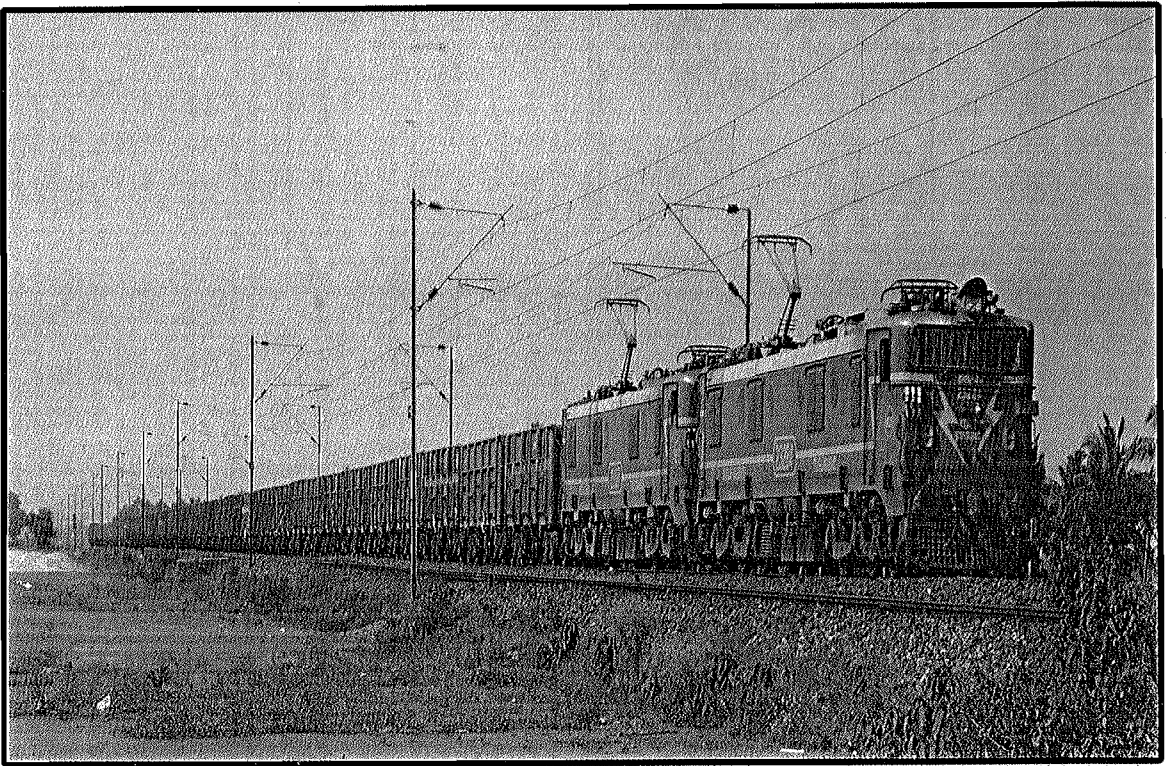
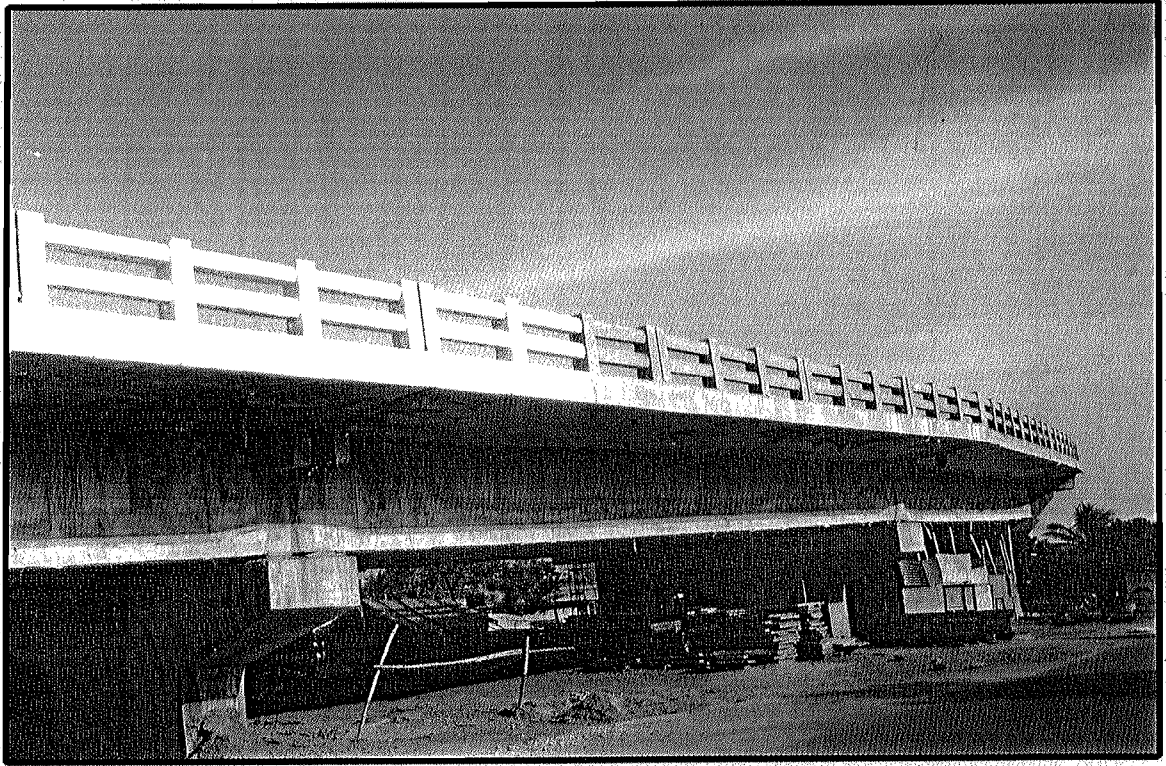


ARSS INFRASTRUCTURE PROJECTS LIMITED

7th Annual Report

2006 - 2007





**DIRECTORS' REPORT**

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

The Board of Directors are pleased to present herewith the 7th Annual Report on the activities of your Company, together with the Audited Accounts for the Financial Year 2006-2007.

1. Operating Result

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

(Rs. in lakhs)

	For the year Ended 31.03.07 (Rs. in lacs)	For the year Ended 31.03.06 (Rs. in lacs)
Profit/(Loss) for the year after meeting all expenses But before providing for depreciation and tax	1574.36	544.55
Depreciation for the year	175.10	116.03
Profit / (Loss) for the year	1399.26	428.52
Less : Provision for Income Tax	347.03	95.93
Less/ADD : Deferred Tax	31.94	4.39
: Fringe benefit tax	5.58	2.31
Profit/(Loss) after Tax	1014.71	325.88
Add : Profit brought forward from Previous year	771.93	245.69
Less : Adjustment of tax of previous year	67.26	.11
ADD : Depreciation written off	-	200.46
Balance of profit/(Loss) carried forward to next year account	1719.38	771.93

2. Performance & Highlights

Your company has completed yet another significant year, one in which it has sustained and consolidated its position in the industry, amidst flux in every segment of the business environment, notwithstanding the fact that the overall trading volume this year 2006-2007 (including other income) has been Rs.134 Crores as compared to Rs. 61 Crores (including other income) in the financial year 2005-06, Your company earned a profit before tax (after interest and depreciation) of Rs. 14.00 Crores as against Rs. 4.29 Crores in the previous year.

The year 2006-2007 was a year of reinforcement, securitizing our future. We began preparations keeping market developments in mind. Then we moved on to what needed to be addressed within our organizational periphery and what could be the outcome. And so the year 2006-2007 has led to a phase of wherein we will see ARSS move from Better among the best. In the coming years we hope to make that quantum leap that we have planned. The anticipation is there and so is the preparation. We already have a fair visibility.

The ARSS group has laid out big expansion plans in the infrastructure sector. It has set up four crusher plants in Tapang, (old plant), Tapang (New plant) - Dist. Khurda, Chadeihera (Dist. Dhenkanal), Bhanjanagar (Dist. Ganjam) and one Bleaching plant at Balugaon (Dist. Khurda) in the State of Orissa.

India has been witnessing phenomenal growth and all set to become a world power in the next two decades. There is an accelerating boom in the infrastructure sector, especially road, power, steel, and bridge work, jetty work industrial plant and other works. Indian infrastructure needs to match with those of the developed nations. What has been achieved till date is just drop of ocean the real boom is yet to come.

The ARSS group is keen to participate in this growth phase and utilize its experience and strengths. The GROUP's vision is to be a large respected player in the infrastructure development sector by creation of integrated facilities in the country.

3. Statement pursuant to section 217(2A) of the companies Act 1956 read with the companies (particulars of employees) rules 1975 and forming part of the directors report for the year ended 31st March 2007.

During the financial year 2006-07 two such employees were in respect of gross remuneration in excess of Rs.24.00 lacs per annum or Rs.2.00 lacs per month was employed either for full or part of the year as per Section-217 (2A) of the Companies Act, 1956 read with the companies (Particular of Employees) Rules, 1975.



Sl. No.	Name and qualification	Age in Years	Designation	Remuneration received	Experience (No of years)	Date of commencement of employment	Share holding %
1.	Mr. Rajesh Agarwal	34	Managing Director	29,70,000	10	01-10-2006	5.48
2.	Mr. Sunil Agarwal	32	Whole time Director	28,50,000	6	01-10-2006	3.31

4. Auditors

The Auditors, **Messers P.A. & Associates, Chartered Accountants**, retire at the next Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956. The Members are requested to appoint Auditors for the current year at the Annual General Meeting and to authorize the Board of Directors to fix their remuneration to be mutually agreed upon between the Board and the Auditors.

5. Dividend

With a view to conserve the liquid resources and to strengthen the company's activities, The director have decided to written the internal accruals and therefore do not recommend any dividend for the financial year 2006-2007.

6. Responsibility Statement

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

- i) That in the preparation of Annual Accounts, the applicable accounting Standards have been followed by **ARSS Infrastructure Projects Ltd.** along with proper explanation relating to material departures.
- ii) That the Directors has selected such Accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year 2006-2007 and of the profit of and loss of the company for that period.
- (iii) That the Directors had taken Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities and
- (iv) That the directors had prepared the Annual Accounts on a going concern basis.

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

Particulars with regards to conservation of energy, technology absorption, foreign exchange earning & outgo in accordance with the provisions of Section 217 (1) (e) of the companies Act 1956 read with the companies (Disclosures of particulars in the Report of Board of Directors) rules 1988 is as follows.

Information Pursuant To Section 217(1) (e) of the Companies Act 1956 Read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

FORM - A

Form for Disclosure of Particulars with respect to conversion of Energy.

	2005-2006	2006-2007
(A)		
1. Electricity		
(a) Purchased units (in 000 kwh)	285	206
Total Amount (in Rs. lacs)	12.19	11.67
Rate/Unit (in Rs.)	4.27	5.66
(b) Own Generation Through diesel generator units (in 000 kwh)	2488	2535
Total Amount (in Rs. lacs)	261.25	304.14
Cost/Unit (in Rs.)	10.50	12.00

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

During the financial year 2006-2007 the company has not hired any technology whatsoever. The company has neither earned nor incurred any expenditure in foreign exchange during the financial year 2006-2007.

8. Public Deposits :

Your company has not invited any deposits to public - Shareholders in accordance with the Sec. 58 A of the Companies Act 1956.

9. Board of Directors :

The Board of Directors of the company comprises;

- | | |
|------------------------------------|----------------------------------|
| 1. Mr. Rajesh Agarwal | Chairman cum - Managing Director |
| 2. Mr. Sunil Agarwal | Whole time Director |
| 3. Mr. Soumendra Keshari Pattanaik | Whole time Director |
| 4. Mr. Shiv Kumar Singla | Non executive Director |



- | | |
|------------------------------------|------------------------|
| 5. Mr. Bajrang Lal Aggarwal | Non executive Director |
| 6. Mr. Sudhendu Sekhar Chakraborty | Non executive Director |
| 7. Mr. Deven Jitendra Mehta | Non executive Director |

In accordance with the Articles of Association of the company **Mr. Shiv Kumar Singla** retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

Mr. Deven Jitendra Mehta was appointed as Additional Director of the Company w.e.f. 26th July, 2007 upto the conclusion of the ensuing Annual General Meeting. The company has received a notice under section 257(1) of the companies act 1956, in writing from a member proposing the candidature of **Mr. Deven Jitendra Mehta** for the office of director liable to retire by rotation along with the deposit of Rs. 500/- as prescribed under the section.

Your Board of Directors have a primary role of trusteeship to protect and enhance shareholder value through strategic supervision of the Company by providing direction and exercising the appropriate control. Your Board includes eminent professionals who have excelled in their respective areas of specialization and comprises professionals drawn from management, financial and other fields.

The Board consists of a total of seven Directors of which three are Whole-time Directors and four are non whole time and independent Directors. The non whole time Directors are professionals with expertise and experience in general corporate management, finance, banking and other allied fields. The company's philosophy of governance is aimed at assisting the top management in the efficient conduct of its business and fulfilling its obligations towards the government, its shareholders, employees and its stakeholders, guided by a strong emphasis on transparency, accountability and integrity.

Over the years, the company has shown a high level of commitment towards effective governance and has maintained high business ethics. The Company believes that its operations and actions must serve the underling goal of enhancing the interest of its stakeholders over a sustained period of time in a socially responsible way.

Your Board believes that corporate governance is a powerful medium of sub-serving the long term interests of its stakeholders for the attainment of transparency, accountability and equity in all facets of its operations by enhancing and sustaining its corporate vale through growth and innovation. Towards this end, the Board has adopted the following policies and principles concerning its composition, deliberations, performance and other related areas.

10. Audit Committee

As required under Section 292A of the Companies Act, 1956, the Board Constituted an Audit Committee on 26th June, 2007. The Committee consists of three Directors out of which two Directors are non-executive. The role and terms of reference of the Audit Committee cover the areas under Section 292A of the Companies Act, 1956.

The composition of Audit Committee of the Board is given below :

<u>Name of the Member</u>	<u>Status</u>
1. Mr. Soumendra Keshari Pattanaik	Director (Finance)
2. Mr. Shiv Kumar Singla	Non executive Director
3. Mr. Bajrang Lal Aggarwal	Non executive Director

11. Board Procedure

The Annual calendar of meetings is agreed upon at the beginning of each year. The meetings are governed by a detailed agenda. All major issues included in the agenda are backed up by comprehensive background information to enable the Board to take informed decisions. The agenda papers, containing detailed notes on various agenda items and other information, which would enable the Board to discharge its responsibility effectively, is circulated in advance to the Directors. The Managing Director briefs the Board at every meeting on the overall performance of the Company.

(A) Decision Making Process :

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

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

- (i) The meetings are being convened by giving appropriate notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful informed and focused decisions at the meetings. To address specific urgent needs, meetings are also being called at short notice. The Board also authorized to pass Resolution by Circulation for all such matters which are of utmost urgent nature.
- (ii) Where it is not practicable to attach any document or agenda is of confidential nature, the same is placed on the table at the meeting with the approval of the Chairman. In special and exceptional circumstances, additional or supplemental item (s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated.
- (iii) The agenda papers are prepared by the concerned officials and submitted to concerned functional Heads for obtaining approval of the CMD. Duly approved agenda papers are circulated amongst the Board members.
- (iv) The meetings are usually held at the Company's registered office in Bhubaneswar, at Plot No. 38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar - 10, Orissa.



- (v) The members of the Board have complete access to all information of the company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

(C) Recording minutes of proceedings at the Board Meeting.

Minutes of the proceedings of each board meeting are recorded. The minutes of the proceedings of meetings are entered in the Minutes Book.

(D) Follow-up mechanism.

The guidelines for the Board facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board. Actions taken report (ATR) on the areas of concern are presented before the Board.

(E) Compliance.

While preparing the agenda notes, it is ensured that all the applicable provisions of law, rules, guidelines etc. are adhered to. The company ensures compliance of all applicable provisions of the Companies Act, 1956.

(F) Financial Year

ARSS Infrastructure Projects Ltd. Follows the financial calendar from 1st April to 31st March.

ACKNOWLEDGEMENT

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

Your Directors cherish the continued support extended by customers, investors, bankers, business associates, and various governmental and regulatory agencies. Your Directors commend the dedication of the Associates at all levels in enabling the Company to achieve phenomenal growth during the year.

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

For and on behalf of the Board of Directors

Sd/-

(Chairman & Managing Director)

Place : Bhubaneswar

Dated : 26-07-2007

AUDITORS' REPORT

To
The Members
ARSS Infrastructure Projects Ltd.
Bhubaneswar.

We have audited the attached Balance Sheet of ARSS Infrastructure Projects Ltd., as at 31st March, 2007 and also the Profit and Loss Account and Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure-I referred to in paragraph 1 above, we report that :
 - 3.1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 3.2. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
 - 3.3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
 - 3.4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement have been drawn up in accordance with Accounting Standards (AS) referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - 3.5. According to the information and explanations given to us and on the basis of written representations received from the company, we report that none of the Directors are disqualified as on 31.03.2007 from being appointed as a director in terms of clause (g), sub section (i) of section 274 of the Companies Act, 1956.



3.6. In our opinion and to the best of our Information and according to the explanations given to us, the said accounts, read with Significant Accounting Policies and other notes appearing in Schedule-20, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i. In the case of Balance Sheet of the state of affairs of company as at 31st March, 2007.
- ii. In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date and.
- iii. In the case of Cash Flow Statement of the cash Flows for the year ended on that date.

For P.A. & ASSOCIATES
Chartered Accountants

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

Place : Bhubaneswar
Dated : The 7th day of July, 2007

Annexure to Auditor's Report
(Referred to in para 1 of the said report of even date)

- i. a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

b) As informed to us, the fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which in our opinion is reasonable having regard to the size of the company and nature of its assets. Accordingly part of the fixed assets have been verified by the management during the year. As informed to us by the management no material discrepancies were noticed on such verification.

c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- ii. a) As explained to us, inventories have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its business.

b) The procedures of physical verification of inventories followed by the management in our opinion are reasonable and adequate in relation to the size of the company and the nature of its business.

c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanation given to us, the company has not granted / accepted any loans from parties covered in the register maintained under section 301 of the Companies Act. 1956.

Hence provisions of clause (b), (c), (d), (e), (f) and (g) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, internal control procedure is commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
- v. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained.



- vi. In our opinion and according to the information and explanations given to us, each such transaction have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- vii. The company has not accepted any deposits from the public.
- viii. In our opinion and according to the information and explanation given to us, the company has an internal audit system, including internal audit carried out by a firm of Chartered Accountants appointed by the Management during the year which is commensurate with the size of company and the nature of its business.
- ix. As explained to us by the company, The Central Government has not prescribed for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- x. According to the information and explanations given to us the company is generally regular in deposit of undisputed statutory dues including Provident Fund, Income Tax, Sales Tax and Service Tax.

According to the information and explanations given to us, in our opinion, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March 2007 for a period of more than six months from the date they became payable.

- xi. As at 31st March 2007, according to the information and explanation given to us the following disputed dues have not been deposited with the appropriate authorities.

Year	Nature of dues	Amount demanded (in lakhs)	Forum where dispute is pending
2000 to 2003	Orissa Sales Tax	34.47	CCT
2003 to 2005	Orissa Sales Tax	62.09	ACCT

- xii. The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xiii. In our opinion and based on the information and explanations given to us and records examined by us, the company has not defaulted in repayment of dues to a financial institutions or banks.
- xiv. According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xv. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/society.



- xvi. As explained to us and on the basis of information given to us, the company is not dealing in shares, securities, debentures and other investments.
- xvii. The Company has given guarantees for loans taken by others from banks or financial institutions. The terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xviii. The term loans have been applied for the purpose for which they were obtained.
- xix. According to the information and explanations given to us and on overall examination of the books of accounts of the company, we are of the opinion that no funds raised on short-term basis have been utilized for long term purposes.
- xx. According to the information and explanations given to us, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xxi. During the period covered by our audit report, the Company has not issued any debentures.
- xxii. The Company has not raised any money during the year through the public issue.
- xxiii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For P.A. & ASSOCIATES
Chartered Accountants

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

Place : Bhubaneswar

Dated : The 7th day of July, 2007



ARSS INFRASTRUCTURE PROJECTS LTD.

BALANCE SHEET AS AT 31ST MARCH 2007

		<u>Schedule As at March 31, 07</u>	<u>As at March 31, 06</u>
		<u>Rupees</u>	<u>Rupees</u>
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	107,960,500	25,970,000
(b) Reserve & Surplus	2	185,931,512	97,792,906
2. Loan Funds			
(a) Secured Loans	3	378,665,727	181,465,308
(b) Unsecured Loans	4	-	200,000
3. Deferred Tax Liability	5	13,818,588	3,899,059
		-----	-----
		686,376,327	309,327,274
		=====	=====
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	6	315,145,682	153,309,190
(b) Less : Depreciation		47,323,666	29,813,977
		-----	-----
(c) Net Block		267,822,016	123,495,213
2. Investments	7	18,256,201	9,061,546
3. Current Assets, Loans & Advances			
(a) Inventories	8	73,298,835	104,206,335
(b) Sundry Debtors	9	145,136,306	71,791,869
(c) Cash & Bank Balances	10	116,425,792	50,648,882
(d) Loans & Advances	11	205,984,507	81,219,576
		-----	-----
		540,845,439	307,866,662
		=====	=====
4. Current Liabilities and Provisions			
(a) Current Liabilities	12	105,763,831	121,648,520
(b) Provisions	13	35,261,598	9,823,827
		-----	-----
		141,025,428	131,472,347
		=====	=====
5. Net Current Assets (3-4)		399,820,011	176,394,315
6. Miscellaneous Expenditure (To the extent not written off or adjusted)	14	478,100	376,200
		-----	-----
		686,376,327	309,327,274
		=====	=====

7. Significant Accounting policies and
Notes to Accounts

20

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

For and on behalf of the Board

Per our report attached.
For P.A. & Associates
Chartered Accountants

Sd/-
(CA P.S. Panda)
Partner
M.No 51092

sd/-
(Rajesh Agarwal)
Mg. Director
sd/-
(S.K. Pattanaik)
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	<u>Schedule</u>	<u>As at March 31,07</u> <u>Rupees</u>	<u>As at March 31,06</u> <u>Rupees</u>
1. Income			
Contract Revenue		1,338,321,101	607,647,597
		<u>1,338,321,101</u>	<u>607,647,597</u>
2. Expenditure			
Direct Contract expenses	15	1,069,510,979	496,760,428
Personnel Expenses	16	12,890,331	3,093,279
Administrative Expenses	17	31,787,216	13,869,695
Selling Expenses	18	29,137,580	19,277,679
Interest & Financial Charges	19	37,559,074	20,192,164
Depreciation		17,509,689	11,603,688
		<u>1,198,394,868</u>	<u>564,796,933</u>
3. Profit Before Tax		139,926,233	42,850,664
4. Less : Tax Expenses			
Current Tax		34,703,181	9,592,602
Deferred Tax		3,193,883	438,901
Fringe Benefit Tax		558,417	231,225
5. Profit After Tax		101,470,752	32,587,937
6. Adjustment of Tax for prior years			
Regular Income Tax		-	10,853
Deferred Tax		6,725,646	-
7. Balance brought forward from previous year		77,192,906	24,569,449
8. Add : Depreciation written off		-	20,046,374
9. Profit Carried Forward		<u>171,938,012</u>	<u>77,192,906</u>
10. Earnings per Share (Face Value Rs. 10 each)			
Basic		10.53	18.00
Diluted		10.53	18.00
11. Significant Accounting policies and Notes to Accounts	20		

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

Per our report attached.

For P.A. & Associates
Chartered Accountants

Sd/-

(CA P.S. Panda)

Partner

M.No 51092

Bhubaneswar, July 07, 2007

For and on behalf of the Board

sd/-

(Rajesh Agarwal)

Mg. Director

sd/-

(S.K. Pattanaik)

Director



SCHEDULE TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

	<u>As at March 31, 07</u> Rupees	<u>As at March 31, 06</u> Rupees
Schedule-1 : Share Capital		
Authorised :		
1,50,00,000 (Previous year : 1,00,00,000) equity shares of Rs. 10/- (P.Y. Rs. 100/-) each	150,000,000 =====	100,000,000 =====
Issued, Subscribed & Paid up 106,71,050 (P.Y. 25,97,000) equity shares of Rs.10/- (P.Y. Rs.100/-) each fully paid up (Of the above shares, 69,00,700 shares allotted during the year as fully paid up by way of bonus shares)	106,710,500	25,970,000
Share Application	1,250,000 -----	- -----
	107,960,500 =====	25,970,000 =====
Schedule - 2 : Reserve and Surplus		
Share Premium Account	36,800,000	20,600,000
Less : utilised for issue of bonus shares		
Profit & Loss Account	149,131,512 -----	77,192,906 -----
Less-utilised for issue of bonus shares	185,931,512 =====	97,792,906 =====
Schedule - Secured Loan		
Term Loan	59,439,463	13,299,967
Working Capital Loan (secured by way of mortgage of Land & building and Plant Machinery acquired out of the loan and hypothecation of stock & book debtors)	230,446,691	123,413,232
Loan from NBFC (Against hypothecation of fixed assets of the Company, acquired out of the Loan)	88,779,573 -----	44,752,109 -----
	378,665,727 =====	181,465,308 =====
Schedule - 4 : Unsecured Loan		
Loan from Directors & Share Holders	- -----	200,000 -----
	- =====	200,00 =====
Schedule - 5 : Deffered Tax Liability		
Deferred Tax Liability		
Opening Balance	3,899,059	3,460,158
Add : addition during the year	9,919,529 -----	438,901 -----
	13,818,588 =====	3,899,059 =====

SCHEDULE - 6 : FIXED ASSETS

Sl. Particulars No.	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 1st April 2006	Addition during the year	Deletion during the year	As at 31st March 2007	As at 31st March 2007	As at 31st March 2007	As at 31st March 2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
1. Land (Free Hold)	2,619,739	388,590	-	3,008,329	0	3,008,329	2,619,739
2. Building	298,976	-	-	298,976	66,454	232,522	242,508
3. Plant & Machinery	141,755,084	145,461,830	-	287,216,914	44,971,704	242,245,209	112,666,230
4. Furniture & Fixtures	835,286	322,138	-	1,157,424	186,892	970,532	708,133
5. Vehicles	7,215,927	15,215,479	-	22,431,406	1,826,582	20,604,824	6,821,843
6. Computer	584,178	448,455	-	1,032,633	272,034	760,599	436,760
	153,309,190	161,836,492	-	315,145,682	47,323,666	267,822,016	123,495,213
Previous Year	122,364,325	32,834,537	1,889,672	153,309,190	29,813,976	123,495,213	



	<u>As at March 31, 07</u> Rupees	<u>As at March 31, 06</u> Rupees
Schedule - 7 : Investment		
(Unquoted at cost)		
NSC	2,027,000	2,015,000
Interest accrued on above	584,088	385,014
In Capital of Joint Ventures	15,645,113	6,661,532
	-----	-----
	18,256,201	9,061,546
	=====	=====
Schedule - 8 : Inventories		
(at cost or n.r.v. which ever is less)		
Raw Material	1,517,210	1,803,094
Work in Progress	57,300,640	69,724,520
Finished Goods	14,480,985	32,678,721
	-----	-----
	73,298,835	104,206,335
	=====	=====
Schedule-9 : Sundry Debtors		
(Unsecured, considered good)		
Outstanding for a period more than six months	5,892,272	773,498
Others	139,244,034	71,018,371
	-----	-----
	145,136,306	71,791,869
	=====	=====
Schedule - 10 : Cash and Bank Balances		
Cash in hand	3,537,867	1,916,012
(As certified by the management)		
Balance With Scheduled Banks		
(i) In Current Accounts	44,550,268	11,544,385
(ii) In Fixed Deposit Accounts	37,421,577	20,062,292
(iii) Interest Accrued on above	1,471,577	1,074,366
(iv) Cheques in Hand	29,444,503	16,051,827
	-----	-----
	116,425,792	50,648,882
	=====	=====
Schedule-11 : Loans and Advances		
(Unsecured considered good)		
Advance Recoverable in cash or in kind for value to be received	205,984,507	81,219,576
	-----	-----
	205,984,507	81,219,576
	=====	=====



	<u>As at March 31, 07</u> Rupees	<u>As at March 31, 06</u> Rupees
Schedule - 12 : Current Liabilities		
Sundry Creditors	105,763,831	121,648,520
	-----	-----
	105,763,831	121,648,520
	=====	=====
Schedule - 13 : Provisions		
Provision for Tax	34,703,181	9,592,602
Provision for Fringe Benefit Tax	558,417	231,225
	-----	-----
	35,261,598	9,823,827
	=====	=====
Schedule - 14 : Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary Expenses	478,100	376,200
	-----	-----
	478,100	376,200
	=====	=====
Schedule - 15 : Direct Expenses		
Material Purchase	556,857,538	314,178,848
Wages	94,819,702	49,228,638
Power & Fuel	101,025,602	62,190,545
Sub-contract	207,424,359	56,459,513
Royalty	5,357,473	5,894,574
Repair & Maintenance (Plant & Vehicle)	37,713,934	24,218,615
Hire Charges	35,404,871	30,366,514
	-----	-----
	1,038,603,479	542,537,246
	=====	=====
Increase / (Decrease) in Stock		
Opening Stock	104,206,335	58,429,517
Closing Stock	73,298,835	104,206,335
	-----	-----
	1,069,510,979	496,760,428
	=====	=====



	<u>As at March 31, 07</u> Rupees	<u>As at March 31, 06</u> Rupees
Schedule - 16 : Personnel Expenses		
Salary, Wages & Bonus	12,890,331	3,093,279
	-----	-----
	12,890,331	3,093,279
	=====	=====
Schedule-17 : Administrative Expenses		
Insurance Charges	4,992,612	2,536,162
Fuel & Lubricants	1,648,650	663,672
Repair & Maintenance (O)	225,309	236,394
Rent, Rates & Taxes	2,048,589	2,019,896
Managerial Remuneration	9,361,044	2,084,108
General Expenses	7,825,179	3,361,570
Telephone Expenses	1,437,751	701,513
Travelling & Conveyance	3,844,036	1,923,631
Electricity Charges	304,046	269,795
Payment to Auditors		
As Audit Fees	100,000	72,956
	-----	-----
	31,787,216	13,869,695
	=====	=====
Schedule-18 : Selling Expenses		
Business Promotion	513,010	190,460
Advertisement	82,776	13,445
Tender Document	292,280	206,129
Sales Tax / VAT	28,249,514	18,867,644
	-----	-----
	29,137,580	19,277,678
	=====	=====
Schedule-19 : Interest & Financial Charges		
Bank Commission & Other Charges	8,630,451	3,753,504
Interest	28,928,623	16,438,661
	-----	-----
	37,559,074	20,192,164
	=====	=====

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

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

2. Fixed Assets

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

3. Depreciation

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

Depreciation on addition / deletion during the year is provided on prorata basis with reference to the month of addition / deletion.

4. Borrowing Costs

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

5. Inventories**i) Raw Materials**

Raw materials and construction materials are valued at the lower of cost and net realizable value.

ii) Work in Progress

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

iii) Finished Goods

Finished goods are valued at lower of cost and net realizable value.

6. Revenue Recognition

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

**7. Taxes on Income**

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

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

8. Employee Benefits

Employee Provident Fund is accounted for as and when they become due.

9. Contingent Liabilities and Contingent Assets.

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

Contingent Assets are not recognized in the financial statements.

10. Overdue Charges In Respect of Loans

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

B. NOTES ON ACCOUNTS**1. Contingent Liabilities Not Provided for***(Rs. In lacs)*

Sl. No.	Nature of Liability	As at 31st March, 2007	As at 31st March, 2006
1.	Sales Tax demand	96.57	51.93
2.	Income Tax demand	0.00	177.26
3.	Bank Guarantee	848.12	769.95
4.	Electricity Charges	27.23	6.93

2. Materials are purchased indigenously**3. The company operates only in one segment, i.e. Civil Construction. Hence the company has no segment as defined in Accounting Standard-17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.****4. Profit from JVs., income from interest and hire charges etc. not being material have been included under contract revenue.**



5. The deferred tax liability comprise of the following ;

Sl. No.	Particulars	As at 31st March 2007	(in Rs.) As at 31st March 2006
a)	Deferred Tax Liability Relating to fixed assets	1,38,18,588	38,99,059
b)	Deferred Tax Asset Disallowance u/s 36(v) of the Income Tax Act, 1961	0	0
c)	Provision for deferred tax(Net)	1,38,18,588	38,99,059

6. The company has sub divided 3,45,035 equity shares of Rs.100 to 34,50,350 equity shares of Rs.10 each during the year.

7. The company has during the year issued 69,00,700 bonus shares of Rs.10 each to equity share holders in the ratio of 2:1 out of the following amounts :

i. Capitalization of Surplus in Profit & Loss Account	Rs.2,28,06,500
ii. Transfer from Share Premium Account	Rs. 4,62,00,500

	Rs. 6,90,07,000
	=====

8. As per Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the details of transaction between the company and the related parties are given below.

a. Expenses

<u>Name & Nature of Relationship with Directors</u>	<u>Nature of Transaction</u>	<u>Amount (in lacs)</u>
Rajesh Agarwal Managing Director	Director's Remuneration Hire Charges Commission	19.20 9.76 12.71
Sunil Agrawal, Director	Director's Remuneration Hire Charges Commission	18.00 5.40 12.71
S.K. Pattnaik, Director	Director's Remuneration	2.55



ARSS INFRASTRUCTURE PROJECTS LTD.

S.K. Singla, Director	Director's Remuneration	3.00
	Hire Charges	9.00
Mohanlan Agrawal, Relative	Salary	12.00
Subhash Agrawal, Relative	Managerial Remuneration	15.00
	Commission	12.71
Anil Agrawal, Relative	Managerial Remuneration	15.00
	Commission	12.71
M/s Anil Agrawal, Associate	Hire Charges	3.60
ARSS Engineering & Technology, Associate	Rent	1.20

b. Other Transactions

<u>Name of the concern and its association</u>	<u>Nature of Transaction</u>	<u>Amount of Transaction (in Rs.)</u>	<u>Balance receivable as on 31.03.07 (in Rs.)</u>
M/s. Anil Agrawal, Associate	Purchase of Fixed Assets	43,72,122	3,59,368
M/s. ARSS Engineering Technology, Associate	Security Deposit		50,00,000
Harischandra - ARSSPL - JV, Joint Venture	Sub Contract	5,24,89,868	1,87,15,883
Harischandra-ARSSPL-Treveni-JV, Joint Venture	Sub Contract	13,14,92,232	7,86,450
Harischandra-ARSSPL-Kalindi- JV, Joint Venture	Sub Contract	35,79,96,858	1,03,75,683
Harischandra-ARSSPL-Adhikaria- JV, Joint Venture	Sub Contract	13,44,39,576	10,34,39,576

C. Managerial Remuneration as per section 198 of the Companies Act, 1956 :-

Particulars	Year 2006-07	(in Rs.) Year 2005-06
Salaries	42,75,760	20,84,108
Commission	25,42,642	0

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

Particulars	Year 2006-07	(in Rs.) Year 2005-06
Profit before taxation	15,41,51,226	428,50,664
Add : Managerial Remuneration	68,18,402	20,84,108
Profit for the year as per section 349	16,09,69,628	449,34,772
Commission to Non-Executive Directors	25,42,642	-
Commission to Managing Director	12,71,321	-
Commission to Directors	12,71,321	-
TOTAL	50,85,284	-

e. Guarantee commission paid to :

Director	Year 2006-07	(in Rs.) Year 2005-06
Rajesh Agrawal	12.71.321	Nil
Anil Agrawal	12.71.321	Nil

9. Earning per share (Equity of Rs. 10 each)

Particulars	E Basic (Rs.)	P Diluted (Rs.)
Net profit after taxation	10,48,43,495	10,48,43,495
Number of Equity Shares		
a. At the beginning of the year	25,97,000	25,97,000
b. Issued during the year	11,73,350	11,73,350
c. Bonus shares issued during the year	69,00,700	69,00,700
d. At the end of the year	1,06,71,050	1,06,71,050
e. Weighted Equity shares at the end of the year	96,32,716	96,32,716
BASIC / DILUTED EPS	10.88	10.88



10. No employee of the company has completed 5 years of service and hence no liability has accrued on account of retirement benefit in respect of gratuity payable as per Accounting Standard - 15, "Accounting for Retirement Benefits."
11. No amount is due to any small scale industrial undertaking under sundry creditors. (Previous year - Nil).
12. Other particulars required pursuant to para 4 of part II of Schedule - VI :

a. Auditor's Remuneration break up :

Particulars	Year	(in Rs.) Year
	2006-07	2005-06
Audit Fees	1,00,000	60,000
Certification Fees	0	5,000
Service Tax	12,360	7,956

b. Foreign Currenty Transactions

Sl. No.	Particulars	Year	(in Lacs) Year
		2006-07	2005-06
a)	Earnings in Foreign Currency	Nil	Nil
b)	Expenditure in Foreign Currency	Nil	Nil

13. Since the Company carries on the business of Construction, being a service industry the quantitative information as required under para 3 of part II of Schedule - VI is not being furnished.
14. Previous year figures have been rearranged and regrouped wherever considered necessary.

For & behalf of the Board.

For P.A. & Associates
Chartered Accountants

sd/-
(Rajesh Agarwal)
Managing Director

sd/-
(CA, P.S. Panda)
Partner
Membership No. 51092

sd/-
(S.K. Pattnaik)
Director

Bhubaneswar
Date : The 7th day of July, 2007



Cash Flow Statement for the period ended 31st March, 2007

	As at 31st March, 2007	As at 31st March, 2006
A. Cash flow from Operating Activities		
Profit before taxation and execeptional items	139,926,223	42,850,664
Add : Adjustment for :		
Depreciation	17,509,689	11,603,688
Interest paid	28,928,623	16,438,661
Preliminary Exp. W/o	148,100	100,100
Operating profit before working capital change :	186,512,645	70,993,113
Add : Adjustment for :		
Trade & Other receivables	(198,109,367)	(103,270,429)
Inventories	30,907,500	(45,776,818)
Trade payable & other liabilities	9,553,081	81,303,616
Cash generation from operation	28,863,859	3,249,482
Current Income tax &		
Fringe Benefit Tax	35,261,598	9,834,680
Net cash from operating activities	(6,397,739)	(6,585,198)
B. Cash flow from Investing Activities		
Purchase of fixed assets	(161,836,492)	(32,834,535)
Sale of Fixed Assets	0	1,429,566
Preliminary Expenditure	(250,000)	(450,000)
Investment	(9,194,655)	(6,567,169)
Net Cash from Investing Activities	(171,281,147)	(38,422,138)
C. Cash Flow from Financing Activities		
Proceeds Share Capital & Premium	75,384,000	32,370,000
Interest Paid	(28,928,623)	(16,438,661)
Unsecured loan accepted	(200,000)	(510,000)
Borrowings Availled including	197,200,418	61,134,764
Repayment of Borrowings		
Net Cash from Financing Activities	243,455,795	76,556,104
D. Increase/Decrease in cash and cash equivalent	65,776,910	31,548,768
E. Cash and cash equivalent as at beginning	50,648,882	19,100,114
F. Cash and cash equivalent as at closing	116,425,792	50,648,882

For P.A. & Associates
Chartered Accountants
sd/-

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

Dated : 7th July, 2007

For & on behalf of the Board.

sd/-
(Rajesh Agarwal)
Mg. Director
sd/-

(S.K. Pattnaik)
Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) Registration details :

Registration No	006230
State	Orissa
State Code	15
Balance sheet Date	31st March, 2007

31.03.2007	31.03.2006
in Rs.	In Rs.

II) Capital Raised during the year

Public Issue		
Bonus Issue	Nil	Nil
Right Issue	6,90,07,000	Nil
Private Placement	Nil	Nil
	1,17,33,500	1,59,70,000

III) Position of Mobilisation
And Deployment of funds

Total Liabilities	82,74,01,755	44,07,99,621
Total Assets	82,74,01,755	44,07,99,621

Sources of funds

Paid-up capital		
Reserves & Surplus	10,79,60,500	2,59,70,000
Secured loans	18,59,31,512	9,77,92,906
Unsecured loans	37,86,65,727	18,14,65,308
Deferred tax liability	Nil	2,00,000
	1,38,18,588	38,99,059

Application of Funds

Net Fixed Assets	26,78,22,016	12,34,95,213
Investments	1,82,56,201	90,61,546
Net Current Assets	39,98,20,011	17,63,94,315
Misc. Expenditure	4,78,100	3,76,200
Accumulated Losses		

IV) Performance of Company

Total income	133,83,21,101	60,76,47,597
Total expenditure	119,83,94,868	56,47,96,933
Profit before tax	13,99,26,233	4,28,50,664
Profit after tax	10,14,70,752	3,25,87,937
Earning per share	10.53	18
Dividend rate	Nil	Nil

V) Generic Names of three Principal Products / Services of Company

1. Item code No. (ITC code) Nil
Product description Works Contract
2. Item code No. (ITC code)
3. Item code No. (ITC code)
Product description.

For and on behalf of the Board

Per our report attached.

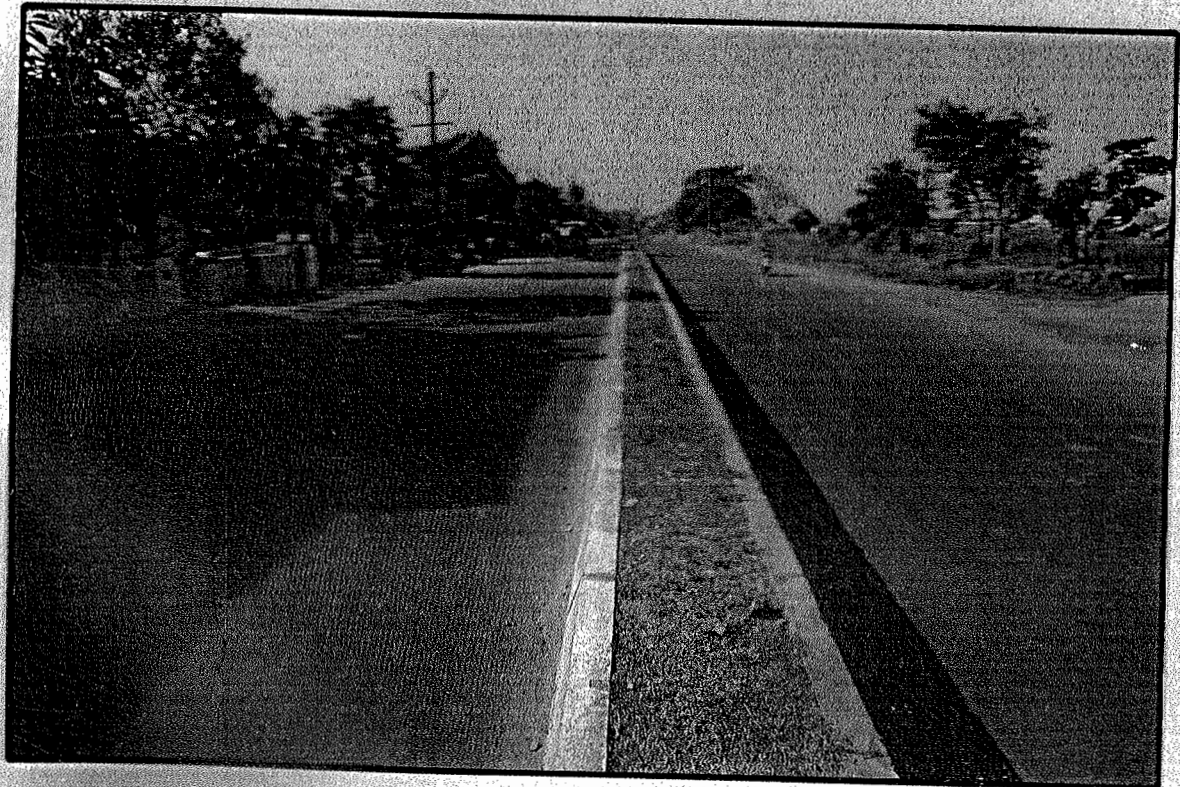
For P.A. & Associates
Chartered Accountants

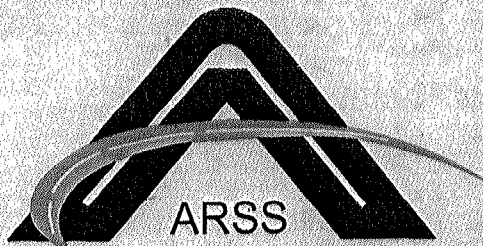
Sd/-
(Rajesh Agarwal)
Mg. Director

Sd/-
(CA P.S. Panda)
Partner
M. No. 51092

Sd/-
(S.K. Pattnaik)
Director

Bhubaneswar July 07, 2007





Corporate Office

ARSS Infrastructure Projects Ltd.
141, SBI Colony, Pachin Vihar,
New Delhi, 110 063, India.
Tel.: 011- 45538638, Fax: 011-25287357
E-mail: response@arssgroup.in
Web Site: www.arssgroup.in

Regd. Office

ARSS Infrastructure Projects Ltd.
Plot No.: 38, Sector-A, Zone-D,
Mancheswar Industrial Estate,
Bhubaneswar - 751 010.
Tel: 0674 - 2588552/2588554