting the postal ballot process in a fair and transparent manner in the board meeting dated 7<sup>th</sup> August, 2015. Company Secretary and Executive Directors were authorized to conduct the entire postal ballot exercise.

Postal ballot notices were dispatched to the members on 3<sup>rd</sup> September, 2015. The e-voting period commenced on Thursday, 3<sup>rd</sup> September, 2015 (6:00 P.M) and ended on Saturday, 3<sup>rd</sup> October, 2015 (6:00 P.M) i.e. e-voting was opened for thirty days. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 28<sup>th</sup> August, 2015 might cast their vote electronically. E-voting / ballot result was declared on 5<sup>th</sup> October, 2015:

**a) Increase Borrowing Limit of the Company –Special Resolution.**

**Voted in favour of Resolution:-**

| Number of Members voted through electronic voting system. | Number of votes cast in 'Favour' of resolution | Number of Members voted by Postal Ballot | Number of Vote cast in favour of Resolution by Postal Ballot | Total Number of Vote cast through e-voting and Postal Ballot | % of total number of valid votes cast |
|---|--|--|--|--|---------------------------------------|
| 45  | 28,60,818                                      | 4  | 370  | 28,61,188  | 99.815                                |

**Voted in against the Resolution:-**

| Number of Members voted through electronic voting system. | Number of votes cast in 'Share e-voting | Number of Members voted by Postal Ballot | Number of Vote cast in Share by Postal Ballot | Total Number of Vote cast through e-voting and Postal Ballot | % of total number of valid votes cast |
|---|---|--|---|--|---------------------------------------|
| 7   | 5,296                                   | 0  | 0   | 5,296  | 0.185                                 |

**b) To pass a special resolution for creation of security on the properties of the company in favour of the lenders.**

**Voted in favour of Resolution:-**

| Number of Members voted through electronic voting system. | Number of votes cast in 'Favour' of resolution | Number of Members voted by Postal Ballot | Number of Vote cast in favour of Resolution by Postal Ballot | Total Number of Vote cast through e-voting and Postal Ballot | % of total number of valid votes cast |
|---|--|--|--|--|---------------------------------------|
| 41  | 28,59,718                                      | 4  | 370  | 28,60,088  | 99.758                                |

**Voted in against the Resolution:-**

| Number of Members voted through electronic voting system. | Number of votes cast in Share e-voting | Number of Members voted by Postal Ballot | Number of Vote cast in Share by Postal Ballot | Total Number of Vote cast through e-voting and Postal Ballot | % of total number of valid votes cast |
|---|--|--|---|--|---------------------------------------|
| 12  | 6,946                                  | 0  | 0   | 6,946  | 0.242                                 |

**11. DISCLOSURES****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 '28' 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. The Company has formulated a policy on Related Party Transactions and the said Policy is available on the website of the Company.

**b) Accounting treatment in preparation of financial statements**

The Company has followed the Accounting standards notified by The Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with Companies (Accounts) Rules, 2014 in preparation of its financial statements. As required under erstwhile Clause 49 of the Listing Agreement, the Company has also formulated a Policy for determining “Material Subsidiaries” which is available on the website of the Company.

**c) Code for Prevention of Insider Trading Practices**

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a ‘Code of Practices and procedure for fair Discloser of Unpublished Price Sensitive Information’ (UPSI) for Prevention of Insider Trading. The code for Prevention of Insider Trading” and the “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information” was adopted & approved by the board at its board meeting dated 12<sup>th</sup> May, 2015 and took effect w.e.f 15<sup>th</sup> May, 2015. It also prohibits the purchase or sale of Company’s securities by the Directors, designated person and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. Ms. Alka Khemka, Company Secretary, has been designated as the Compliance Officer for this Code.

**d) Whistle blower policy of the company**

In accordance with requirement of Companies Act as well as listing agreement a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. A link to such policy is also provided in the website of the company.

**12. Means of Communication.**

Quarterly, Half-yearly and Annual Financial Results of the Company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in the all India editions of Business Standard and Odisha edition of Odisha Bhasker. The results, official detailed presentations made to media, analysts and institutional investors, etc. are displayed on the Company’s website [www.arssgroup.in](http://www.arssgroup.in).

**13. SEBI Complaints Redressal System (SCORES):**

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

**15. Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Chartered Accountant or a / Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company for their information. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

**16. Green Initiative in the Corporate Governance:**

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Directors Report, audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

**17. Compliance:****(a) (i) Details of non-compliance, if any**

There is no Non-Compliance of any requirement of Corporate Governance Report of sub para (2) to (10) of the Part C of Schedule V of the SEBI Listing Regulations.

**(ii) Compliance with mandatory requirements**

The Company has complied with all the mandatory items of the erstwhile Clause 49 of the Listing Agreement as applicable till November 30, 2015 and the SEBI Listing Regulations from December 01, 2015 onwards.

**(iii) Compliance with the Discretionary**

Requirements under SEBI Listing Regulations Adoption of discretionary requirements of SEBI Listing Regulations is being reviewed by the Company from time to time.

**iv) Auditors' Certificate on Corporate Governance**

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate governance, as stipulated in Regulation 34(3) and PART E of Schedule II of SEBI Listing Regulations, which together with this Report on Corporate Governance is annexed to the Directors' Report and shall be sent to all the members of the Company and the Stock Exchanges along with the Annual Report of the Company.

**18. Investor safeguards and other information:****i) Dematerialization of shares**

Members are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

**ii) Update address/ email address / bank details**

To receive all communications/corporate actions promptly, members holding shares in dematerialized form are requested to please update their address/email address/bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

**iii) Register Nomination(s)**

Members holding shares in physical form, are requested to register the name of their nominee(s), who shall succeed the member as the beneficiary of their shares and in order to avail this nomination facility, they may obtain/submit the prescribed form from the Registrars & Share Transfer Agents. Members holding shares in dematerialized form are requested to register their nominations directly with their respective DPs.

**iv) Dealing of Securities With Registered Intermediaries**

In respect of dealings in securities, members must ensure that they deal only with SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/sub-broker within 24 hours of execution of the trade(s) and it should be ensured that the contract note/confirmation memo contains details about order no., trade no., trade time, quantity, price and brokerage.

**v) E-voting facilities to members**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 16<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

**v) Consolidate multiple folios (in respect of physical shareholding)**

Members are requested to consolidate their shareholdings under multiple folios to eliminate the receipt of multiple communications and this would ensure that future correspondence/corporate benefits could then be sent to the consolidated folio.

## 17. General Shareholder's Information:

### Forthcoming Annual General Meeting

|   |  |
|---|--|
| AGM date  | : 28 <sup>th</sup> September, 2016   |
| Day   | : Wednesday  |
| Time  | : 11.00 am   |
| Venue   | : At the Regd. Office of the Company<br>At Plot No-38, Sector-A, Zone-D,<br>Mancheswar Industrial Estate,<br>Bhubaneswar –751 010. |
| Financial Year:   | : 2015-16  |
| Book Closure Date   | : Tuesday, 13 <sup>th</sup> September, 2016 to Friday, 16 <sup>th</sup> September, 2016 (both days inclusive)                      |
| Dividend payment date:  | : No dividend was recommended.   |
| Listing on Stock Exchanges:   | A) The Bombay Stock Exchange Limited<br>B) National Stock Exchange of India Ltd  |
| Stock Code  | : BSE : 533163<br>NSE : ARSSINFRA- EQ  |
| ISIN  | : INE267I01010 (NSDL & CDSL)   |
| The Company has paid listing fees for the year 2016-17 to both the above stock exchanges. |  |
| Corporate Identification Number:  | : L14103OR2000PLC006230  |

### Market Price Data

High Low and trade volumes each month & compared to closing respective index during the financial year 2015-16 of the company at BSE and NSE:

| Month & Year   | Bombay Stock Exchange |                     |                           |                   | National Stock Exchange |                     |                           |                  |
|----------------|-----------------------|---------------------|---------------------------|-------------------|-------------------------|---------------------|---------------------------|------------------|
|                | High Price<br>(In ₹)  | Low Price<br>(In ₹) | No. of<br>Share<br>Traded | SENSEX<br>Closing | High Price<br>(In ₹)    | Low Price<br>(In ₹) | No. of<br>Share<br>Traded | NIFTY<br>Closing |
| April-2015     | 41.90                 | 32.60               | 437,482                   | 27,011            | 41.90                   | 32.65               | 1,113,315                 | 8,181.50         |
| May-2015       | 35.95                 | 26.90               | 597,097                   | 27,828            | 35.95                   | 27.10               | 1,413,816                 | 8,433.65         |
| Jun-2015       | 34.85                 | 24.75               | 765,612                   | 27,781            | 34.30                   | 24.60               | 1,889,672                 | 8,368.50         |
| July-2015      | 35.00                 | 26.00               | 1,422,301                 | 28,115            | 35.00                   | 26.15               | 3,459,214                 | 8,532.85         |
| August-2015    | 34.80                 | 21.50               | 878,366                   | 26,283            | 34.80                   | 21.00               | 1,992,679                 | 7,971.30         |
| September-2015 | 34.50                 | 23.50               | 716,675                   | 26,155            | 34.45                   | 23.50               | 1,699,370                 | 7,948.90         |
| October-2015   | 40.35                 | 32.15               | 1,093,496                 | 26,657            | 40.10                   | 32.15               | 2,400,910                 | 8,065.80         |
| November-2015  | 40.60                 | 30.00               | 647,082                   | 26,146            | 40.40                   | 29.95               | 1,278,803                 | 7,935.25         |
| December-2015  | 53.40                 | 38.45               | 2,730,459                 | 26,118            | 53.40                   | 38.35               | 6,081,685                 | 7,946.35         |
| January-2016   | 58.60                 | 34.65               | 2,489,981                 | 24,871            | 58.60                   | 34.50               | 5,486,788                 | 7,563.55         |
| February-2016  | 39.30                 | 27.00               | 859,642                   | 23,002            | 39.30                   | 27.00               | 2,979,992                 | 6,987.05         |
| March-2016     | 35.35                 | 30.70               | 933,032                   | 25,342            | 35.40                   | 30.40               | 2,855,195                 | 7,738.40         |

### Registrar and 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](http://www.bigshareonline.com) , E-mail: [edp@bigshareonline.com](mailto:edp@bigshareonline.com)

**Share Transfer System**

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar, Bigshare Services Private Limited.

| Particulars         | 2015-16 (As on 31 <sup>st</sup> March, 2016) | 2014-15 (As on 31 <sup>st</sup> March, 2015) |
|---------------------|--|--|
| Shares Transferred  | NIL  | NIL  |
| Total No. of shares | 1,48,43,230                                  | 1,48,43,230                                  |
| % on Share Capital  | NIL  | NIL  |

**Shareholding Pattern as on 31<sup>st</sup> March, 2016**

| SHAREHOLDING PATTERN AS ON 31.03.2016 |                        |               |               |                   |               |
|---------------------------------------|------------------------|---------------|---------------|-------------------|---------------|
| SL. NO                                | CATEGORY               | NO. OF FOLIOS | %             | SHARES            | %             |
| 1                                     | CORPORATE BODIES       | 430           | 2.04          | 27,75,685         | 18.70         |
| 2                                     | FOREIGN INST. INVESTOR | 2             | 0.01          | 8,502             | 0.06          |
| 4                                     | NON RESIDENT INDIANS   | 170           | 0.81          | 2,79,769          | 1.88          |
| 5                                     | PROMOTERS              | 13            | 0.06          | 27,99,732         | 18.86         |
| 6                                     | PUBLIC                 | 20,638        | 96.61         | 88,59,083         | 59.68         |
| 7                                     | CLEARING MEMBER        | 100           | 0.47          | 1,20,459          | 0.81          |
| <b>TOTAL</b>                          |                        | <b>21,083</b> | <b>100.00</b> | <b>14,843,230</b> | <b>100.00</b> |

**Top Ten Shareholders of the Company as on 31<sup>st</sup> March, 2016**

| SR. NO       | SHAREHOLDER'S NAME                   | CATEGORY         | SHARES           | %            |
|--------------|--------------------------------------|------------------|------------------|--------------|
| 1            | SUBASH AGARWAL                       | PROMOTERS        | 11,73,500        | 7.91         |
| 2            | MOHANLAL AGARWAL                     | PROMOTERS        | 7,61,750         | 5.13         |
| 3            | RAJESH AGARWAL                       | PROMOTERS        | 3,56,000         | 2.40         |
| 4            | TAO BUILDERS AND DEVELOPERS PVT LTD. | CORPORATE BODIES | 3,43,000         | 2.31         |
| 5            | ANIL AGARWAL                         | PROMOTERS        | 2,90,000         | 1.95         |
| 6            | MOTILAL OSWAL SECURITIES LIMITED     | CORPORATE BODIES | 2,35,477         | 1.59         |
| 7            | BOMBAY CABLE CO. PVT. LTD.           | CORPORATE BODIES | 2,00,000         | 1.35         |
| 8            | MOTILAL OSWAL SECURITIES LTD         | CORPORATE BODIES | 1,83,238         | 1.23         |
| 9            | GANDLURU SATISHREDDY                 | PUBLIC           | 1,21,921         | 0.82         |
| 10           | MENTOR CAPITAL LIMITED               | CORPORATE BODIES | 1,13,253         | 0.76         |
| <b>TOTAL</b> |                                      |                  | <b>37,78,139</b> | <b>25.45</b> |

**Distribution Scheduled of shareholding as on 31<sup>st</sup> March, 2016**

| Range           | As on 31 <sup>st</sup> March, 2016 |               |                   |               | As on 31 <sup>st</sup> March, 2015 |               |                   |               |
|-----------------|------------------------------------|---------------|-------------------|---------------|------------------------------------|---------------|-------------------|---------------|
|                 | No. of Folios                      | %             | Shares            | %             | No. of Folios                      | %             | Shares            | %             |
| Up to 500       | 17,822                             | 84.53         | 21,06,604         | 14.19         | 18,242                             | 85.65         | 21,16,275         | 14.26         |
| 501-1000        | 1,560                              | 7.40          | 12,78,669         | 8.61          | 1,451                              | 6.81          | 11,84,255         | 7.98          |
| 1001-2000       | 815                                | 3.87          | 12,45,435         | 8.39          | 776                                | 3.64          | 11,83,114         | 7.97          |
| 2001-3000       | 295                                | 1.40          | 7,58,647          | 5.11          | 272                                | 1.28          | 6,97,175          | 4.70          |
| 3001-4000       | 144                                | 0.68          | 5,15,724          | 3.47          | 141                                | 0.66          | 501,346           | 3.38          |
| 4001-5000       | 119                                | 0.56          | 5,63,987          | 3.80          | 119                                | 0.56          | 5,59,898          | 3.77          |
| 5001-10000      | 173                                | 0.82          | 12,31,265         | 8.30          | 161                                | 0.76          | 11,47,007         | 7.72          |
| 10001 and above | 155                                | 0.74          | 71,42,899         | 48.12         | 136                                | 0.64          | 74,54,160         | 50.22         |
| <b>TOTAL</b>    | <b>21,083</b>                      | <b>100.00</b> | <b>14,843,230</b> | <b>100.00</b> | <b>21,298</b>                      | <b>100.00</b> | <b>14,843,230</b> | <b>100.00</b> |

## Dematerialization of Shares

Physical/ NSDL/ CDSL/Summary Report as on 31<sup>st</sup> March, 2016, representing 99.91% of total Equity Share Capital of the Company were held in dematerialized form.

| Mode of Holding | As on 31 <sup>st</sup> March, 2016 |               | As on 31 <sup>st</sup> March, 2015 |               |
|-----------------|------------------------------------|---------------|------------------------------------|---------------|
|                 | No. of Shares                      | % to Equity   | No. of Shares                      | % to Equity   |
| NSDL            | 94,94,652                          | 63.97         | 92,11,954                          | 62.06         |
| CDSL            | 53,35,351                          | 35.94         | 56,18,049                          | 37.85         |
| PHYSICAL        | 13,227                             | 0.09          | 13,227                             | 0.09          |
| <b>TOTAL</b>    | <b>1,48,43,230</b>                 | <b>100.00</b> | <b>1,48,43,230</b>                 | <b>100.00</b> |

### Address for Correspondence:

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

**DECLARATION BY THE MANAGING DIRECTOR REGULATION 34(3) PART D OF THE SEBI LISTING REGULATIONS**

To,  
The Members  
ARSS Infrastructure Projects Limited  
Bhubaneswar

I hereby declare that all the Directors and the designated employees in the Senior management of the Company have affirmed compliance with their respective codes for the financial year ended March 31, 2016.

Place: Bhubaneswar  
Date: 12.08.2016

**(Rajesh Agarwal)**  
Managing Director  
For and on behalf of the Board of Directors

**Place: -** Bhubaneswar  
**Date: -** 12.08.2016

**(Subash Agarwal)**  
Chairman

## CEO/CFO CERTIFICATION

To,  
The Board of Directors,  
ARSS Infrastructure Projects Limited,  
Mancheswar, Bhubaneswar,  
Orissa, India

**Sub: Compliance Certificate Under Regulation 17(8) of  
SEBI (Listing Obligations And Disclosure Requirements) Regulation, 2015**

We, Rajesh Agarwal, Managing Director and S. K. Pattanaik, Chief Financial Officer of ARSS Infrastructure Projects Limited hereby declare, confirm and certify as under in respect of Annual Accounts for the year ended 31<sup>st</sup> March, 2016:

- A. We have reviewed financial statements and the cash flow statement of ARSS Infrastructure Projects Limited for the year ended on 31<sup>st</sup> March, 2016 and that to the best of their knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) 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 listed entity's internal control system over financial reporting.

**For ARSS Infrastructure Projects Limited**

**(Rajesh Agarwal)**  
Managing Director

**(S. K. Pattanaik)**  
Chief Financial Officer

**Place:** Bhubaneswar

**Date:** 27.05.2016

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE**

To,  
The Members,  
ARSS Infrastructure Projects Limited  
Bhubaneswar, Odisha

We have examined the compliance of conditions of Corporate Governance by ARSS Infrastructure Projects Limited (the Company), as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges (for the eight months period ended 30<sup>th</sup> November, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Regulations') (for the four months period ended 31<sup>st</sup> March, 2016).

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 the 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 and the SEBI Regulations.

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 Ajay B Garg**

Chartered Accountants

(CA Ajay Garg)

Proprietor

Membership No: 32528

Place: Mumbai

Date: 06.08.2016

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

|       |   |  |
|-------|---|--|
| (i)   | CIN   | L14103OR2000PLC006230  |
| (ii)  | Registration Date   | 17/05/2000   |
| (iii) | Name of the Company   | ARSS Infrastructure Projects Limited   |
| (iv)  | Category / Sub-Category of the Company                                    | Company Having Share Capital   |
| (v)   | Address of the Registered office and contact details                      | Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751 010, Odisha, India.                        |
| (vi)  | Whether listed company  | Yes  |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Bigshare Services Private Limited<br>E/2, Ansa Industrial Estate,<br>Sakivihar Road, Sakinaka,<br>Andheri (e), Mumbai. |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Construction related                             | 452                              | 100 %                              |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

| SL. NO. | NAME AND ADDRESS OF THE COMPANY   | CIN/GLN               | HOLDING/ SUBSIDIARY / ASSOCIATE  | % of Shares held | Applicable Section |
|---------|---|-----------------------|--|------------------|--------------------|
| 1       | ARSS Damoh-Hirapur Tolls Private limited<br>Address: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010. | U45201OR2011PTC013524 | SUBSIDIARY COMPANY   | 99.82 %          | 2 (87)             |
| 2       | ARSS Bus Terminal Private Ltd.<br>Address: 73, HIG, BDA Housing Complex, Ekamara Collage Square, Kapil Prasad, Bhubaneswar- 751002.   | U63031OR2010PTC012372 | Transferred its 51% stake to Welspun Enterprises Limited on 6 <sup>th</sup> September, 2015 and ceased to be a subsidiary of our Company | -                | 2 (87)             |
| 3       | ARSS Developers Limited.<br>Address: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010.                 | U45209OR2007PLC009201 | ASSOCIATE COMPANY  | 38.41%           | 2 (6)              |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

| Category of Shareholders                                   | No. of Shares held at the beginning of the year[As on 01-April-2015] |          |                |                   | No. of Shares held at the end of the year[As on 31-March-2016] |          |                |                   | % Change during the year |
|--|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
|  | Demat  | Physical | Total          | % of Total Shares | Demat  | Physical | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>  |  |          |                |                   |  |          |                |                   |                          |
| <b>(1) Indian</b>  |  |          |                |                   |  |          |                |                   |                          |
| a) Individual/ HUF   | 2799732  | 0        | 2799732        | 18.86             | 2799732  | 0        | 2799732        | 18.86             | 0.0006                   |
| b) Central Govt  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| c) State Govt(s)   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| d) Bodies Corp.  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| e) Banks / FI  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| f) Any other   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| <b>Sub Total A (1)</b>                                     | <b>2799732</b>   | <b>0</b> | <b>2799732</b> | <b>18.86</b>      | <b>2799732</b>   | <b>0</b> | <b>0</b>       | <b>0.00</b>       | <b>00.0000</b>           |
|  |  |          |                |                   |  |          |                |                   |                          |
| <b>(2) Foreign</b>   |  |          |                |                   |  |          |                |                   |                          |
| a) NRIs - Individuals                                      | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0.00              | 0                        |
| b) Other – Individuals                                     | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0.00              | 0                        |
| c) Bodies Corp.  | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0.00              | 0                        |
| d) Banks / FI  | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0.00              | 0                        |
| e) Any Other   | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0.00              | 0                        |
| <b>Sub Total A (2)</b>                                     | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0</b>          | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0.00</b>       | <b>0</b>                 |
| <b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b> | <b>2799732</b>   | <b>0</b> | <b>2799732</b> | <b>18.86</b>      | <b>2799732</b>   | <b>0</b> | <b>2799732</b> | <b>18.86</b>      | <b>0</b>                 |
|  |  |          |                |                   |  |          |                |                   |                          |
| <b>B. Public Shareholding</b>                              |  |          |                |                   |  |          |                |                   |                          |
| <b>1. Institutions</b>                                     |  |          |                |                   |  |          |                |                   |                          |
| a) Mutual Funds  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              |                          |
| b) Banks / FI  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              |                          |
| c) Central Govt.   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              |                          |
| d) State Govt(s)   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              |                          |
| e) Venture Capital Funds                                   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              |                          |
| f) Insurance Companies                                     | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              |                          |
| g) FIs   | 8502   | 0        | 0.057          | 0.00              | 8502   | 0        | 0.57           | 0.00              |                          |

| Category of Shareholders  | No. of Shares held at the beginning of the year[As on 01-April-2015] |              |                 |                   | No. of Shares held at the end of the year[As on 31-March-2016] |              |                 |                   | % Change during the year |
|---|--|--------------|-----------------|-------------------|--|--------------|-----------------|-------------------|--------------------------|
|   | Demat  | Physical     | Total           | % of Total Shares | Demat  | Physical     | Total           | % of Total Shares |                          |
| h) Foreign Venture Capital Funds  | 0  | 0            | 0               | 0.00              | 0  | 0            | 0               | 0.00              |                          |
| i) Others (specify)   | 0  | 0            | 0               | 0.00              | 0  | 0            | 0               | 0.00              |                          |
| <b>Sub-total (B)(1):-</b>   | <b>8502</b>  | <b>0</b>     | <b>0.057</b>    | <b>0.00</b>       | <b>8502</b>  | <b>0</b>     | <b>0</b>        | <b>0.057</b>      |                          |
| <b>2. Non-Institutions</b>  |  |              |                 |                   |  |              |                 |                   |                          |
| <b>a) Bodies Corp.</b>  |  |              |                 |                   |  |              |                 |                   |                          |
| i) Indian   | 2942085  | 0            | 2942085         | 19.82             | 2775685  | 0            | 2775685         | 18.70             | (1.12)                   |
| ii) Overseas  | 0  | 0            | 0               | 0.00              | 0  | 0            | 0               | 0.00              | 0.00                     |
| <b>b) Individuals</b>   |  |              |                 |                   |  |              |                 |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 6559408  | 13227        | 6572635         | 44.28             | 7736453  | 13227        | 7749680         | 52.21             | 7.93                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 2143431  | 0            | 2143431         | 14.44             | 1109403  | 0            | 1109403         | 7.47              | (6.96)                   |
| <b>c) Others (specify)</b>  |  |              |                 |                   |  |              |                 |                   |                          |
| i) Non Resident Indians   | 256472   | 0            | 256472          | 1.73              | 279769   | 0            | 279769          | 1.88              | (0.15)                   |
| ii) Overseas Corporate Bodies   | 0  | 0            | 0               | 0                 | 0  | 0            | 0               | 0                 | 0.00                     |
| iii) Foreign Nationals  | 0  | 0            | 0               | 0                 | 0  | 0            | 0               | 0                 | 0.00                     |
| iv) Clearing Members  | 120373   | 0            | 120373          | 0.81              | 120459   | 0            | 120459          | 0.81              | 0.00                     |
| v) Trusts   | 0  | 0            | 0               | 0.00              | 0  | 0            | 0               | 0.00              | 0.00                     |
| vi) Foreign Bodies  | 0  | 0            | 0               | 0.00              | 0  | 0            | 0               | 0.00              | 0.00                     |
| <b>Sub-total (B)(2):-</b>   | <b>12021769</b>  | <b>13227</b> | <b>12034996</b> | <b>81.08</b>      | <b>12021769</b>  | <b>13227</b> | <b>12034996</b> | <b>81.08</b>      | <b>0.00</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                             | <b>12030271</b>  | <b>13227</b> | <b>12043498</b> | <b>81.14</b>      | <b>12030271</b>  | <b>13227</b> | <b>12043498</b> | <b>81.14</b>      | <b>(0.00)</b>            |
| <b>C. Shares held by Custodian for GDRs&amp; ADRs</b>                           | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0.00</b>       | <b>0.00</b>              |
| <b>Grand Total (A+B+C)</b>  | <b>14830003</b>  | <b>13227</b> | <b>14843230</b> | <b>100.00</b>     | <b>14830003</b>  | <b>13227</b> | <b>14843230</b> | <b>100.00</b>     | <b>0.00</b>              |

## (ii) Shareholding of Promoters

| Sl. No | Shareholder's Name    | Shareholding at the beginning of the year (01.04.2015) |                                  |  | Share holding at the end of the year (31.03.2016) |                                  |  | % change in share holding during the year |
|--------|-----------------------|--|----------------------------------|--|---|----------------------------------|--|---|
|        |                       | No. of Shares  | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                                     | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | Subash Agarwal        | 11,73,500  | 7.91                             | 100.00   | 11,73,500   | 7.91                             | 100.00   | 0.00                                      |
| 2      | Mohanlal Agarwal      | 7,61,750   | 5.13                             | 100.00   | 7,61,750  | 5.13                             | 100.00   | 0.00                                      |
| 3      | Rajesh Agarwal        | 3,56,000   | 2.40                             | 100.00   | 3,56,000  | 2.40                             | 100.00   | 0.00                                      |
| 4      | Sunil Agarwal         | 65,398   | 0.44                             | 100.00   | 65,398  | 0.44                             | 100.00   | 0.00                                      |
| 5      | Anil Agarwal          | 2,90,000   | 1.95                             | 100.00   | 2,90,000  | 1.95                             | 100.00   | 0.00                                      |
| 6      | Shilpa Agarwal        | 75,000   | 0.51                             | 0.00   | 75,000  | 0.00                             | 0.00   | 0.00                                      |
| 7      | Ramesh Prasad Agrawal | 3,000  | 0.02                             | 0.00   | 3,000   | 0.02                             | 0.00   | 0.00                                      |
| 8      | Ramdulari Agarwal     | 9  | 0.0001                           | 0.00   | 9   | 0.0001                           | 0.00   | 0.00                                      |
| 9      | Sabita Agarwal        | 15   | 0.0001                           | 0.00   | 15  | 0.0001                           | 0.00   | 0.00                                      |
| 10     | Sangita Agarwal       | 20   | 0.0001                           | 0.00   | 20  | 0.0001                           | 0.00   | 0.00                                      |
| 11     | Sanju Agarwal         | 20   | 0.0001                           | 0.00   | 20  | 0.0001                           | 0.00   | 0.00                                      |
| 12     | Seema Agarwal         | 20   | 0.0001                           | 0.00   | 20  | 0.0001                           | 0.00   | 0.00                                      |
| 13     | Anita Singla          | 75,000   | 0.51                             | 0.00   | 75,000  | 0.51                             | 0.00   | 0.00                                      |
|        | <b>TOTAL</b>          | <b>27,99,732</b>                                       | <b>18.86</b>                     | <b>17.83</b>                                     | <b>27,99,732</b>                                  | <b>18.86</b>                     | <b>17.83</b>                                     | <b>0.00</b>                               |

## (iii) Change in Promoters' Shareholding (lease specify, if there is no change)

| Sr. No |   | Shareholding at the beginning of the year (01.04.2015) |                                  | Cumulative Shareholding during the year |                                  |
|--------|---|--|----------------------------------|---|----------------------------------|
|        |   | No. of shares  | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1      | At the beginning of the year (01.04.2015)   | 27,99,732  | 18.86                            | 27,99,732                               | 18.86                            |
| 2      | Date wise Increase /  |  |                                  |   |                                  |
|        | Decrease in Promoters   |  |                                  |   |                                  |
|        | Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc): | -  |                                  |   |                                  |
|        | At the end of the year(31.03.2016)  | 27,99,732  | 18.86                            | 27,99,732                               | 18.86                            |

#### (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs:

| Sr. No | For Each of the Top 10 Shareholders  | Shareholding at the beginning of the year (01.04.2015) |                                  | Cumulative Shareholding during the year |                                  |
|--------|--|--|----------------------------------|---|----------------------------------|
|        |  | No. of shares  | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1      | At the beginning of the year (01.04.2015)  | 20,50,895  | 13.82                            | 14,77,006                               | 9.95                             |
| 2      | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Annexure-1<br>Attached                                 |                                  |   |                                  |
| 3      | At the end of the year (31.03.2016)  | 14,77,006  | 9.95                             | 14,77,006                               | 9.95                             |

#### (v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No | Shareholding of each Directors and each Key Managerial Personnel   | Shareholding at the beginning of the year (01.04.2015) |                                  | Cumulative Shareholding during the year |                                  |
|--------|--|--|----------------------------------|---|----------------------------------|
|        |  | No. of shares  | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1      | At the beginning of the year (01.04.2015)  | 15,29,620  | 10.31                            | 15,29,620                               | 10.31                            |
| 2      | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Annexure-2<br>Attached                                 |                                  |   |                                  |
| 3      | At the end of the year (31.03.2016)  | 15,29,620  | 10.31                            | 15,29,620                               | 10.31                            |

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits          | Total Indebtedness |
|---|----------------------------------|-----------------|-------------------|--------------------|
| <b>Indebtedness at the beginning of the financial year (01.04.2015)</b> |                                  |                 |                   |                    |
| i) Principal Amount   | 1,60,900.27                      | 5,270.23        | 3,532.62          | 1,69,703.12        |
| ii) Interest due but not paid   | 15,921.49                        | -               | -                 | 15,921.49          |
| iii) Interest accrued but not due                                       | -                                | -               | -                 | -                  |
| <b>Total (i+ii+iii)</b>   | <b>1,76,821.76</b>               | <b>5,270.23</b> | <b>3,532.62</b>   | <b>1,85,624.61</b> |
| <b>Change in Indebtedness during the financial year</b>                 |                                  |                 |                   |                    |
| * Addition  | -                                | 1,991.81        | -                 | 1,991.81           |
| * Reduction   | 22,221.31                        | -               | 3,532.62          | 25,753.93          |
| <b>Net Change</b>   | <b>(22,221.31)</b>               | <b>1,991.81</b> | <b>(3,532.62)</b> | <b>(23,762.12)</b> |

|   | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the end of the financial year<br/>(31.03.2016)</b> | -                                   | -                  | -        | -                     |
| i) Principal Amount   | 1,54,600.45                         | 7,262.04           | -        | 1,61,862.49           |
| ii) Interest due but not paid   | 24,531.84                           | -                  | -        | 24,531.84             |
| iii) Interest accrued but not due                                     | -                                   | -                  | -        | -                     |
| <b>Total (i+ii+iii)</b>   | <b>1,79,132.29</b>                  | <b>7,262.04</b>    | -        | <b>1,86,394.33</b>    |

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lacs)

| Sr.<br>No | Particulars of Remuneration  | Name of MD, WTD OR MANAGER                         |   | Total Amount (₹<br>In Lacs) |
|-----------|--|--|---|-----------------------------|
|           |  | Mr. Subash<br>Agarwal ,<br>(Executive<br>Chairman) | Mr. Rajesh<br>Agarwal ,<br>(Managing<br>Director) |                             |
| 1         | Gross salary   | <b>33.00</b>                                       | <b>30.00</b>                                      | <b>63.00</b>                |
|           | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961                              | 33.00  | 30.00   | 63.00                       |
|           | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  | NIL  | NIL   | NIL                         |
|           | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961  | NIL  | NIL   | NIL                         |
| 2         | Stock Option   | NIL  | NIL   | NIL                         |
| 3         | Sweat Equity   | NIL  | NIL   | NIL                         |
| 4         | Commission<br>- as % of profit<br>- others, specify...   | NIL  | NIL   | NIL                         |
| 5         | Others, please specify   | NIL  | NIL   | NIL                         |
|           | <b>Total (A)</b>   | <b>33.00</b>                                       | <b>30.00</b>                                      | <b>63.00</b>                |
|           | Ceiling as per the Act<br>Ceiling of 5% of the net profit for each managerial personal i.e. ₹ 31.65 lacs per MP) | -  | -   | <b>63.30</b>                |

**B. Remuneration to other directors:**

(₹ In Lacs)

| Sr. No | Particulars of Remuneration                                     | Name of Directors |                 |                   |                 |               |                  | Total Amount (₹ In Lacs) |
|--------|---|-------------------|-----------------|-------------------|-----------------|---------------|------------------|--------------------------|
|        |   | Mr. S.C. Parija   | Ms. Rima Dhawan | Mr. B. K. Makhija | Mr. K.K. Sharma | Mr. K.C. Rout | Mr. B. K. Mishra |                          |
| 1      | Independent Directors   |                   |                 |                   |                 |               |                  |                          |
|        | Fee for attending board committee meetings                      | 3.60              | 2.60            | 2.00              | 1.60            | -             | -                | 9.80                     |
|        | Commission  | -                 | -               | -                 | -               | -             | -                | -                        |
|        | Others, please specify (Incidental exp. For attending meetings) | 0.20              | 0.25            | 0.20              | 0.15            | -             | -                | 0.80                     |
|        | <b>Total (1)</b>  | <b>3.80</b>       | <b>2.85</b>     | <b>2.20</b>       | <b>1.75</b>     | <b>-</b>      | <b>-</b>         | <b>10.60</b>             |
| 2      | Other Non-Executive Directors (ND)                              |                   |                 |                   |                 |               |                  | -                        |
|        | Fee for attending board committee meetings                      | -                 | -               | -                 | -               | 1.80          | 0.20             | 2.00                     |
|        | Commission  | -                 | -               | -                 | -               | Nil           | -                | -                        |
|        | Others, please specify (Incidental exp. For attending meetings) | -                 | -               | -                 | -               | 0.10          | 0.05             | 0.15                     |
|        | <b>Total (2)</b>  | <b>-</b>          | <b>-</b>        | <b>-</b>          | <b>-</b>        | <b>1.90</b>   | <b>0.25</b>      | <b>2.15</b>              |
|        | <b>Total (B)=(1+2)</b>  | <b>3.80</b>       | <b>2.85</b>     | <b>2.20</b>       | <b>1.75</b>     | <b>1.90</b>   | <b>0.25</b>      | <b>12.75</b>             |
|        | Total Managerial Remuneration                                   | -                 | -               | -                 | -               | -             | -                | NIL                      |
|        | Overall Ceiling as per the Act                                  | -                 | -               | -                 | -               | -             | -                | 6.33                     |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/W.T.D**

| Sr. No | Particular Remuneration   | Key Managerial Personnel                     |                                     |                    |
|--------|---|--|-------------------------------------|--------------------|
|        |   | Mr. S. K.Pattanaik (Chief Financial Officer) | Ms. Alka Khemka (Company Secretary) | Total (₹ In Lacks) |
| 1      | <b>Gross Salary</b>   |  |                                     |                    |
| a      | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30.00  | 9.00                                | 39.00              |
| b      | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -  | -                                   | -                  |
| c      | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -  | -                                   | -                  |
| 2      | Stock Option  | -  | -                                   | -                  |
| 3      | Sweat Equity  | -  | -                                   | -                  |
| 4      | Commission as % of profit<br>- others, specify                                  | -  | -                                   | -                  |
| 5      | Others, please specify  | -  | -                                   | -                  |
|        | <b>TOTAL</b>  | <b>30.00</b>                                 | <b>9.00</b>                         | <b>39.00</b>       |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                     | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|--|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>A. COMPANY: NIL</b>                   |                              |                   |   |                              |                                    |
| Penalty                                  | -                            | -                 | -   | -                            | -                                  |
| Punishment                               | -                            | -                 | -   | -                            | -                                  |
| Compounding                              | -                            | -                 | -   | -                            | -                                  |
| <b>B. DIRECTORS: NIL</b>                 |                              |                   |   |                              |                                    |
| Penalty                                  | -                            | -                 | -   | -                            | -                                  |
| Punishment                               | -                            | -                 | -   | -                            | -                                  |
| Compounding                              | -                            | -                 | -   | -                            | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT: NIL</b> |                              |                   |   |                              |                                    |
| Penalty                                  | -                            | -                 | -   | -                            | -                                  |
| Punishment                               | -                            | -                 | -   | -                            | -                                  |
| Compounding                              | -                            | -                 | -   | -                            | -                                  |

Annexure-1

**ARSS INFRASTRUCTURE PROJECTS LIMITED**  
**TOP TEN SHARE HOLDERS, LIST AS ON 01.04.2015**  
 (other than Director, Promoter and Holders of GDRs and ADRs)

| SL.NO | NAME OF SHAREHOLDER                   | NO. OF SHARES    | % OF TOTAL    |
|-------|---------------------------------------|------------------|---------------|
| 1     | SATHYAMOORTHY DEVARAJULU              | 5,40,000         | 3.64%         |
| 2     | TAO BUILDERS AND DEVELOPERS PVT LTD.  | 3,43,000         | 2.31%         |
| 3     | SREI EQUIPMENT FINANCE LIMITED        | 3,05,000         | 2.05%         |
| 4     | BOMBAY CABLE CO. PVT. LTD.            | 2,00,000         | 1.35%         |
| 5     | OJASVI INFRASTRUCTURE PRIVATE LIMITED | 1,27,400         | 0.86%         |
| 6     | MENTOR CAPITAL LIMITED                | 1,22,318         | 0.82%         |
| 7     | GANDLURU SATISHREDDY                  | 1,21,921         | 0.82%         |
| 8     | BONANZA PORTFOLIO LTD                 | 1,05,322         | 0.71%         |
| 9     | KARVY STOCK BROKING LTD               | 1,02,093         | 0.69%         |
| 10    | OJASVI PROJECTS PRIVATE LIMITED       | 83,841           | 0.56%         |
|       | <b>TOTAL</b>                          | <b>20,50,895</b> | <b>13.82%</b> |

Annexure-2

**ARSS INFRASTRUCTURE PROJECTS LIMITED**  
**TOP TEN SHARE HOLDERS, LIST AS ON 31.03.2016**  
 (other than Director, Promoter and Holders of GDRs and ADRs)

| SL. NO | SHAREHOLDERS NAME                    | SHARES  | PERCENTAGE |
|--------|--------------------------------------|---------|------------|
| 1      | TAO BUILDERS AND DEVELOPERS PVT LTD. | 343,000 | 2.31%      |
| 2      | MOTILAL OSWAL SECURITIES LIMITED     | 235,477 | 1.59%      |
| 3      | BOMBAY CABLE CO. PVT. LTD.           | 200,000 | 1.35%      |
| 4      | MOTILAL OSWAL SECURITIES LTD         | 183,238 | 1.23%      |

|              |                          |                  |                   |
|--------------|--------------------------|------------------|-------------------|
| 5            | GANDLURU SATISHREDDY     | 121,921          | 0.82%             |
| <b>SL.NO</b> | <b>SHAREHOLDERS NAME</b> | <b>SHARES</b>    | <b>PERCENTAGE</b> |
| 6            | MENTOR CAPITAL LIMITED   | 113,253          | 0.76%             |
| 7            | BONANZA PORTFOLIO LTD    | 77,599           | 0.52%             |
| 8            | KARVY STOCK BROKING LTD  | 73,172           | 0.49%             |
| 9            | DEEPAK RAI SHARMA        | 72,653           | 0.49%             |
| 10           | ANAND VIJAY SARDA        | 56,693           | 0.38%             |
| <b>TOTAL</b> |                          | <b>14,77,006</b> | <b>9.95%</b>      |

Annexure- 2

**ARSS INFRASTRUCTURE PROJECTS LIMITED**

**SHAREHOLDERS LIST OF (DIRECTORS AND KEY MANAGERIAL PERSONAL) AS ON 01.04.2015**

| SL.NO        | SHAREHOLDERS NAME           | DESIGNATION       | NO. OF SHARES    | % OF TOTAL    |
|--------------|-----------------------------|-------------------|------------------|---------------|
| 1            | SUBASH AGARWAL              | CHAIRMAN          | 11,73,500        | 7.91%         |
| 2            | RAJESH AGARWAL              | MANAGING DIRECTOR | 3,56,000         | 2.40%         |
| 3            | SOUMENDRA KESHARI PATTANAİK | DIRECTOR(FINANCE) | 120              | 0.001%        |
| <b>TOTAL</b> |                             |                   | <b>15,29,620</b> | <b>10.31%</b> |

**ARSS INFRASTRUCTURE PROJECTS LIMITED**

**SHAREHOLDERS LIST OF (DIRECTORS AND KEY MANAGERIAL PERSONAL)AS ON 31.03.2016**

| SL.NO        | SHAREHOLDERS NAME           | DESIGNATION       | NO. OF SHARES    | % OF TOTAL    |
|--------------|-----------------------------|-------------------|------------------|---------------|
| 1            | SUBASH AGARWAL              | CHAIRMAN          | 11,73,500        | 7.91%         |
| 2            | RAJESH AGARWAL              | MANAGING DIRECTOR | 3,56,000         | 2.40%         |
| 3            | SOUMENDRA KESHARI PATTANAİK | CFO               | 120              | 0.0008%       |
| <b>TOTAL</b> |                             |                   | <b>15,29,620</b> | <b>10.31%</b> |

**Form No. MR-3****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 2015-2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
ARSS Infrastructure Projects Limited,  
Bhubaneswar, Odisha

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ARSS Infrastructure Projects Limited. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agencies and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the Audit period covering the financial year ended on 31<sup>st</sup> March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - 1) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - 2) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - 3) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - 4) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 5) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the period under review)
  - 6) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - 7) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the period under review) and
  - 8) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the period under review)

- vi. The Contract Labour (Regulation and Abolition) Act, 1970 & Employee's Compensation Act, 1923 which is applicable specifically to the Company for the purpose of reporting under this point as per the Management Representation Letter issued by the Company of even date:

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. (For the Time period in force.)
- ii. The existing Listing Agreements along with the New Listing Agreement under SEBI (LODR) Regulations, 2015 entered into by the Company with Bombay Stock Exchange Limited on 2nd day of December, 2015 & National Stock Exchange of India Limited on 2nd day of December, 2015;

During the period under review, the Company has complied with the provisions of the Companies Act, 2013, The Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999, SEBI Act, 1992, Listing Agreements & relevant and applicable Rules, Regulations, Guidelines, Standards etc. made there under.

We further report that, there are various pending legal cases by and against the Company, the impact & contingency of which are not reasonably ascertained in our Report.

We further report that, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

However, the statutory dues Provident Fund, ESI, VAT, Entry Tax, Service Tax and TDS are generally deposited after due dates.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive, Woman and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, there being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings are generally carried unanimously and dissenting members' views, if any are captured and duly recorded in the minutes Book.

**We further report that**, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with our letter of even date which is annexed as Annexure A and form an integral part of this report.

Place: - Bhubaneswar  
Date: - 02-08-2016

For ADP & ASSOCIATES,  
Company Secretaries

Debadatta Mohapatra, Partner  
Company Secretary in practice  
C.P. No:-4583

To,  
The Members,  
ARSS Infrastructure Projects Limited  
Bhubaneswar, Odisha.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: - Bhubaneswar  
Date: - 02-08-2016

For ADP & ASSOCIATES,  
Company Secretaries

Debadatta Mohapatra, Partner  
Company Secretary in practice  
C.P. No:-4583

## FORM AOC-2

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

**1. Details of contracts or arrangements or transactions not at Arm's length basis:**

| Sr. No | Particulars   | Details |
|--------|---|---------|
| (a)    | Name (s) of the related party & nature of relationship  | NIL     |
| (b)    | Nature of contracts/arrangements/transaction  | NIL     |
| (c)    | Duration of the contracts/arrangements /transaction   | NIL     |
| (d)    | Salient terms of the contracts or arrangements or transaction including the value, if any                             | NIL     |
| (e)    | Justification for entering into such contracts or arrangements or transactions  | NIL     |
| (f)    | Date of approval by the Board   | NIL     |
| (g)    | Amount paid as advances, if any   | NIL     |
| (h)    | Date on which the special resolution was passed in General meeting as required Nil under first proviso to section 188 | NIL     |

**2. (a). Details of contracts or arrangements or transactions at Arm's length basis with Group Companies.**

(₹ In Crores)

| SI. No | Particulars   | Details  |  |   |
|--------|---|--|--|---|
| (a)    | Name (s) of the related party & nature of relationship                                      | Shivam Condev Pvt. Ltd.<br>(Director's Relative) | Shivam Condev Pvt. Ltd.(Director's Relative) | Shivam Condev Pvt. Ltd. (Director's Relative) |
| (b)    | Nature of contracts/ arrangements/ transaction  | Material Sold                                    | Sub contract given                           | House rent                                    |
| (c)    | Duration of the contracts/ arrangements / transaction                                       | Ongoing  | Ongoing                                      | Ongoing                                       |
| (d)    | Salient terms of the contracts or arrangements or transactions including the value , if any | 34.18  | 11.00  | 0.12  |
| (e)    | Date of approval by the Members /board  | 12 <sup>th</sup> February, 2015                  | 12 <sup>th</sup> February, 2015              | 12 <sup>th</sup> February, 2015               |
| (f)    | Amount paid as advance, if any (₹ In Crores)  | Nil  | Nil  | Nil   |

**(b). Details of contracts or arrangements or transactions at Arm's length basis with Joint ventures.****(₹ In Crores)**

| Sl. No | Particulars   | Details                         |                                 |                                 |                                 |                                 |                                 |
|--------|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|        |   | ARSS-ANPR JV                    | Niraj-ARSS JV                   | ARSS-Atlanta JV                 | ARSS-GVR JV                     | Atlanta-ARSS JV                 | HCIL-Adhikaria-ARSS JV          |
| (a)    | Name (s) of the related party & nature of relationship                                      | ARSS-ANPR JV                    | Niraj-ARSS JV                   | ARSS-Atlanta JV                 | ARSS-GVR JV                     | Atlanta-ARSS JV                 | HCIL-Adhikaria-ARSS JV          |
| (b)    | Nature of contracts/arrangements/ transaction   | Sub contract received           |
| (c)    | Duration of the contracts/arrangements /transaction   | Ongoing                         | Ongoing                         | Ongoing                         | Ongoing                         | Ongoing                         | Ongoing                         |
| (d)    | Salient terms of the contracts or arrangements or transactions including the value , if any | 1.40                            | 1.35                            | 1.74                            | 13.84                           | 31.01                           | 15.31                           |
| (e)    | Date of approval by the Members / board)  | 12 <sup>th</sup> February, 2015 | 12 <sup>th</sup> February, 2015 | 12 <sup>th</sup> February, 2015 | 12 <sup>th</sup> February, 2015 | 12 <sup>th</sup> February, 2015 | 12 <sup>th</sup> February, 2015 |
| (f)    | Amount paid as advance, if any (₹ In Crores)  | Nil                             | Nil                             | Nil                             | Nil                             | Nil                             | Nil                             |

**(c). Details of Remuneration to Directors / their relatives (at place of profit)****(₹ in Lacs)**

| Sl. No | Particulars  | Details   |   |   |                                     |
|--------|--|---|---|---|-------------------------------------|
|        |  | Mr. Subash Agarwal (Chairman)   | Mr. Rajesh Agarwal (Managing Director)  | Mr. Anil Agarwal (Sr. Vice President & COO) | Mr. Sunil Agarwal (President & CEO) |
| (a)    | Name (s) of the related party & nature of relationship                                     | Mr. Subash Agarwal (Chairman)   | Mr. Rajesh Agarwal (Managing Director)  | Mr. Anil Agarwal (Sr. Vice President & COO) | Mr. Sunil Agarwal (President & CEO) |
| (b)    | Nature of contracts/arrangements/ transaction  | Remuneration  | Remuneration  | Remuneration                                | Remuneration                        |
| (c)    | Duration of the contracts/arrangements /transaction  | Up-to 15 <sup>th</sup> August, 2018   | Up-to 31 <sup>st</sup> March, 2021  | Ongoing                                     | Ongoing                             |
| (d)    | Salient terms of the contracts or arrangements or transactions including the value, if any | 33.00<br>(plus up to 4% commission in the profit of the current financial year) | 30.00<br>(plus up to 4% commission in the profit of the current financial year) | 42.00                                       | 42.00                               |
| (e)    | Date of approval by the Members (ratified by the board)                                    | 29 <sup>th</sup> September, 2015  | 29 <sup>th</sup> September, 2015  | 29 <sup>th</sup> September, 2015            | 29 <sup>th</sup> September, 2015    |
| (f)    | Amount paid as advance, if any (₹ In Lacs)   | Nil   | Nil   | Nil   | Nil                                 |

## Independent Auditor's Report

To  
**The Members of**  
**M/s. ARSS Infrastructure Projects Limited**  
CIN : L14103OR2000PLC006230  
Plot No - 38, Sector-A, Zone-D  
Mancheswar Industrial Estate  
Bhubaneswar-751 010, Odisha.

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ARSS Infrastructure Projects Limited** ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

### Basis for Qualified Opinion

- a) In absence of relevant records, Contract-wise surplus/loss has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.
- b) In the absence of accounts of Balaji-ARSS (JV) and ARSS-MVPL JV, discrepancies, if any, between the said accounts with that of the Company is not ascertainable.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and further to our comments in the 'Annexure-A' we state that except for possible effect of the matter described in sub para (a) and (b) in the 'Basis for Qualified Opinion' paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained, except for the matter described in the sub para 'a' and sub para 'b' of the 'Basis for Qualified Opinion' paragraph above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
  - (b) except for the possible effect of the matter described in sub para 'a' and 'b' in the 'Basis for Qualified Opinion' paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) except for the possible effect of the matter described in sub para 'a' and 'b' in the 'Basis for Qualified Opinion' paragraph above, in our opinion the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".
  - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, Refer Note No. 15, 29, 31 and 35 to the financial statements;
    - ii. the Company did not have any Long term contract including derivatives contract as such the question of commenting on any material foreseeable losses thereon does not arise.
    - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

**For Ajay B Garg**  
**Chartered Accountant**

**A Garg**  
Proprietor  
Mem No. 32538

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2016

## **‘Annexure-A’ to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion, the discrepancies noticed on physical verification of the inventory were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) The Company has granted loans amounting to ₹ 9.73 Lakhs to one bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’).
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest and repayment of principal on demand. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand.
- (c) There are no overdue amount for more than 90 days in respects of the loan granted to body corporate listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the paragraph (v) of the Order relating to directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 or any rules framed there under with regard to the deposits accepted from the public are not applicable to the company. Accordingly we have not commented upon the paragraph (v) of the Order.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost records and audit ) Rules 2014 and as prescribed by the Central Government under section 148(1) of the Act and are of the opinion that prima-facie, the prescribed accounts and cost records have been made and maintained by the Company. We have not however made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, duty of excise, service tax, duty of customs, employees’ state insurance, value added tax, cess and other material statutory dues have been regularly deposited with few delay in some cases during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable except TDS of ₹ 3,03,67,708/- and Entry Tax of ₹ 1,16,09,250/-
- (c) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to

information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes:

| Name of the statute   | Nature of dues | Amount (in Lakhs.) | Forum where dispute is pending |
|-----------------------|----------------|--------------------|--------------------------------|
| Orissa Sales Tax Act  | Sales Tax      | 117.19             | Commissioner of Commercial Tax |
| Orissa Entry Tax Act  | Entry Tax      | 34.44              | Commissioner of Commercial Tax |
| Central Sales Tax Act | Sales Tax      | 791.10             | Commissioner of Commercial Tax |
| Income Tax Act        | Income Tax     | 5469.84            | ITAT (Cuttack)                 |

- (viii) Based on our Audit procedures and according to information and explanation given to us, the Company has paid dues to banks with certain delay. The Company have overdue outstanding dues to financial institutions, banks as at 31<sup>st</sup> March, 2016 amounting to ₹ 369.15 Crores.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. The term loans have been applied for the purpose for which they were obtained.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **Ajay B Garg**  
Chartered Accountant

**A Garg**  
Proprietor  
Mem No. 32538

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2016

## **‘Annexure – B’ to the Independent Auditor’s Report**

[Referred to in paragraph 2(g) under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016.]

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **M/s. ARSS Infrastructure Projects Limited** (‘the Company’), as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Ajay B Garg**  
**Chartered Accountant**

**A Garg**  
Proprietor  
Mem No. 32538

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2016

**Balance Sheet as at**

|   | Notes | 31.03.2016<br>₹       | 31.03.2015<br>₹       |
|---|-------|-----------------------|-----------------------|
| <b>I Shareholders' Funds</b>            |       |                       |                       |
| a Share Capital                         | 1     | 298,432,300           | 298,432,300           |
| b Reserves and Surplus                  | 2     | 3,522,725,936         | 3,472,553,425         |
|   |       | <b>3,821,158,236</b>  | <b>3,770,985,725</b>  |
| <b>II Non-Current Liabilities</b>       |       |                       |                       |
| a Long Term borrowings                  | 3     | 7,323,604,910         | 7,020,199,451         |
| b Deferred Tax Liability (net)          | 4     | 281,651,220           | 295,276,970           |
|   |       | <b>7,605,256,130</b>  | <b>7,315,476,421</b>  |
| <b>III Current Liabilities</b>          |       |                       |                       |
| a Short Term Borrowings                 | 5     | 9,454,904,212         | 8,625,118,592         |
| b Trade Payables                        | 6     | 548,406,461           | 871,894,736           |
| c Other Current Liabilities             | 7     | 2,599,193,863         | 2,359,908,744         |
| d Short Term Provisions                 | 8     | 12,699,868            | 10,972,046            |
|   |       | <b>12,615,204,405</b> | <b>11,867,894,118</b> |
| <b>TOTAL</b>                            |       | <b>24,041,618,770</b> | <b>22,954,356,264</b> |
| <b>ASSETS</b>                           |       |                       |                       |
| <b>IV Non-current Assets</b>            |       |                       |                       |
| a Fixed Assets                          |       |                       |                       |
| i Tangible Assets                       | 9     | 2,660,906,506         | 2,770,247,462         |
| b Non-Current Investments               | 10    | 393,679,695           | 464,789,837           |
| c Long Term Loans and advances          | 11    | 9,347,759,341         | 7,471,835,564         |
|   |       | <b>12,402,345,542</b> | <b>10,706,872,862</b> |
| <b>V Current Assets</b>                 |       |                       |                       |
| a Inventories                           | 12    | 5,578,319,164         | 5,824,010,278         |
| b Trade Receivables                     | 13    | 2,698,913,298         | 2,418,141,481         |
| c Cash and Cash Equivalents             | 14    | 760,005,411           | 712,785,813           |
| d Short term loans and advances         | 15    | 2,602,035,355         | 3,292,545,829         |
|   |       | <b>11,639,273,228</b> | <b>12,247,483,401</b> |
| <b>TOTAL</b>                            |       | <b>24,041,618,770</b> | <b>22,954,356,264</b> |
| <b>VI Notes on Financial Statements</b> | A     |                       |                       |

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

( CA. Ajay B Garg )  
Proprietor  
M. No. 32538( Subash Agarwal )  
Chairman( Rajesh Agarwal )  
Mg. Director( S.K. Pattanaik )  
C F O( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May, 2016

## Statement of Profit and Loss for the Period ended on

|  | Notes | 31.03.2016<br>₹      | 31.03.2015<br>₹      |
|--|-------|----------------------|----------------------|
| <b>I Income</b>  |       |                      |                      |
| a Revenue from operations  | 16    | 6,233,002,961        | 6,555,269,906        |
| b Other Income   | 17    | 215,949,445          | 90,509,183           |
| <b>Total revenue (I)</b>   |       | <b>6,448,952,406</b> | <b>6,645,779,089</b> |
| <b>II Expenses</b>   |       |                      |                      |
| a Cost of raw material and components consumed   | 18    | 1,124,193,480        | 1,226,162,297        |
| b (increase)/decrease in inventories of finished goods,<br>work-in-progress and traded goods | 19    | 176,445,359          | 63,819,482           |
| c Employee benefits expense  | 20    | 268,941,846          | 266,069,328          |
| d Depreciation and amortization expense  | 21    | 361,384,732          | 365,461,712          |
| e Finance Cost   | 22    | 1,648,392,000        | 1,669,628,451        |
| f Other expense  | 23    | 2,807,307,146        | 2,999,798,838        |
| <b>Total (II)</b>  |       | <b>6,386,664,562</b> | <b>6,590,940,108</b> |
| <b>III Profit/(loss) before tax</b>  |       | <b>62,287,844</b>    | 54,838,981           |
| <b>Tax expenses</b>  |       |                      |                      |
| Current tax  |       | 12,699,868           | 10,972,046           |
| Tax of Earlier Years   |       | 13,041,215           | 688,016              |
| Deferred tax   |       | (13,625,750)         | (19,024,980)         |
| <b>Total tax expenses</b>  |       | <b>12,115,333</b>    | (7,364,918)          |
| <b>IV Profit/(loss) for the year from continuing operations</b>                              |       | <b>50,172,511</b>    | 62,203,899           |
| <b>V Earnings per equity share</b>   | 24    |                      |                      |
| Basic  |       | 3.38                 | 4.19                 |
| Diluted  |       | 2.21                 | 2.53                 |
| Computed on the basis of profit from continuing operations                                   |       |                      |                      |

## VI Notes on Financial Statements

A

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

( CA. Ajay B Garg )  
Proprietor  
M. No. 32538

( Subash Agarwal )  
Chairman

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May, 2016

**Cash Flow Statement for the year ended on**

|  | 31.03.2016<br>(₹)  | 31.03.2015<br>(₹)  |
|--|--------------------|--------------------|
| <b>Cash flow from operating activities</b>                                       |                    |                    |
| Profit before tax from continuing operations                                     | 62,287,844         | 54,838,981         |
| Non-cash adjustment to reconcile profit before tax to net cash flows             |                    |                    |
| Depreciation/amortization on continuing operation                                | 361,384,732        | 365,461,712        |
| Depreciation/amortization on sold Assets   | (2,259,303)        | (96,724,215)       |
| Preliminary Expenses Written off   | -                  | -                  |
| Loss/(profit) on sale of fixed assets  | 1,046,497          | 9,304,333          |
| Interest expense   | 1,648,392,000      | 1,669,628,451      |
| Operating profit before working capital changes                                  | 2,070,851,769      | 2,002,509,261      |
| Movements in working capital:  |                    |                    |
| Increase/(decrease) in short-term Borrowings                                     | 829,785,621        | 1,406,392,696      |
| Increase/(decrease) in Trade payables  | (323,488,275)      | (233,217,904)      |
| Increase/(decrease) in other current liabilities                                 | 239,285,119        | (501,237,819)      |
| Increase/(decrease) in other long-term liabilities                               | 303,405,458        | (315,431,409)      |
| Decrease/(increase) in trade receivables   | (280,771,817)      | (50,267,282)       |
| Decrease/(increase) in inventories   | 245,691,114        | (17,997,286)       |
| Decrease/(increase) in short-term loans and advances                             | 690,510,474        | 1,965,191,116      |
| Decrease/(increase) in Long-term loans and advances                              | (1,875,923,777)    | (2,924,324,265)    |
| Cash generated from / (used in) operations                                       | 1,899,345,686      | 1,331,617,107      |
| Direct taxes paid (net of refunds)   | 24,013,261         | 3,705,008          |
| Net cash flow from/(used in) operating activities (A)                            | 1,875,332,425      | 1,327,912,099      |
| <b>Cash flows from investing activities</b>                                      |                    |                    |
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | (254,392,743)      | (8,484,420)        |
| Proceeds from sale of fixed assets   | 3,561,773          | 319,517,069        |
| Proceeds of non-current investments  | 71,110,142         | (21,390,744)       |
| Net cash flow from/(used in) investing activities (B)                            | (179,720,828)      | 289,641,905        |
| <b>Cash flows from financing activities</b>                                      |                    |                    |
| Proceeds from Share Capital  | -                  | -                  |
| Interest paid  | (1,648,392,000)    | (1,669,628,451)    |
| Net cash flow from/(used in) in financing activities                             | (1,648,392,000)    | (1,669,628,451)    |
| Net increase/(decrease) in cash and cash equivalents (A+B+C)                     | 47,219,597         | (52,074,447)       |
| Cash and cash equivalents at the beginning of the year                           | 712,785,812        | 764,860,259        |
| <b>Cash and cash equivalents at the end of the year</b>                          | <b>760,005,410</b> | <b>712,785,812</b> |
| <b>Components of cash and cash equivalents</b>                                   |                    |                    |
| Cash on hand   | 6,165,721          | 4,192,671          |
| Cheques / draft on hand  |                    |                    |
| With banks on current account  | 135,257,275        | 23,251,069         |
| on deposit account   | 618,582,414        | 685,342,074        |
| <b>Total cash and cash equivalents</b>   | <b>760,005,411</b> | <b>712,785,814</b> |

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

( CA. Ajay B Garg )  
Proprietor  
M. No. 32538( Subash Agarwal )  
Chairman( Rajesh Agarwal )  
Mg. Director( S.K. Pattanaik )  
C F O( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May, 2016

## 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 read with Companies Act, 2013. Its shares are listed on two stock exchanges in India, namely BSE and NSE. 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 prescribed under Section 133 of the Companies Act, 2013 ('Act' ) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified).

Except otherwise mentioned the accounting policies adopted in the preparation of financial statements are consistent with those of previous year. Also due to the peculiar nature of the business and uncertainties in the segment in which the company is operating, various issues have evolved requiring interpretation and clarifications. The Company is making substantial effort on an ongoing basis to improve reporting and disclosure in financial statement wherever required to comply with relevant law, rules and regulations.

### 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. Difference between the actual results and estimates is recognised in the period in which the actual results are known / materialized.

#### b. Tangible Fixed Assets

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

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

#### c. Depreciation on Tangible Fixed Assets

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as estimated by the Management. The Management estimates the useful lives for the fixed assets as follows:

| Particular                             | Rate of Depreciation * | Useful Life * |
|--|------------------------|---------------|
| Building (Factory)                     | 3.17%                  | 30 Years      |
| Building (Non Factory)                 | 1.58%                  | 60 Years      |
| Plant and Equipment (Earth Moving)     | 10.56%                 | 9 Years       |
| Plant and Equipment (Non Earth Moving) | 6.33%                  | 15 Years      |
| Furniture and fixtures                 | 9.50%                  | 10 Years      |
| Vehicles                               | 11.88%                 | 8 Years       |
| Computer                               | 31.67%                 | 3 Years       |

\* Rate of Depreciation is arrived by considering further useful life for existing assets as on 01.04.2014 as per Technician Certificates or from the date of acquisition for other assets and Residual Value at 5% of cost.

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

**d. Borrowing Costs**

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

**e. Investments**

The Investments that are readily realizable and intended to be held for not more than a year from the Balance Sheet date are classified as current investments. All other investments are classified as non-current investments. On initial recognition, all investments are recognised at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

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

**f. Sundry Debtors / Loans and Advances:**

Sundry Debtors / Loans and Advances are stated net of provision for identified doubtful debts / advances wherever necessary. Sundry Debtors and Loans and Advances has been taken at reconciled amount for the parties from which the balance confirmation was received and for the rest Debtors and balances are taken as per book balance and are subject to adjustment and reconciliation, if any which will be done on receipts of confirmation from such parties. In the opinion of the management on which we have placed reliance, substantial part of Debtors and advances are outstanding for a period exceeding six months and they are subject to arbitration and other reconciliatory proceedings, the outcome and quantum of which is not ascertainable and determined, and subject to reconciliations referred to above, the debtors and Loans and advances to the extent as stated are considered good in the Balance Sheet.

**g. Impairment of Assets:**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- The provision for impairment loss required, if any, or
- The reversal required of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of asset exceeds its recoverable amount.

Recoverable amount is determined in the case of an individual asset, at higher of net selling price and the value in use.

**h. 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.

**i. Inventories**

- i. Raw Materials, Stores & Spares and Finished Goods

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

- ii. Work in Progress

The work in progress has been determined by the Management at the estimated realizable value. The value of work in progress comprises of value of materials and expenses incurred at site including estimated profits thereon in terms of guidelines provided under Accounting Standards AS 7 on Construction Contracts.

## **j. Revenue Recognition**

### **Contract Receipt / Construction Contract :**

In respect of Construction contracts and in manner specified under Accounting Standard AS-7 on Construction Contracts, Revenue is recognized on Stage of Completion Method based on the Bills submitted, certified and sanctioned by the appropriate authorities and Work completed and Uncertified Bills for work executed on the Project and does not include material supplied by the clients free of cost. The relevant cost is recognized in accounts in the year of recognition of the revenue. The total costs of contract are estimated by Company and are based on technical and other estimates and assumptions.

The Company's financial position is subject to strict conditions imposed by Banks implementing CDR programme, resultantly the performance and execution of the projects at times is affected. In case of premature termination of contract there is uncertainty in the outcome of the Projects.

Hence in terms of para 34 of the AS-7, Company has recognized contract revenue and contract cost which is direct cost specifically identifiable and directly attributable to the specific contract in accordance with para 31 instead of para 21, i.e. contract revenue to the extent of cost incurred of which recovery is probable and contract cost in the period in which they are incurred. Also based on the above, an expected loss, if any to the extent as identified and quantified, is recognized as an expenses immediately in accordance with para 35.

Further apportionment and allocation of combined Operating overhead, Head office overhead, General overhead and Finance cost do not commensurate with size, nature and duration of projects being executed and hence the company is unable to specifically determine project wise profitability. Also adequate disclosure in terms of para 38, 39 and 41 of AS-7 have been made in accounts under relevant head/notes.

### **Other Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income recognized as and when right to receive established. All other income is recognized on accrual basis.

## **k. Taxes on Income**

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

## **l. Employee Benefits**

### **i) Defined contribution plans**

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

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

### **ii) Defined benefit plan**

Gratuity for employees is covered under a scheme of SBI Life Insurance and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, at the Balance Sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss account as income or expense. Actuarial valuation is independently done by SBI Life Insurance Company Ltd and company has based its provisions the same. Financial effects of changes in those plans during the period in terms of AS-15 are as disclosed and recognised in Profit and Loss Accounts.

**iii) Short term employee benefits**

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as and when it paid.

**m. Contingent Liabilities and Contingent Assets**

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

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

**n. 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.

**o. 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.

## A Notes on financial statements

| 1. Share Capital                              | 31.03.2016                | 31.03.2015         |
|---|---------------------------|--------------------|
|   | ₹                         | ₹                  |
| <b>Authorized shares:</b>                     |                           |                    |
| 4,00,00,000 (P.Y. 3,00,00,000)                |                           |                    |
| equity shares of ₹10/- each                   | <u>400,000,000</u>        | <u>300,000,000</u> |
| 1,50,00,000 (P.Y. 2,50,00,000)                |                           |                    |
| Preference shares of ₹10/- each               | <u>150,000,000</u>        | <u>250,000,000</u> |
| <b>Issued, Subscribed &amp; Paid-up</b>       |                           |                    |
| Equity shares, ₹ 10/- par value               |                           |                    |
| 1,48,43,230 equity shares                     |                           |                    |
| of ₹10/- each fully paid-up                   | <b>148,432,300</b>        | 148,432,300        |
| Preference shares                             |                           |                    |
| 1,50,00,000 (P.Y. 1,50,00,000)                |                           |                    |
| Preference Shares of ₹10/- each fully paid up | <u>150,000,000</u>        | 150,000,000        |
|   | <u><b>298,432,300</b></u> | <u>298,432,300</u> |

i. 1,00,000 equity shares out of issued, subscribed and paid up equity share capital were issued for consideration other than cash in the financial year 2007-08 as against transfer of a plot of land in favour of the company.

ii. No buyback or bonus issue of shares has been made during last five year

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

| Equity Shares                               | 31.03.2016               |                           | 31.03.2015        |                    |
|---|--------------------------|---------------------------|-------------------|--------------------|
|   | No. of Shares            | ₹                         | No. of Shares     | ₹                  |
| At the beginning of the Period              | <b>14,843,230</b>        | <b>148,432,300</b>        | 14,843,230        | 148,432,300        |
| Issued during the peirod                    |                          |                           |                   |                    |
| <b>Outstanding at the end of the period</b> | <u><b>14,843,230</b></u> | <u><b>148,432,300</b></u> | <u>14,843,230</u> | <u>148,432,300</u> |
| <b>Preference shares</b>                    |                          |                           |                   |                    |
|   |                          |                           |                   |                    |
| At the beginning of the Period              | <b>15,000,000</b>        | <b>150,000,000</b>        | 15,000,000        | 150,000,000        |
| Issued during the peirod                    | -                        | -                         | -                 | -                  |
| <b>Outstanding at the end of the period</b> | <u><b>15,000,000</b></u> | <u><b>150,000,000</b></u> | <u>15,000,000</u> | <u>150,000,000</u> |

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

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian 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. Terms/right attached to Preference shares

The preference shares issued to the promoters are in accordance with the terms and conditions of the CDR package and do not carry any right of voting & dividend. These shares are neither transferable nor eligible for listing.

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

|   | 31.03.2016        |                        | 31.03.2015        |                        |
|---|-------------------|------------------------|-------------------|------------------------|
|   | No. of Shares     | % Holding in the Class | No. of Shares     | % Holding in the Class |
| <b>Equity shares of ₹ 10/- each fully paid</b>      |                   |                        |                   |                        |
| Subash Agarwal                                      | 1,173,500         | 7.91%                  | 1,173,500         | 7.91%                  |
| Mohanlal Agarwal                                    | 761,750           | 5.13%                  | 761,750           | 5.13%                  |
|   | <u>1,935,250</u>  | <u>13.04%</u>          | <u>1,935,250</u>  | <u>13.04%</u>          |
| <b>Preference shares of ₹ 10 /- each fully paid</b> |                   |                        |                   |                        |
| Rajesh Agarwal                                      | 838,860           | 5.59%                  | 838,860           | 5.59%                  |
| Sidhant Financial Services Limited                  | 12,450,000        | 83.00%                 | 12,450,000        | 83.00%                 |
|   | <u>13,288,860</u> | <u>88.59%</u>          | <u>13,288,860</u> | <u>88.59%</u>          |

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

## 2. Reserves and Surplus

|   | 31.03.2016           | 31.03.2015           |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| <b>Securities Premium Account</b>                             |                      |                      |
| Balance as per last financial statements                      | 1,473,634,700        | 1,473,634,700        |
| <b>Closing Balance</b>  | <u>1,473,634,700</u> | <u>1,473,634,700</u> |
| <b>General Reserve</b>  |                      |                      |
| Balance as per last financial statements                      | 72,711,444           | 72,711,444           |
| <b>Closing Balance</b>  | <u>72,711,444</u>    | <u>72,711,444</u>    |
| <b>Surplus /(deficit) in the statement of profit and loss</b> |                      |                      |
| Balance as per last financial statements                      | 1,926,207,281        | 1,864,003,383        |
| Profit/(Loss) for the year                                    | 50,172,511           | 62,203,899           |
| <b>Net surplus in the statement of profit and loss</b>        | <u>1,976,379,792</u> | <u>1,926,207,281</u> |
| <b>Total Reserves and Surplus</b>                             | <u>3,522,725,936</u> | <u>3,472,553,425</u> |

## 3. Long-term borrowings

|                                 | Non-Current Portion  |                      | Current Maturities   |                      |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                 | 31.03.2016           | 31.03.2015           | 31.03.2016           | 31.03.2015           |
|                                 | ₹                    | ₹                    | ₹                    | ₹                    |
| <b>Term loans</b>               |                      |                      |                      |                      |
| Rupee Loan From banks (Secured) | 5,362,854,003        | 5,690,300,177        | 1,472,249,734        | 759,091,712          |
| Rupee Loan From NBFCs (secured) | 1,960,750,906        | 1,329,899,275        | 388,673,860          | 565,902,672          |
| <b>Total</b>                    | <u>7,323,604,910</u> | <u>7,020,199,451</u> | <u>1,860,923,594</u> | <u>1,324,994,384</u> |

- a. Rupee loan from bank carries interest @10% to 10.5% p.a. The loans are repayable in quarterly instalments from 01.10.2013. The above loans are secured by way of mortgage of land and building, assets acquired out of such loan and also backed by personal guarantee of Promoters.
- b. Rupee loan from NBFCs Carries interest @9% to 12% p.a and are repayable in monthly instalments. The above loans are secured by way of mortgage on assets acquired out of such loan. The Loans are repayable over 3 to 5 years.

- c. Term Loan (TL) under CDR and governed by Master Restructuring Agreement (MRA) dated 6th September 2012, with State Bank of India, Punjab National Bank, ICICI Bank Ltd., IDBI Bank Ltd., State Bank of Bikaner & Jaipur & Bank of India. The amount repayable is over a period from FY 2016-17 to 2020-21.
- d. This loan is secured by equitable mortgage of immovable property of the Company and promoters, pari-passu charge on plant & machinery of the company (excluding land & office flat & equipments on which other lenders are having first charge) and irrevocable and unconditional personal guarantees of the Directors and pledge of shares held by promoters in the Company.
- e. Interest rate for all term loan are subject to periodic review.
- f. Continuing installment repayment overdues to banks is ₹ 369.15 Crores.

| <b>4. Deferred Tax liability (Net)</b>  | <b>31.03.2016</b>           | <b>31.03.2015</b>    |
|---|-----------------------------|----------------------|
|   | ₹                           | ₹                    |
| Opening Balance   | <b>295,276,970</b>          | 314,301,950          |
| Addition during the year<br>(For Timing difference on depreciation of Fixed assets) | <b>(13,625,750)</b>         | (19,024,980)         |
|   | <u><b>281,651,220</b></u>   | <u>295,276,970</u>   |
| <b>5. Short-term borrowings</b>   |                             |                      |
| <b>a. Secured</b>   |                             |                      |
| Cash credit loan from banks   | <b>8,728,700,037</b>        | 7,744,833,398        |
| <b>b. Unsecured</b>   |                             |                      |
| Loans from Related parties  | <b>726,204,175</b>          | 497,323,382          |
| Inter-corporate deposits  | -                           | 353,261,637          |
| Working Capital Loan from NSIC  | -                           | 29,700,175           |
|   | <u><b>9,454,904,212</b></u> | <u>8,625,118,592</u> |

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

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

Loan from related parties is interest free. All the above loans are repayable on demand.

| <b>6. Trade Payables</b>             |                           |                    |
|--------------------------------------|---------------------------|--------------------|
| a) Trade Creditors                   | <b>547,560,486</b>        | 871,048,761        |
| b) Sundry Creditor for Capital goods | <b>845,975</b>            | 845,975            |
|                                      | <u><b>548,406,461</b></u> | <u>871,894,736</u> |

| 7. Other current liabilities                  | 31.03.2016           | 31.03.2015           |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| a) Current maturities of long-term borrowings | 1,860,923,594        | 1,324,994,384        |
| b) <b>Others</b>                              |                      |                      |
| i) Creditors for Expenses                     | 90,441,600           | 87,886,526           |
| ii) Security Deposit                          | 368,781,042          | 379,956,821          |
| iii) Mobilisation advance                     | 217,431,529          | 225,332,142          |
| iv) Advance Received                          | -                    | 258,178,541          |
| vi) Statutory dues payable                    | 61,616,099           | 83,560,331           |
|   | <u>738,270,269</u>   | <u>1,034,914,360</u> |
|   | <u>2,599,193,863</u> | <u>2,359,908,744</u> |
| <br>  |                      |                      |
| 8. Short Term Provisions                      |                      |                      |
| a) Provision for Taxation                     | 12,699,868           | 10,972,046           |
|   | <u>12,699,868</u>    | <u>10,972,046</u>    |

9 Tangible assets

|                                      | Land       | Buildings  | Plant & Equipment | Furniture & Fixtures | Vehicles    | Computers  | Total         |
|--------------------------------------|------------|------------|-------------------|----------------------|-------------|------------|---------------|
| Cost or valuation                    |            |            |                   |                      |             |            |               |
| <b>At 1<sup>st</sup> April 2014</b>  | 74,015,265 | 34,696,191 | 4,516,648,797     | 16,089,724           | 185,155,418 | 29,757,535 | 4,856,362,930 |
| Additions                            | 3,642,200  | 2,000,000  | 2,499,270         | 260,150              | -           | 82,800     | 8,484,420     |
| Disposals                            | 497,290    | -          | 319,358,986       | -                    | 8,965,126   | -          | 328,821,402   |
| <b>At 31<sup>st</sup> March 2015</b> | 77,160,175 | 36,696,191 | 4,199,789,081     | 16,349,874           | 176,190,292 | 29,840,335 | 4,536,025,948 |
| Additions                            | -          | -          | 253,027,771       | -                    | 1,234,572   | 130,400    | 254,392,743   |
| Disposals                            | -          | -          | 3,461,325         | -                    | 1,146,945   | -          | 4,608,270     |
| <b>At 31<sup>st</sup> March 2016</b> | 77,160,175 | 36,696,191 | 4,449,355,527     | 16,349,874           | 176,277,919 | 29,970,735 | 4,785,810,421 |
| <b>Depreciation</b>                  |            |            |                   |                      |             |            |               |
| <b>At 1<sup>st</sup> April 2014</b>  | -          | 2,827,412  | 1,379,967,484     | 4,898,335            | 88,407,257  | 20,940,501 | 1,497,040,989 |
| Charge for the year                  | -          | 556,417    | 333,272,536       | 1,531,767            | 21,321,521  | 8,779,471  | 365,461,712   |
| Disposals                            | -          | -          | 91,608,580        | -                    | 5,115,635   | -          | 96,724,215    |
| <b>At 31<sup>st</sup> March 2015</b> | -          | 3,383,829  | 1,621,631,440     | 6,430,102            | 104,613,143 | 29,719,972 | 1,765,778,486 |
| Charge for the Period                | 62,160     | 586,155    | 338,025,488       | 1,557,493            | 21,077,150  | 76,285     | 361,384,732   |
| Disposals                            | -          | -          | 1,216,328         | -                    | 1,042,975   | -          | 2,259,303     |
| <b>At 31<sup>st</sup> March 2016</b> | 62,160     | 3,969,984  | 1,958,440,600     | 7,987,595            | 124,647,318 | 29,796,257 | 2,124,841,755 |
| <b>Net Block</b>                     |            |            |                   |                      |             |            |               |
| <b>At 31<sup>st</sup> March 2015</b> | 77,160,175 | 33,312,362 | 2,578,157,641     | 9,919,772            | 71,577,149  | 120,363    | 2,770,247,462 |
| <b>At 31<sup>st</sup> March 2016</b> | 77,098,015 | 32,726,207 | 2,490,914,927     | 8,362,279            | 51,630,601  | 174,478    | 2,660,906,506 |

Note :

The rate of depreciation and useful life of assets is calculated as follows :

| Particular                             | Rate of Depreciation * | Useful Life * |
|--|------------------------|---------------|
| Building (Factory)                     | 3.17%                  | 30 Years      |
| Building (Non Factory)                 | 1.58%                  | 60 Years      |
| Plant and Equipment (Earth Moving)     | 10.56%                 | 9 Years       |
| Plant and Equipment (Non Earth Moving) | 6.33%                  | 15 Years      |
| Furniture and fixtures                 | 9.50%                  | 10 Years      |
| Vehicles                               | 11.88%                 | 8 Years       |
| Computer                               | 31.67%                 | 3 Years       |

\* Rate of Depreciation is arrived by considering useful life of assets as per Technician Certificates and Residual Value at 5% of cost

| 10. Non-current investments  | 31.03.2016           | 31.03.2015           |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| <b>A. Trade Investments (Valued at cost unless stated otherwise)</b>                                     |                      |                      |
| <b>Unquoted Equity instruments</b>   |                      |                      |
| a) Investment in Subsidiaries  |                      |                      |
| i) 1,47,60,000 equity shares of ₹10/- Each at par in ARSS Damoh-Hirapur Tolls (P) Ltd. (99.73% holding)  | 147,600,000          | 147,600,000          |
| ii) 95,00,000 equity shares of ₹10/- each at par in ARSS Bus Terminal (P) Ltd. (51% holding)             | -                    | 95,000,000           |
| b) Investment in Companies under same management   |                      |                      |
| i) 2,50,000 equity shares of ₹10/- Each issued at a premium of ₹30/- in ARSS Developers Ltd.             | 100,000,000          | 100,000,000          |
| ii) 4,999 equity shares of ₹10/- each in ARSS E to E Pvt. Ltd.   | 49,990               | 49,990               |
| c) Investment in joint ventures<br>(Ref. Note No- 27)  | 144,545,927          | 120,656,069          |
|  | <u>392,195,917</u>   | <u>463,306,059</u>   |
| <b>B. Non-trade investments (valued at cost unless stated otherwise)</b>                                 |                      |                      |
| In government and trust securities (Unquoted)  |                      |                      |
| i) 6 years National Savings Certificate deposited with sales tax dept. and other Government Authorities. | 1,483,778            | 1,483,778            |
|  | <u>1,483,778</u>     | <u>1,483,778</u>     |
| <b>Total</b>   | <u>393,679,695</u>   | <u>464,789,837</u>   |
| <b>11 Long Term Loans and advances</b>   |                      |                      |
| (unsecured Considered good)  |                      |                      |
| Share application money pending allotment  | 75,666,829           | 127,945,096          |
| Claims Receivable (Ref. Sub Note.1 to Note No. 15)   | 9,272,092,512        | 7,343,890,468        |
|  | <u>9,347,759,341</u> | <u>7,471,835,564</u> |
| <b>12. Inventories</b>   |                      |                      |
| (As Certified by the management)   |                      |                      |
| Raw materials and components   | 359,100,550          | 419,954,807          |
| Work-in-progress   | 3,588,003,462        | 3,470,505,702        |
| Finished goods   | 1,603,686,948        | 1,897,630,067        |
| Stores and spares  | 27,528,204           | 35,919,702           |
|  | <u>5,578,319,164</u> | <u>5,824,010,278</u> |

| 13. Trade Receivables  | 31.03.2016           | 31.03.2015           |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| <b>(Unsecured &amp; considered good)</b>   |                      |                      |
| Over Six months*   |                      |                      |
| From Related Parties   | 557,815,298          | 310,302,823          |
| From Others  | 1,337,670,368        | 1,287,956,968        |
| Others   |                      |                      |
| From Related Parties   | 482,228,986          | 575,329,424          |
| From Others  | 321,198,646          | 244,552,266          |
|  | <u>2,698,913,298</u> | <u>2,418,141,481</u> |
| * Note : Trade receivables outstanding for over six months are slow moving and are considered good and realisable by Management.   |                      |                      |
| <b>14 Cash and cash equivalents</b>  | <b>31.03.2016</b>    | <b>31.03.2015</b>    |
|  | ₹                    | ₹                    |
| Cash in hand   | 6,165,721            | 4,192,671            |
| Balances with banks:   |                      |                      |
| In Current accounts  | 135,257,275          | 23,251,069           |
| In Fixed deposits  | 618,582,414          | 685,342,074          |
|  | <u>760,005,411</u>   | <u>712,785,813</u>   |
| Fixed deposit with carrying amount of ₹ 61.68 crores including interest accrued on the same (31.03.2015 ₹ 68.53 crores) are pledged against bank guarantees as security deposit, EMD and Margin account. |                      |                      |
| <b>15. Short Term Loans and advances</b>   |                      |                      |
| (unsecured Considered good)  |                      |                      |
| Capital advances   | 1,582,320            | 8,951,282            |
| Security deposit   | 30,959,277           | 34,238,931           |
| Other loans and advances   |                      |                      |
| Prepaid expenses   | 44,359,921           | 54,540,634           |
| Advances to employees  | 1,489,000            | 21,528               |
| Balances with Statutory / Government authorities   | 711,097,199          | 776,432,736          |
| Claims Recievable *  | 1,051,352,458        | 1,233,028,478        |
| Other Advances   | 761,195,180          | 1,185,332,241        |
|  | <u>2,602,035,355</u> | <u>3,292,545,829</u> |

Notes:

- \*Total Claimed Receivable amounting to ₹4430.32 Crores is under dispute / arbitration. Same are subject to the outcome of arbitration and /or Reconciliation proceedings arising out of various contractual obligations. The element of realisable profit and actual expenditure incurred has been considered and amount of ₹1032.34 Crores is accounted based on reasonable certainty of realisation of the same and are considered good and realisable by the Management.

| 16 Revenue from operations                      | 31.03.2016           | 31.03.2015           |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| <b>Revenue from operations</b>                  |                      |                      |
| Sale of Services                                |                      |                      |
| Contract Revenue                                | <u>6,233,002,961</u> | 6,555,269,906        |
|   | <u>6,233,002,961</u> | <u>6,555,269,906</u> |
| <b>17 Other income</b>                          |                      |                      |
| Interest income                                 | 67,199,519           | 64,142,244           |
| Profit from Joint Ventures                      | 7,095,734            | 9,066,088            |
| Other non-operating income                      | <u>141,654,192</u>   | 17,300,851           |
|   | <u>215,949,445</u>   | <u>90,509,183</u>    |
| <b>18 Cost of raw material consumed</b>         |                      |                      |
| Inventory at the beginning of the year          | 455,874,509          | 374,057,741          |
| Add: Purchases                                  | <u>105,494,7725</u>  | 1,307,979,065        |
|   | <u>1,510,822,234</u> | 1,682,036,806        |
| Less: inventory at the end of the year          | <u>386,628,754</u>   | 455,874,509          |
| cost of raw material and components consumed    | <u>1,124,193,480</u> | <u>1,226,162,297</u> |
| <b>19 (Increase)/decrease in inventories</b>    |                      |                      |
| <b>Inventories at the end of the year</b>       |                      |                      |
| Work-in-progress                                | 3,588,003,462        | 3,470,505,702        |
| Finished goods                                  | <u>1,603,686,948</u> | 1,897,630,067        |
|   | <u>5,191,690,410</u> | 5,368,135,769        |
| <b>Inventories at the beginning of the year</b> |                      |                      |
| Work-in-progress                                | 3,470,505,702        | 3,521,778,382        |
| Finished goods                                  | <u>1,897,630,067</u> | 1,910,176,869        |
|   | <u>5,368,135,769</u> | 5,431,955,251        |
|   | <u>176,445,359</u>   | <u>63,819,482</u>    |
| <b>20 Employee benefit expense</b>              |                      |                      |
| Salaries, wages and bonus                       | 247,748,953          | 247,048,666          |
| Contribution to provident and other fund        | 9,987,353            | 6,210,850            |
| Director's Remuneration                         | 6,300,000            | 6,600,000            |
| Staff welfare expenses                          | <u>4,905,540</u>     | 6,209,812            |
|   | <u>268,941,846</u>   | <u>266,069,328</u>   |
| <b>21 Depreciation and amortization expense</b> |                      |                      |
| Depreciation of tangible assets                 | <u>361,384,732</u>   | 365,461,712          |
|   | <u>361,384,732</u>   | <u>365,461,712</u>   |

Note : A sum of ₹ 62,160 amortisation of Lease Hold Land is included in Depreciation.

| <b>22 Finance costs</b>                    | <b>31.03.2016</b>           | <b>31.03.2015</b>           |
|--|-----------------------------|-----------------------------|
|  | ₹                           | ₹                           |
| Interest                                   | <b>1,596,516,323</b>        | 1,595,911,280               |
| Bank charges                               | <b>51,875,676</b>           | 73,717,171                  |
|  | <b><u>1,648,392,000</u></b> | <b><u>1,669,628,451</u></b> |
| <br>                                       |                             |                             |
| <b>23 Other expenses</b>                   |                             |                             |
| Sub-contracting expenses                   | <b>1,160,825,931</b>        | 1,461,870,439               |
| Performance BG Encashed                    | <b>262,086,004</b>          | -                           |
| Power and fuel                             | <b>475,629,474</b>          | 556,869,256                 |
| Freight                                    | <b>66,702,587</b>           | 48,474,069                  |
| Repair to Plant & Machineries              | <b>227,555,877</b>          | 248,273,168                 |
| Wages                                      | <b>236,720,587</b>          | 230,269,581                 |
| Royalty                                    | <b>49,690,926</b>           | 57,483,482                  |
| Hire Charges                               | <b>32,123,262</b>           | 36,798,134                  |
|  | <b><u>2,511,334,648</u></b> | <b><u>2,640,038,128</u></b> |
| <br>                                       |                             |                             |
| <b>Selling &amp; Distribution Expenses</b> |                             |                             |
| Advertisement Expenses                     | <b>514,296</b>              | 734,872                     |
| Tender Expenses                            | <b>12,655,463</b>           | 15,838,564                  |
| Service Tax                                | <b>8,447,635</b>            | 84,183,415                  |
| VAT  | <b>92,908,757</b>           | 85,363,870                  |
| Business Promotion                         | <b>258,920</b>              | 650,817                     |
|  | <b><u>114,785,071</u></b>   | <b><u>186,771,538</u></b>   |
| <br>                                       |                             |                             |
| <b>Establishment Expenses</b>              |                             |                             |
| Rent                                       | <b>7,519,430</b>            | 8,311,693                   |
| Rates & Taxes                              | <b>16,466,229</b>           | 20,010,538                  |
| Insurance                                  | <b>24,565,795</b>           | 28,271,969                  |
| Repairs to Others                          | <b>6,491,413</b>            | 1,737,501                   |
| Travelling and conveyance                  | <b>24,107,912</b>           | 22,789,644                  |
| Printing and stationery                    | <b>1,909,501</b>            | 2,136,132                   |
| Legal and professional fees                | <b>35,980,890</b>           | 22,162,306                  |
| Directors' sitting fees                    | <b>1,180,000</b>            | 1,140,000                   |
| Payment to auditor                         | <b>2,390,000</b>            | 2,075,000                   |
| Loss on sale of fixed assets (net)         | <b>1,046,497</b>            | 9,304,333                   |
| Loss on Sale of Investment                 | <b>324,220</b>              | -                           |
| Miscellaneous expenses                     | <b>59,205,541</b>           | 55,050,056                  |
|  | <b><u>181,187,428</u></b>   | <b><u>172,989,172</u></b>   |
|  | <b><u>2,807,307,146</u></b> | <b><u>2,999,798,838</u></b> |
| <br>                                       |                             |                             |
| Note : Payment to Auditor includes :       |                             |                             |
| Audit fees                                 | <b>1,890,000</b>            | 1,575,000                   |
| Tax Audit fees                             | <b>500,000</b>              | 500,000                     |
|  | <b><u>2,390,000</u></b>     | <b><u>2,075,000</u></b>     |

| 24 Earnings per share (EPS)  | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| The following reflects the profit and share data used in the basic and diluted EPS computations: | ₹          | ₹          |
| Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders     | 50,172,511 | 62,203,899 |
| Weighted Average number of equity shares used as denominator for calculating EPS (Basic)         | 14,843,230 | 14,843,230 |
| Weighted Average number of equity shares used as denominator for calculating EPS (Diluted) *     | 22,737,966 | 24,622,948 |
| Basic Earning Per Share  | 3.38       | 4.19       |
| Diluted Earning Per Share  | 2.21       | 2.53       |
| Face Value per Equity Share  | 10.00      | 10.00      |

\* 78,94,736 Equity Shares to be issued to Shareholder of 1,50,00,000 Preference Shares and against un-secured loan.

## 25 Segment Reporting

The Company's operations predominantly consist of Civil Construction activities. Hence, there are no reportable segments under Accounting Standard - 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

## 26 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.

Leave encashment provision has not been made as the same is accounted as and when it is paid Insurance company has provided detail working of actuarial valuation has required for disclosure in terms of AS-15 (R ) Employee's benefits is as follows:

### a. Assumptions and data consider for valuation :

|  |   |
|--|---|
| Discount Rate                            | 8.00%   |
| Salary Escalation Rate for first 5 years | 5.00%   |
| Salary Escalation Rate thereafter        | 5.00%   |
| Attrition Rate                           | 15.00%  |
| Mortality Rate                           | Indian Assured Lives Mortality (2006-08) Ultimate |
| Actuarial Valuation Method               | Projected Unit Credit Method                      |
| Retirement Age                           | 60 Years  |
| Benefits                                 | As per Payment of Gratuity Act                    |

### b. Expense recognized in the statement of Profit and Loss account :

| Particulars   | Amount (₹)  |
|---|-------------|
| Current Service Cost  | 15,11,595.- |
| Insurance for Life Cover  | 1,03,509.-  |
| Past Service Liability  | 22,37,305.- |
| Expense / (income) to be recognized in the statement of Profit and Loss account | 38,52,369.- |
| Current Service Cost (As % of Annual Wages Bill)                                | 3.11%       |

c. Movements in the Liability recognized in Balance Sheet :

| Particulars   | Amount (₹)     |
|---|----------------|
| Past Service Liability  | 1,31,80,884./- |
| Current Service Cost  | 15,11,555./-   |
| Insurance for Life Cover                                      | 1,03,509./-    |
| Contribution paid to Fund                                     | 38,52,369./-   |
| Liability as on 31.03.2016                                    | 1,09,43,579./- |
| Policy Account Value / Fund Balance (Assets) as on 31.03.2016 | 1,09,43,579./- |
| Net Asset / (Liability) to be recognized in the Balance Sheet | NIL            |

**27 Interest in a joint venture**

The company discloses its investment in joint ventures at cost and recognises its share of profit/(loss) in the profit and loss account.

The details of profit sharing ratio, investment as on 31.03.2016 and share of profit/(loss) in joint ventures are given below:

₹ In Lacs

| Sl. No. | Name of the Joint Venture | Interest of the Company |                    |                        | Interest of Other Constituents                          |          |
|---------|---------------------------|-------------------------|--------------------|------------------------|---|----------|
|         |                           | Profit %                | Investment         | Share of profit/(Loss) | Name  | Profit % |
| 1       | ARSS-ANPR JV.             | 51                      | 10,92,911          | 34,597                 | A.N.Prasad Rao  | 49       |
| 2       | ARSS-HCIL Consortium      | 60                      | 24,06,726          | 12,201                 | Harish Chandra India Ltd.                               | 40       |
| 3       | Niraj-ARSS JV.            | 60                      | 43,34,946          | (20,205)               | Niraj Cement Structural Ltd.                            | 40       |
| 4       | ARSS-Atlanta JV.          | 51                      | 92,12,864          | 2,13,963               | Atlanta Ltd.  | 49       |
| 5       | ARSS-GVR JV.              | 51                      | 16,99,029          | 3,45,588               | Gvr Infra Projects Ltd                                  | 49       |
| 6       | Atlanta-ARSS JV.          | 49                      | 7,67,59,503        | 61,50,350              | Atlanta Ltd.  | 51       |
| 7       | ARSS-Triveni JV.          | 51                      | (4,94,873)         | (40,304)               | Triveni Engicons Pvt. Ltd.                              | 49       |
| 8       | Patel-ARSS JV.            | 49                      | 51,73,468          | (10,013)               | Patel Engineers Ltd.                                    | 51       |
| 9       | Backbone-ARSS JV.         | 49                      | 1,96,04,642        | 2,51,299               | Backbone Enterprises Ltd.                               | 51       |
| 10      | Somdatt Builders-ARSS JV. | 49                      | 34,81,185          | (12,047)               | Somdatt Builders Pvt. Ltd.                              | 51       |
| 11      | ARSS-MVPL JV.             | 51                      | 5,279              | -                      | Mateshwari Vanijya Pvt. Ltd.                            | 49       |
| 12      | HCIL-ARSSPL-Triveni JV.   | 30                      | (33,87,306)        | (45,507)               | Harish Chandra India Ltd.<br>Triveni Engicons Pvt. Ltd. | 40<br>30 |
| 13      | HCIL-ARSS-Kalindee JV.    | 30                      | 3,19,577           | (10,277)               | Harish Chandra India Ltd.<br>Kalindee Rail Nirman Ltd.  | 40<br>30 |
| 14      | HCIL-Adhikariya-ARSS JV.  | 30                      | 2,31,83,958        | 34,020                 | Harish Chandra India Ltd.<br>PT Adhikariya              | 40<br>30 |
| 15      | HCIL-ARSSPL JV.           | 49                      | 3,05,444           | (25,056)               | Harish Chandra India Ltd.                               | 51       |
| 16      | ARSS - Balaji JV          | 51                      | 8,48,574           | 2,17,125               | Balaji Engicons Pvt. Ltd.                               | 49       |
|         |                           |                         | <b>144,545,927</b> | <b>7,095,734</b>       |   |          |

**28 Related party disclosures**

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

|   | ₹ In Lacs         |                     |
|---|-------------------|---------------------|
| <b>a. Sale/purchase of goods and services</b>   |                   |                     |
|   |                   | Sale of<br>Services |
| <b>Associated Concerns</b>  |                   |                     |
| Shivam Condev (P) Ltd (Material Sold)   |                   | 3,417.62            |
| Shivam Condev (P) Ltd (Sub-Contract Given)  |                   | 1,099.60            |
| Shivam Condev (P) Ltd (House Rent Received)   |                   | 12.00               |
|   |                   | <u>4,529.22</u>     |
| <b>Joint ventures</b>   |                   |                     |
| ARSS-ANPR JV. (Contract Revenue)  |                   | 139.52              |
| NIRAJ-ARSS JV. (Contract Revenue)   |                   | 134.70              |
| ARSS-GVR JV. (Contract Revenue)   |                   | 1,383.96            |
| Atlanta-ARSS JV. (Contract Revenue)   |                   | 3,101.18            |
| ARSS-ATLANTA JV. (CONTRACT REVENUE)   |                   | 174.32              |
| HCIL-Adhikariya-ARSS JV. (Contract Revenue)   |                   | 1,531.18            |
|   |                   | <u>6,464.86</u>     |
| <b>b. Loans given and repayment thereof</b>   | <b>31.03.2016</b> | 31.03.2015          |
|   | <b>₹ in Lacs</b>  | ₹ in Lacs           |
| <b>Enterprises owned or significantly influenced by key management personnel or their relatives</b> |                   |                     |
| ARSS Steel & Power Ltd  | 9.73              | 9.73                |
| <b>c. Loans taken and repayment thereof</b>   | <b>31.03.2016</b> | 31.03.2015          |
|   | <b>₹ in Lacs</b>  | ₹ in Lacs           |
| <b>Enterprises owned or significantly influenced by key management personnel or their relatives</b> |                   |                     |
| Northwest Sales & Marketing Ltd.  | -                 | 464.78              |
| Sidhant Financial Services Ltd.   | 1,536.15          | 1,336.15            |
| ARSS Developers Ltd   | 4,363.04          | 2,419.45            |
| Anil Agarwal  | 20.00             | 20.00               |
| Sabita Agarwal  | 150.00            | 150.00              |
| Subash Agarwal  | 120.00            | 120.00              |
| Rajesh Agarwal  | 671.00            | 61.00               |
| Ram Dulari Agarwal  | 97.98             | 97.98               |
| Sangita Agarwal   | 78.87             | 78.87               |
| Sanju Agarwal   | 75.00             | 75.00               |
| Sunil agarwal   | 150.00            | 150.00              |

**d. Remuneration to key managerial personnel**

|                          | <b>31.03.2016</b> | 31.03.2015 |
|--------------------------|-------------------|------------|
|                          | <b>₹ in Lacs</b>  | ₹ in Lacs  |
| Subash Agarwal(Chairman) | <b>33.00</b>      | 27.00      |
| Rajesh Agarwal(M.D.)     | <b>30.00</b>      | 21.00      |
| Sunil Agarwal (CEO)      | <b>39.00</b>      | 36.00      |
| Anil Agarwal (COO)       | <b>39.00</b>      | 36.00      |
| Directors Sitting Fees   | <b>11.80</b>      | 11.40      |

**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.

**29 Contingent liabilities**

**A. Pending Dispute / Under Litigation**

**Name of the Statute to which the liability relates**

|  |          |
|--|----------|
| 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) Income Tax Act  |          |
| i) ITAT  | 5,469.84 |
| f) In the case of Edelwiss Assets Reconstruction Company Limited the Hon'ble High Court At Orissa has granted stay against the appointment of provisional liquidator and to maintain status quo in the matter. |          |

**B. Other Contingent Liability**

|  |           |
|--|-----------|
| a) Corporate Guarentees to sister concerns of the Company<br>ARSS Damoh-Hirapur Toll Pvt Ltd.  | 8,700.00  |
| b) Bank Guarentee outstanding  | 25,302.65 |
| c) The Lender M/s State Bank of India retains its right of Recompense, vide its letter No CBB/RM-II/16-17/11 dated 26-04-2016 and it is contingent to the implementation of CDR Package approved by the Lenders. | 15,085.97 |

The recompense amount is calculated as follows :

The 'Recompense' calculation sheets for the following fund based credit facilities of the company with State bank of India are attached

| ₹ In Lacs    |             |                   |
|--------------|-------------|-------------------|
| Facility     | Account No. | Recompense Amount |
| Cash Credit  | 30258659240 | 8,686.62          |
| CC (TDR)     | 30485828813 | 906.78            |
| TL-1         | 30289194515 | 316.86            |
| TL-2         | 30739940146 | 252.11            |
| TL-3         | 30877306131 | 1,136.13          |
| TL-4         | 30356352375 | 212.56            |
| WCTL         | 32537452451 | 2,476.86          |
| FITL-TL      | 32537649243 | 294.88            |
| FITL-CC      | 32537729151 | 478.21            |
| FITL-WCTL    | 32537639622 | 324.96            |
|              |             | 15,085.97         |
| <b>Total</b> |             | <b>55,548.41</b>  |

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

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

- 31 Company is making provision against performance Bank Guarantees invoked over the average litigation period of five year starting from the year of bank guarantee invoked to the extent of 35% in case of dispute pending before Arbitration Tribunal or High Court and 100% in other case. Accordingly the provision of ₹ 26.21 Crores has been made against Bank Guarantees Invoked and disputed of ₹ 81.87 Crores.
- 32 The Inventory of Raw Materials, Work in Progress and finished goods have been visually estimated by each site in charge and value estimated by them for the same has been considered in the accounts..
- 33 During the year, some categories of fixed assets have been physically verified due to manpower constraint and widely spread out location of such assets besides a number of sites becoming non-active..
- 34 Contract wise surplus/deficit has not been prepared as the number and complexity of the contracts are very high.
- 35 The Company has claimed deduction under Section 80-IA (4) of the income Tax Act, 1961 in its returns of income relating to assessment year 2006-07 to 2012-13. However, the Department contested the same on the grounds that the Company was not "developing" the infrastructure facility and disallowed the deduction for assessment years 2006-07 to 2011-12. The Company had filled appeal against the said order before the Hon'able CIT(Appeal) which were allowed. The department has filed second appeal before Hon'able Cuttack Bench of Income Tax Appellate Tribunal for these assessment years , which is currently pending.
- 36 The figures for the the previous year are regrouped / reclassified wherever necessary to make them comparable with that of Current Year.

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As per our report of even date

For Ajay B Garg

For and on behalf of the Board of Directors

Chartered Accountants

( CA. Ajay B Garg )  
Proprietor  
M. No. 32538

( Subash Agarwal )  
Chairman

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May, 2016















## **ARSS INFRASTRUCTURE PROJECTS LIMITED**

### **REGISTERED OFFICE**

Plot No. 38, Sector - A, Zone - D,  
Mancheswar Industrial Estste,  
Bhubaneswar - 751 010, Orissa, INDIA.  
Tel. : 91 674 258852 / 2588554  
Fax : 91 674 2585074

### **CORPORATE OFFICE**

ARSS Mall, Plot No. 40,  
Community Center, Block-A, Paschim Vihar,  
Opposite to Jwalaheri Market  
New Delhi - 110 063. INDIA  
Tel. : 91 11 2525 2024  
Fax : 91 11 2525 2012

**ARSS INFRASTRUCTURE PROJECTS LIMITED**

Registered Office: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate,  
Bhubaneswar-751010, Orissa, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: cs@arssgroup.in, Website: www.arssgroup.in

**NOTICE**

**NOTICE** is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of the company will be held on Wednesday, 28<sup>th</sup> September, 2016 at 11.00 A. M, at the Registered Office of the Company at Plot No. 38, Sector- A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar- 751010, India to transact the following business:

**ORDINARY BUSINESS:**

**1. Adoption of the Audited Financial Statements of the Company**

To receive, consider and if thought fit, to adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon.

**2. Appointment of Director**

To appoint a Director in place of Mr. Rajesh Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.

**3. Ratification of the Appointment of Statutory Auditors**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution.

“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s Ajay B Garg, Chartered Accountants, Mumbai, (Membership No. 32538) as Statutory Auditors of the Company for a term of 4 years i.e. till the conclusion of 19<sup>th</sup> Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to be held in the financial year 2017-18 on the same remuneration and terms & conditions as earlier fixed by the Board of Directors in consultation with the auditors.”

**SPECIAL BUSINESS**

**Ordinary Resolutions**

**4. Ratification of Remuneration to Cost Auditor**

To consider and if thought fit, to pass, the following as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to provisions of Sections 148(3) and other applicable provisions if any, of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments(s) thereof for time being in force) the remuneration paid / payable to M/s. Asutosh & Associates, Cost Accountants, Bhubaneswar, (Firm Registration No. 000258), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2016-17, amounting to Rs. 50,000/- (Rs. Fifty Thousands only) as also the payment of service tax as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

“**RESOLVED FURTHER THAT** the Board of Directors and Company Secretary of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy / proxies to attend and vote instead of himself and the proxy need not be a Member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member.  

The instrument of proxy in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith.
2. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 13<sup>th</sup> September, 2016 to Friday, 16<sup>th</sup> September, 2016 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.
6. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. Members are requested to notify immediately any change in their address directly to their Depository Participant in case they hold Shares in dematerialized form or to the Company's Registrar & Transfer Agents, in case they hold Shares in physical form.
8. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agents and have it duly filled and sent back to them.
9. Electronic copy of the Annual Report and the Notice for 16<sup>th</sup> Annual General Meeting for 2015-16 is being sent to all Members whose email ids are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 are being sent to them in the permitted mode.
10. Members may also note that the Notice of the 16<sup>th</sup> Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website [www.arssgroup.in](http://www.arssgroup.in) for their download.
11. Appointment of Directors:  
Details as prescribed Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/ reappointment at the Annual General Meeting are provided in the Explanatory Statement to the Notice.
12. Even after registering for e-communication, members are entitled to receive such communication in physical form by post free of cost, upon making a request for the same. For any such communication, the members may also send requests to the Company's Registrar & Share Transfer Agents at email id: [edp@bigshareonline.com](mailto:edp@bigshareonline.com) or company's email id: [cs@arssgroup.in](mailto:cs@arssgroup.in).
13. The cut-off/ record date for taking ben-pos, for the purpose of e-voting is set by a company is 21<sup>st</sup> September, 2016 (Wednesday), those investors, whose names appear on the shareholder list of on that day shall be eligible for e-voting. A person who is not a Member as on the record date should treat this Notice for information purposes only.
14. Members are requested to visit the website of the Company [www.arssgroup.in](http://www.arssgroup.in) for viewing the quarterly, half-yearly and Annual financial results and for more information about the Company. Useful information on various services being provided to the investors is also available on the website of the Company.

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

**Ms. Alka Khemka**

Company Secretary cum Compliance Officer

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

Mancheswar Industrial Estate,

Bhubaneswar- 751010.

E-Mail;- cs@arssgroup.in

Tel: 0674-2588552, 2588554, Fax: 0674- 2585074.

Or

**Registrar and Transfer Agents**

Bigshare Services Private Limited

E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka

Andheri (E), Mumbai- 400 072

Tel: + 91-22-2847 0652, 4043 0200, Fax: +91-22-2847 5207

Website: - www.bigshareonline.com , E-mail: edp@bigshareonline.com

16. E-Voting-

Voting through electronic means:-

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on Saturday, 24<sup>th</sup> September, 2016 (9:00 am) and ends on Tuesday, 27<sup>th</sup> September, 2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, 21<sup>st</sup> September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under:

In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company/ Depository Participants(s)):

- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of ARSS Infrastructure Projects Limited.
- (viii) Now you are ready for e-Voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mails\_deba@yahoo.co.in with a copy marked to evoting@nsdl.co.in.

In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy):

- (i) Initial password is provided in the separate sheet with e-voting details for AGM:

| EVEN (Remote e-voting Event Number) | USER ID | PASSWORD/ PIN |
|-------------------------------------|---------|---------------|
|                                     |         |               |

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com. or call on toll free no.: 1800-222-990.
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Wednesday, 21<sup>st</sup> September, 2016.
- VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, 21<sup>st</sup> September, 2016 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- VII. M/s ADP & ASSOCIATES, Firm of Practicing Company Secretaries (Principle partner Mr. Debadatta Mohapatra Membership No. FCS 5474 and Certificate of Practice No. 4583) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- IX. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- X. The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company www.arssgroup.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- XI. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11.00 am and 4 pm on all working days except Saturdays & Sundays up to and including the date of the Annual General Meeting of the Company.

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

Sd/-  
**(Alka Khemka)**  
Company Secretary

Place: Bhubaneswar  
Date: 12<sup>th</sup> August, 2016

**ARSS Infrastructure Projects Limited**

CIN: L14103OR2000PLC006230

Regd. Office-Plot No.38,

Sector-A, Zone –D,

Mancheswar Industrial Estate, Bhubaneswar, 751010

Website: www.arssgroup.in

**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“Companies Act”)**

**Item No. 4**

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s. Asutosh & Associates, Cost Accountants, Bhubaneswar at a remuneration of Rs 50,000/- (Rs. Fifty Thousand only) plus applicable taxes and out of pocket expenses to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March, 2017.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year 2016-17 as set out in the Resolution for the aforesaid services to be rendered by them.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, Key Managerial Personnel or their relatives, are interested or concerned in any way in the said Resolution.

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

Place: Bhubaneswar

Date: 12<sup>th</sup> August, 2016

Sd/-  
**(Alka Khemka)**  
Company Secretary

**ARSS Infrastructure Projects Limited**

CIN: L14103OR2000PLC006230

Regd. Office-Plot No.38,

Sector-A, Zone –D,

Mancheswar Industrial Estate, Bhubaneswar, 751010

Website: www.arssgroup.in

DETAILS OF DIRECTORS SEEKING APPOINTMENT/  
RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING  
(Pursuant to Regulation 36(3) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

|  |                                       |
|--|---------------------------------------|
| <b>Name of Director</b>  | <b>Mr. Rajesh Agarwal</b>             |
| DIN  | 00217823                              |
| Date of Birth  | 12/01/1973                            |
| Date of Appointment  | 17/05/2000                            |
| Qualifications   | B.E (Civil)                           |
| Expertise in specific functional areas   | Civil Construction                    |
| List of Companies in which outside Directorship held as on 31.03.2016                              | 1. ARSS Steel & Power Limited         |
|  | 2. ARSS Cement Limited                |
|  | 3. North West Sales and Marketing Ltd |
| Chairman/Member of the *Committees of other Companies on which he/she is a Member as on 31.03.2016 | Nil                                   |
| Number of equity shares held in the Company  | 3,56,000                              |



**ARSS INFRASTRUCTURE PROJECTS LIMITED**

**Registered Office-** Plot No-38, Sector-A, Zone-D

Mancheswar Industrial Estate

Bhubaneswar-751010, Orissa, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: cs@arssgroup.in, response@arssgroup.in, Website: www.arssgroup.in

**ATTENDANCE SLIP**

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

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

|       |  |
|-------|--|
| DP ID |  |
|-------|--|

|           |  |
|-----------|--|
| Client ID |  |
|-----------|--|

I/We hereby record my/our presence at 16<sup>th</sup> Annual General Meeting of the Company on Wednesday, 28<sup>th</sup> September, 2016 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.

## Proxy Form – MGT11

### ARSS INFRASTRUCTURE PROJECTS LIMITED

**Registered Office-** Plot No-38, Sector-A, Zone-D  
Mancheswar Industrial Estate Bhubaneswar-751010, Orissa, India  
CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,  
E-mail: response@arssgroup.in, Website: www.arssgroup.in

Name of the Company: ARSS Infrastructure Projects Limited

Registered Office: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010, Orissa, India

Website: www.arssgroup.in

|                          |            |                |
|--------------------------|------------|----------------|
| Name of the Member (s) : |            |                |
| Registered address:      |            |                |
| E-mail Id:               | DP ID No.* | Client ID No.* |

I / We, being the member(s) of \_\_\_\_\_ Equity Shares of ARSS Infrastructure Projects Limited, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :

or failing him / her

2. Name :

Address :

E-mail Id :

Signature :

or failing him / her

3. Name :

Address :

E-mail Id :

Signature :

or failing him / her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 16<sup>th</sup> Annual General Meeting of the Company, to be held on 28<sup>th</sup> September, 2016 at 11.00 a.m. at the Registered Office of the Company and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

**Resolution No.1:** To receive, consider and if thought fit, to adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon.

**Resolution No.2:** To appoint a Director in place of Mr. Rajesh Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.

**Resolution No.3:** Ratification of the Appointment of Statutory Auditors for the financial year 2016-17.

**Resolution No.4:** Ratification of remuneration of Cost Auditor for the financial year 2016-17.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

|   |
|---|
| Affix<br>Revenue<br>Stamp of<br>Rs. 1/- |
|---|

**Signature of Shareholder**

**Signature of Proxy Holder (s)**

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

**FORM NO.MGT-12****POLLING PAPER**

[Pursuant to Section 109 (5) of the Companies Act, 2013 and Rule 21 (1) (C) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : ARSS Infrastructure Projects Limited  
 CIN : L14103OR2000PLC006230  
 Registered Office : Plot No -38, Sector-A, Zone- D,  
 Mancheswar Industrial Estate, Bhubaneswar-751 010.  
 Telephone : 0674- 2588552, 2588554  
 Website : www.arssgroup.in

**BALLOT PAPER**

(For Annual General Meeting on 28.09.2016)

| Sr. No. | Particulars   | Details                       |
|---------|---|-------------------------------|
| 1.      | Name of the First Named Shareholder (In BLOCK letters)  |                               |
| 2.      | Postal address  |                               |
| 3.      | Registered Folio No./<br>*DP ID and Client ID No.<br>(*Applicable to investors holding shares in dematerialized form) |                               |
| 4.      | Class of Share  | Equity Shares of Rs.10/- each |

I hereby exercise my vote in respect of Ordinary/ Special Resolution/s enumerated below by recording my assent or dissent to the said resolution in the following manner:

**ORDINARY BUSINESSES**

| Sr. No. | Resolutions   | No. of shares held by me | I assent to the resolution | I dissent from the resolution |
|---------|---|--------------------------|----------------------------|-------------------------------|
| 1       | To receive, consider and if thought fit, to adopt the Audited Balance Sheet as at 31st March, 2016 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon. |                          |                            |                               |
| 2       | To appoint a Director in place of Mr. Rajesh Agarwal who retires by rotation and being eligible, offers himself for re-appointment.   |                          |                            |                               |
| 3       | Ratification of the Appointment of Statutory Auditors for the financial year 2016-17  |                          |                            |                               |

**SPECIAL BUSINESSES**

|   |   |  |  |  |
|---|---|--|--|--|
| 4 | Ratification of Remuneration to Cost Auditor for the financial year 2016-17 |  |  |  |
|---|---|--|--|--|

Place: Bhubaneswar

Date: 28.09.2016

(Signature of the shareholder)

## ARSS INFRASTRUCTURE PROJECTS LIMITED

Registered Office: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate,  
Bhubaneswar-751010, Orissa, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: cs@arssgroup.in, Website: www.arssgroup.in

Sr. No:-

Folio No/DP ID / Client ID :

Name :

Address :

Number of Shares held :

Dear Member,

Subject: Process and Manner for Availing E-Voting facility

Pursuant to the Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and of Companies (Management and Administration) Rules, 2015 as amended that the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting to be held on 28<sup>th</sup> September, 2016 at 11.00 A.M.

The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide e-voting facilities. The e-voting facility is available at the link [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com)

The e-voting particulars are set out below:

| EVEN (E-voting event number) | User ID | Password / Pin |
|------------------------------|---------|----------------|
|                              |         |                |

The e-voting facility will be available during the following voting period:

| Commencement of e-voting                    | End of e-voting                             |
|---|---|
| 24 <sup>th</sup> September, 2016 (9.00 A.M) | 27 <sup>th</sup> September, 2016 (5.00 P.M) |

### INSTRUCTIONS FOR E-VOTING

Members are requested to follow the instructions mentioned hereunder for casting their vote through E-voting:

- User ID and Initial Password for E-voting is provided in the table given on the face of this annexure to the Notice.
- NSDL shall also be sending the User-ID and Initial password to those members whose shareholding is in dematerialized format and whose Email addresses are registered with the Company/Depository Participants. For members who have not registered their Email Id can use the details as mentioned in the table above.
- Launch the internet browser by typing the following URL:<https://www.evoting.nsdl.com>
- Click on "Shareholder-Login".
- Put user ID and Password noted in step (a) above as the initial password. Click login. If are already registered with NSDL for e-voting then you can use your existing User ID and Password for Login.

6. If you are logging in for the first time, Password Change Menu appears. Change the Password of your choice with minimum 8 digits / characters or a combination thereof. Please note the new Password for all the future e-voting cycles offered on NSDL e-voting Platform. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.
7. Home page of “e-voting” opens. Click on “e-voting” : Active Voting Cycles.
8. Select “EVEN (E-Voting Event Number)” of ARSS Infrastructure Projects Limited For and EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
9. Now you are ready for “e-voting” as “Cast Vote” Page opens.
10. Cast your vote by selecting appropriate option and click “Submit” and also “Confirm” when prompted. Kindly note that vote once cast cannot be modified.
11. Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/ JPG format) of the relevant board resolution / authority letter, etc. together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through email at : cs\_deba@yahoo.co.in with a copy marked to evoting@nsdl.co.in. You can also forward the documents at the Company's Email ID: cs@arssgroup.in .
12. Once the vote on a resolution is cast by the shareholder s/he shall not be allowed to change it subsequently.
13. In case of any queries you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the “downloads” section of <https://www.evoting.nsdl.com> or contact NSDL by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
14. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of Wednesday, 21<sup>st</sup> September, 2016.
15. ADP & ASSOCIATES, Firm of Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the E-voting process/ Postal ballot in a fair and transparent manner.
16. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the E-voting period unblock the votes in the presence of atleast two(2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
17. The Results shall be declared on Friday, 30<sup>th</sup> September, 2016 at the registered office of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website [www.arssgroup.in](http://www.arssgroup.in) and on the website of NSDL within two (2) days of passing of the resolution and the same shall also be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the shares of the Company are listed.

**Registered Office of the Company:**

Plot No. 38, Sector – A, Zone- D, Mancheswar Industrial Estate,  
Bhubaneswar – 751010, Odisha  
CIN- L14103OR2000PLC006230  
Tel: 0674 – 2588552 / 2588554.  
Fax:-0674 – 2585074. Email: [cs@arssgroup.in](mailto:cs@arssgroup.in)

**Share Transfer Agents:**

M/s. Bigshare Services Private Limited.  
Unit – ARSS Infrastructure Projects Ltd  
E/2, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (E), Mumbai – 400 072  
Tel: + 91 22 2847 0652, 4043 0200  
Fax: + 91 22 2847 5207  
e-mail: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Website:[www.bigshareonline.com](http://www.bigshareonline.com)