

PLOT NO. - 38, SECTOR-A, ZONE-D
MANCHESWAR INDUSTRIAL ESTATE
BHUBANESWAR-751010

PAN : AABC16623E
A.Y. : 2013-2014
F.Y. : 2012-2013
A.O. : ACIT- 2(1)

STATUS : COMPANY

BASIS OF INCOME

| | Amount |
|---|-----------------------|
| | ₹ |
| 1 INCOME FROM BUSINESS & PROFESSION | |
| Profit as per Profit & Loss Account after all expenses & depreciation. | (33,432,254) |
| Add: Depreciation considered separately | 329,455 |
| Add Disallowance U/S 36 (1) (iv) | 35,817 |
| Disallowance U/S 40 A (ia) | 5,889,741 |
| Disallowance U/S 43B | |
| PROFIT BEFORE DEPRECIATION | (27,177,241) |
| Less: Depreciation u/s 32 of Income Tax ACT | 457,190 |
| PROFIT AS PER INCOME TAX | (27,634,431) |
| 2 NET TAXABLE INCOME | (27,634,431) |
| 3 TOTAL INCOME ROUNDED OFF TO | (27,634,430) |
| 4 TAX ON ABOVE | 0 |
| 5 SURCHARGE ON ABOVE | 0 |
| 6 TOTAL TAX PAYABLE | 0 |
| Add : Education Cess | 0 |
| 7 NET TAX PAYABLE | 0 |
| 8 LESS : TDS | 2,058,063 |
| LESS : Advance Tax | 0 |
| 9 TAX REFUNDABLE | 2,058,063 |
| ## BUSINESS LOSS CARRIED FORWARD | |
| | AY 2012-13 24,179,520 |
| | AY 2013-14 27,634,430 |
| | <u>51,813,950</u> |

INDEPENDENT AUDITOR'S REPORT

To the Members of ARSS Developers Limited

Report on the Financial Statements

We have audited the accompanying financial statements of ARSS Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 audit opinion.



Basis for Qualified Opinion

- a. *Provision for Retirement Benefits has not been made in the annual accounts as required by "Accounting Standard 15- Employee Benefits" issued by the Institute of Chartered Accountants of India, whose impact on the Company's profit is not ascertainable.*
- b. *The Company does not have VAT registration and accordingly no return has been filed for VAT. However, neither input credit has been claimed nor output VAT has been collected/provided on sales.*
- c. *Recoverability of Sundry Debtors to the tune of Rs. 1.41 Crores is not ascertainable. Moreover, no provision has been made in this regard.*
- d. *In absence of filing of Service Tax and TDS Returns, the statutory liabilities in this regard are not ascertainable*
- e. *In absence of reconciliation of TDS receivable and form 26AS available in Income Tax Deptt. Website, credit available in this regard is not ascertainable*
- f. *In the absence of accounts of ARSS KGN JV, the balances of the said JV as appearing in the financial statements of the Company cannot be confirmed*

Opinion

Except for the effects of the matter described in the Basis of Qualified Opinion Paragraph, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;





- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
- d) Except for the effects of the matter described in the Basis of Qualified Opinion Paragraph, in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act., 2013 and in accordance with the accounting principles generally accepted in India.
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Bhubaneswar
The 30th June, 2014

[CA. B. N. Dash]
Partner
Membership No. 062142



Annexure referred to in paragraph 3 of our report of even date
[Re : ARSS Developers Limited ('the Company')]

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, which however is not complete.
- (b) All the assets have not been physically verified by the management during the year. But, as informed to us, the fixed assets of the company have been physically verified by the management in accordance with a phased programme of verification covering each asset at least once in every three years. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
- (c) Based on the information and explanations given to us, we are of the opinion that the company during the year has not disposed off any substantial part of fixed assets so as to affect its going concern status.
- ii) (a) As explained to us, the inventory has been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its business.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory and the discrepancies between physical stock and book records arising out of physical verification, were not material.
- iii) (a) According to the information and explanations given to us, the company has granted loan to Four Parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 101.25 Crores and the balance at the end of the year of loan to such party was Rs. 96.81 Crores.
- (b) In our opinion and according to the information provided to us the interest and other terms and conditions on which loans have been granted by the company are not *prima facie* prejudicial to the interest of the company.



- (c) According to the information and explanations given to us, the above loans are repayable on demand.
 - (d) The company had taken loans from fourteen parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 27.06 Crores lacs and the balance at the end of the year of loan taken from such parties were Rs. 27.06 Crores.
 - (e) In our opinion and according to the information provided to us the aforesaid loans are interest free and other terms and conditions on which loans have been taken by the company are not *prima facie* prejudicial to the interest of the company.
 - (f) According to the information and explanations given to us, the above loan was repayable on demand.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v) In respect of contracts or arrangements to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that ;
- (a) The particulars of contracts or arrangements that needed to be entered in the register, maintained under the said section have been so entered.
 - (b) The transactions made in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit covered under Section 58A & 58AA of the Companies Act, 1956 from the public during the year.



- vii) The company does not have an Internal Audit System.
- viii) According to the information and explanation given to us, the Central Govt. has not prescribed the maintenance of cost records U/s 209 (1) (d) of the Companies Act, 1956 in respect of operation carried out by the company.
- ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, employees' state insurance, Income Tax, VAT, Service Tax, Excise Duty and other Material Statutory dues applicable to it.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of accounts, no undisputed amounts payable in respect of the aforesaid dues were in arrear as at 31st March 2013 for a period of more than six months from the date they became payable except the following.

| <u>Sl. No.</u> | <u>Undisputed Dues</u> | <u>Amount (Rs. In Lacs)</u> |
|----------------|------------------------|-----------------------------|
| 1 | Income Tax | 47.80 |
| 2 | TDS | 15.55 |
| 3 | VAT | 3.38 |
| 4 | Service Tax | 11.53 |

- (c) According to the information and explanations given to us, there are no disputed statutory dues, which have not been deposited.
- x) The company has an accumulated loss of Rs. 4.36 Crores at the end of the financial year and has also incurred cash losses during the financial year covered by our audit. Further, the Company had incurred cash loss in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holder.
- xii) In our opinion and according to information and explanations given to us and based on our examination and documents and records, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debenture and other securities.





- xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund or a *nidhi* / mutual benefit fund / Society. Therefore, the provision of Clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of Clause 4 (xiv) of the Company (Auditors Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for any loan for others.
- xvi) Based on information and explanations given to us and based on our examination of records, the term loans have been applied for the purpose for which they were obtained.
- xvii) Based on information and explanations given to us and on an over all examination of balance sheet of the company, in our opinion, no funds raised on short-term basis have been used for long term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) Based on our examination of records and information and explanations given to us, the company has not issued debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditors Report) order, 2003 are not applicable to the company.
- xx) The Company has not raised any money through a public issue during the year. Therefore, the provisions of clause 4(xx) of the Companies (Auditors Report) order, 2003 are not applicable to the company.
- xxi) To the best our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Bhubaneswar
The 30th day of June, 2014

[CA. B. N. Dash]
Partner
Membership No. 062142



ARSS Developers Limited

Balance Sheet as at 31st March

| | Notes | 2013 ₹ | 2012 ₹ | |
|--|--|-----------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | | |
| I Shareholders' Funds | | | | |
| a | Share Capital | 1 | 65,084,160 | 64,397,500 |
| b | Reserves and Surplus | 2 | 159,484,725 | 183,342,169 |
| | | | <u>224,568,885</u> | <u>247,739,669</u> |
| II | Share Application Money Pending Allotment | 3 | - | 10,300,000 |
| III Non-Current Liabilities | | | | |
| a | Long Term borrowings | 4 | 870,199,309 | 631,697,207 |
| b | Deferred Tax Liability | 5 | 234,130 | 195,700 |
| | | | <u>870,433,439</u> | <u>631,892,907</u> |
| IV Current Liabilities | | | | |
| a | Trade Payables | | 9,137,536 | 9,769,778 |
| b | Short Term Borrowings | 6 | 281,513,571 | 98,476,950 |
| c | Other Current Liabilities | 7 | 290,539,121 | 608,173,152 |
| d | Short Term Provisions | 8 | - | - |
| | | | <u>581,190,228</u> | <u>716,419,880</u> |
| TOTAL | | | <u><u>1,676,192,552</u></u> | <u><u>1,606,352,456</u></u> |
| ASSETS | | | | |
| V Non-current Assets | | | | |
| a | Fixed Assets | | | |
| i | Tangible Assets | 9 | 3,055,097 | 3,241,866 |
| b | Non-Current Investments | 10 | 17,196,902 | 16,496,902 |
| | | | <u>20,251,999</u> | <u>19,738,768</u> |
| VI Current Assets | | | | |
| a | Inventories | 11 | 402,314,392 | 332,396,148 |
| b | Trade Receivables | 12 | 201,915,655 | 144,224,920 |
| c | Cash and Cash Equivalents | 13 | 3,202,956 | 2,028,759 |
| d | Short term loans and advances | 14 | 1,048,507,550 | 1,107,704,895 |
| e | Other current assets | 15 | - | 258,965 |
| | | | <u>1,655,940,553</u> | <u>1,586,613,687</u> |
| TOTAL | | | <u><u>1,676,192,552</u></u> | <u><u>1,606,352,456</u></u> |
| VII Significant accounting policies | A | | | |
| VIII Notes on Financial Statements | B | | | |

As per our report of even date


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

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

Bhubaneswar
The 30th day of June, 2014

For and on behalf of the Board of Directors


(Rajesh Agarwal)
Mg. Director


(Sunil Agarwal)
Director



ARSS Developers Limited

Profit and Loss Statement for the Period ended on 31st March

| | Notes | 2013 ₹ | 2012 ₹ |
|---|-------|--------------------|--------------------|
| I Income | | | |
| a Revenue from operations | 16 | 181,504,862 | 217,196,114 |
| b Other Income | 17 | 45,083 | 4,491,917 |
| | | <u>181,549,945</u> | <u>221,688,031</u> |
| II Expenses | | | |
| a Cost of materials consumed | 18 | 91,852,450 | 125,990,431 |
| b (increase)/decrease in inventories of work-in-progress | 19 | (140,876,557) | (29,321,211) |
| c Employee benefits expense | 20 | 8,951,285 | 5,690,858 |
| d Depreciation and amortization expense | 21 | 329,455 | 319,513 |
| e Finance costs | 22 | 193,453,597 | 56,840,328 |
| f Other expenses | 23 | 61,271,969 | 88,757,919 |
| | | <u>214,982,199</u> | <u>248,277,837</u> |
| III Profit/(loss) before tax | | (33,432,254) | (26,589,806) |
| Tax expenses | | | |
| Current tax | | - | - |
| Deferred tax | | 38,430 | 68,447 |
| Total tax expenses | | 38,430 | 68,447 |
| IV Profit/(loss) for the year from continuing operations | | (33,470,684) | (26,658,253) |
| V Earnings per equity share | 24 | | |
| Basic | | | |
| Computed on the basis of profit from continuing operations | | (5.19) | (4.14) |
| Computed on the basis of total profit for the year | | | |
| Diluted | | | |
| Computed on the basis of profit from continuing operations | | (5.19) | (4.14) |
| Computed on the basis of total profit for the year | | | |
| VI Significant accounting policies | A | | |
| VII Notes on Financial Statements | B | | |

As per our report of even date

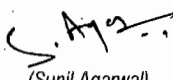
For P. A. & Associates
Chartered Accountants
Firm Regn. No. 313085E

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

Bhubaneswar
The 30th day of June, 2014

For and on behalf of the Board of Directors


(Rajesh Agarwal)
Mg. Director


(Sunil Agarwal)
Director



A. SIGNIFICANT ACCOUNTING POLICIES.

1. Corporate Information

ARSS Developers Limited (the company) is a company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

2. Basis of Preparation

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

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

3. Summary of Significant Accounting Policies

a. Use of Estimates

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

b. Tangible Fixed Assets

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

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

c. Depreciation on Tangible Fixed Assets

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

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The



reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

e. 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.

f. Inventories

Raw Materials and Work in Progress are valued at the lower of cost and net realizable value.

g. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

h. 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.

i. Employee Benefits

- i. Employees benefits are accrued in the year services are rendered by the employees.
- ii. Contribution to Provident Fund are recognized as and when they become due.

k. 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..

l. Earning per share :

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

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

m. Overdue Charges in Respect of Loans

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



B. Notes to financial statements for the year ended

| | 2013 | 2012 |
|---|--------------------|--------------------|
| | ₹ | ₹ |
| 1. Share Capital | | |
| Authorized shares : | | |
| 1,00,00,000 (P.Y. 1,00,00,000) equity shares of Rs.10/- each | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued , Subscribed & Paid up | | |
| 65,08,416 equity shares(P. Y. 64,39,750) of Rs.10/- each fully paid up | <u>65,084,160</u> | <u>64,397,500</u> |
| | <u>65,084,160</u> | <u>64,397,500</u> |

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

| | No. of Shares | No. of Shares |
|---|------------------|------------------|
| At the beginning of the Period | 6,439,750 | 6,439,750 |
| Issued during the year | 68,666 | - |
| Outstanding at the end of the period | <u>6,508,416</u> | <u>6,439,750</u> |

b. Terms/right attached to equity shares

The company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares in entitled to one vote per share.

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

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

| Name of the shareholders | 31st March 2013 | | 31st March 2012 | |
|--------------------------------------|------------------|---------------|------------------|---------------|
| | No. of Shares | % | No. of Shares | % |
| ARSS Infrastructure Projects Limited | 2,500,000 | 38.41% | 2,500,000 | 38.82% |
| Rajesh Agarwal | 887,500 | 13.64% | 887,500 | 13.78% |
| Subash Agarwal | 835,000 | 12.91% | 835,000 | 12.97% |
| Sunil Agarwal | 517,500 | 7.95% | 517,500 | 8.04% |
| Anil Agarwal | 507,500 | 7.95% | 507,500 | 7.88% |
| Prateek Agarwal | 350,000 | 5.38% | 350,000 | 5.43% |
| | <u>5,597,500</u> | <u>86.24%</u> | <u>5,597,500</u> | <u>86.92%</u> |

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

2. Reserves and Surplus

| | | |
|--|---------------------|---------------------|
| Securities Premium Account | | |
| Balance as per last financial statements | 207,183,740 | 197,570,500 |
| Closing Balance | <u>207,183,740</u> | <u>197,570,500</u> |
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | (14,228,331) | 12,429,922 |
| Profit/(loss) for the year | (33,470,684) | (26,658,253) |
| Net surplus in the statement of profit and loss | <u>(47,699,015)</u> | <u>(14,228,331)</u> |
| Total reserves and surplus | <u>159,484,725</u> | <u>183,342,169</u> |



ARSS Developers Ltd.

| | 2013 | | 2012 | |
|---|---------------------|-----------------|--------------------|-----------------|
| | ₹ | | ₹ | |
| 3. Share application Money pending allotment | | | | |
| Share Application Money | - | | 10,300,000 | |
| | - | | 10,300,000 | |
| 4. Long-term borrowings | | | | |
| | Non-Current Portion | | Current Maturities | |
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ | ₹ | ₹ | ₹ |
| Indian Rupee Loan from banks(Secured) | 594,137 | 811,993 | 217,856 | 193,817.00 |
| Indian Rupee Loan from NBFCs (Un-Secured) | 869,605,172 | 630,885,214 | 268,256,348 | 590,761,518 |
| | 870,199,309 | 631,697,207 | 268,474,204 | 590,955,335 |
| a. Indian Rupee loan from bank carries interest @11.75% p.a. The loan is repayable in 60 monthly instalments from the date of disbursement of loan.The above loan is secured by hypothecation of vehicle. | | | | |
| b. Term Loan from IFCI Ltd. Is unsecured and carries interest rate of 14.5 repayable in quarterly instalments. | | | | |
| 5. Deferred Tax liability | | | | |
| Related to Fixed Assets | | | | |
| Opening Balance | | | 195,700 | 127,253 |
| Addition during the year | | | 38,430 | 68,447 |
| | | | 234,130 | 195,700 |
| 6. Short-term borrowings | | | | |
| a. From Related Parties | | | 271,254,571 | 85,517,950 |
| b. From Others | | | 10,259,000 | 12,959,000 |
| | | | 281,513,571 | 98,476,950 |
| 6. Trade Payables | | | | |
| Sundry Creditors for Trade | | | 9,137,536 | 9,769,778 |
| | | | 9,137,536 | 9,769,778 |
| 7. Other current liabilities | | | | |
| Other liabilities | | | | |
| Current maturities of long-term borrowings | | | 268,474,204 | 590,955,335 |
| Others | | | | |
| Creditors for Expenses | | | 698,651 | 1,102,119 |
| Advance from Customers | | | 3,093,660 | 2,487,468 |
| Security Deposit from Sub-Contractor | | | 3,152,509 | 2,980,909 |
| Statutory dues payable | | | 15,120,097 | 10,647,321 |
| | | | 290,539,121 | 608,173,152 |
| 8. Short Term Provisions | | | | |
| Other provision | | | | |
| Provision for Income Tax | | | - | - |
| | | | - | - |



9. Tangible assets

| | Plant & Equipment | Furniture & Fixtures | Vehicles | Computers | Total |
|---------------------------|-------------------|----------------------|------------------|----------------|------------------|
| Cost or valuation | | | | | |
| At 1st April 2011 | 622,008 | 295,384 | 180,940 | 600,392 | 1,698,724 |
| Additions | 203,265 | 314,522 | 1,327,776 | 50,650 | 1,896,213 |
| Disposals | - | - | - | - | - |
| At 31s March 2012 | 825,273 | 609,906 | 1,508,716 | 651,042 | 3,594,937 |
| Additions | 92,186 | - | - | 50,500 | 142,686 |
| Disposals | - | - | - | - | - |
| At 31st March 2013 | 917,459 | 609,906 | 1,508,716 | 701,542 | 3,737,623 |
| Depreciation | | | | | |
| At 1st April 2011 | 12,344 | 6,863 | 9,936 | 29,853 | 58,996 |
| Charge for the year | 32,574 | 37,137 | 121,271 | 103,093 | 294,075 |
| Disposals | - | - | - | - | - |
| At 31s March 2012 | 44,918 | 44,000 | 131,207 | 132,946 | 353,071 |
| Charge for the year | 41,336 | 38,607 | 143,328 | 106,184 | 329,455 |
| Disposals | - | - | - | - | - |
| At 31st March 2013 | 86,254 | 82,607 | 274,535 | 239,130 | 682,526 |
| Net Block | | | | | |
| At 31st March 2012 | 780,355 | 565,906 | 1,377,509 | 518,096 | 3,241,866 |
| At 31 March 2013 | 831,205 | 527,299 | 1,234,181 | 462,412 | 3,055,097 |



| 10. Non-current investments | 2013 | 2012 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Trade investments | | |
| (a) Investment in subsidiaries | | |
| Investment in North West sales & Marketing Limited | 7,818,400 | 7,818,400 |
| 2,70,700 Equity Shares of Rs. 10/- with a premium of Rs. 2/- each fully paid up | | |
| 2,28,500 Equity Shares of Rs. 10/- with a premium of Rs. 10/- each fully paid up | | |
| (b) Investment in joint ventures | | |
| ARSS KGN JV | 9,378,502 | 8,678,502 |
| | <u>17,196,902</u> | <u>16,496,902</u> |
| 11. Inventories | | |
| (valued at cost being lower of not realizable value) | | |
| (As certified by the management) | | |
| Raw materials and components | 45,242,525 | 116,200,838 |
| Work-in-progress | 357,071,867 | 216,195,310 |
| | <u>402,314,392</u> | <u>332,396,148</u> |
| 12. Trade receivables | | |
| (Unsecured & Considered good) | | |
| Over Six Months | 119,695,477 | 11,517,840 |
| Others | 82,220,178 | 132,707,080 |
| | <u>201,915,655</u> | <u>144,224,920</u> |
| 13. Cash and Cash equivalents | | |
| Cash in hand | 248,214 | 152,701 |
| Balances with banks: | | |
| in current accounts | 2,954,742 | 1,876,058 |
| | <u>3,202,956</u> | <u>2,028,759</u> |
| 14. Short Term Loans and advances | | |
| (Unsecured, considered good) | | |
| Security deposit | 251,755 | 1,295,157 |
| Loan and advances to related Parties | 974,531,198 | 1,063,982,948 |
| Advance Against Land | 36,151,000 | 30,000,000 |
| Advance to Suppliers | 10,231,327 | 263,858 |
| Loans to employees | - | 44,538 |
| Balances with statutory/government authorities | 27,342,270 | 12,118,395 |
| | <u>1,048,507,550</u> | <u>1,107,704,896</u> |
| 15. Other current assets | | |
| Interest Receivable | - | 58,965.00 |
| Preliminary Expenses | - | 200,000 |
| (to the extent not written off or adjusted) | | |
| | <u>-</u> | <u>258,965</u> |



| | 2013 | 2012 |
|--|----------------------|---------------------|
| | ₹ | ₹ |
| 16. Revenue from operations | | |
| Sale of Products | | |
| Flat Sale | 20,354,222 | 113,113,784 |
| Chips Sales | 59,376,125 | |
| Sale of services | | |
| Contract Revenue | 101,774,515 | 104,082,330 |
| | <u>181,504,862</u> | <u>217,196,114</u> |
| 17. Other income | | |
| Interest on bank deposits | 343 | 760,825 |
| Other Non-operating income | 44,740 | 3,731,092 |
| | <u>45,083</u> | <u>4,491,917</u> |
| 18. Cost of material consumed | | |
| Inventory at the beginning of the year | 116,200,838 | - |
| Add: Purchases | 20,894,137 | 242,191,269 |
| | <u>137,094,975</u> | <u>242,191,269</u> |
| Less: inventory at the end of the year | 45,242,525 | 116,200,838 |
| | <u>91,852,450</u> | <u>125,990,431</u> |
| 19. (Increase)/decrease in inventories | | |
| Inventories at the end of the year | | |
| Work-in-progress | 357,071,867 | 216,195,310 |
| | <u>357,071,867</u> | <u>216,195,310</u> |
| Inventories at the beginning of the year | | |
| Work-in-progress | 216,195,310 | 186,874,099 |
| | <u>216,195,310</u> | <u>186,874,099</u> |
| | <u>(140,876,557)</u> | <u>(29,321,211)</u> |
| 20. Employee benefit expense | | |
| Salaries, wages and bonus | 8,758,922 | 5,320,604 |
| Contribution provident and other fund | 58,752 | 103,890 |
| Staff welfare expenses | 133,611 | 266,364 |
| | <u>8,951,285</u> | <u>5,690,858</u> |
| 21. Depreciation and amortization expense | | |
| Depreciation of tangible assets | 329,455 | 294,075 |
| | <u>329,455</u> | <u>294,075</u> |
| 22. Finance costs | | |
| Interest | 193,453,597 | 49,781,128 |
| Loan Processing Fees | - | 5,956,200 |
| Loan Pre-Payment Charges | - | 1,103,000 |
| | <u>193,453,597</u> | <u>56,840,328</u> |



23. Other expenses

| | 2013 | 2012 |
|--|-------------------|-------------------|
| | ₹ | ₹ |
| Operating Expenses | | |
| Direct Expenses | 38,438,436 | 66,846,516 |
| | <u>38,438,436</u> | <u>66,846,516</u> |
| Selling & Distribution Expenses | | |
| Advertising and sales promotion | 239,612 | - |
| Service Tax | 4,790,227 | 2,880,990 |
| VAT Expenses | - | 105,431 |
| Business Promotion | 168,200 | 50,779 |
| | <u>5,196,039</u> | <u>3,037,200</u> |
| Establishment Expenses | | |
| Rent | 586,301 | 260,850 |
| Rates & Taxes | 92,830 | - |
| Insurance | 28,748 | 134,997 |
| Travelling and conveyance | 133,521 | 187,076 |
| Printing and stationery | 56,590 | 237,245 |
| Legal and professional fees | 3,820,025 | 5,427,384 |
| Director's Remuneration | 3,600,000 | 3,600,000 |
| Bank Charges | 304,455 | 49,469 |
| Payment to auditor | 112,360 | 110,300 |
| Miscellaneous expenses | 8,902,664 | 8,866,882 |
| | <u>17,637,494</u> | <u>18,874,203</u> |
| | <u>61,271,969</u> | <u>88,757,919</u> |

24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | | |
|---|---------------------|---------------------|
| Total operations for the year | 181,549,945 | 221,688,031 |
| Profit/(loss) after tax | <u>(33,470,684)</u> | <u>(26,658,253)</u> |
| Net profit/ (loss) for calculation of basic EPS | <u>(33,470,684)</u> | <u>(26,658,253)</u> |
| Net profit/(loss) for calculation of diluted EPS | <u>(33,470,684)</u> | <u>(26,658,253)</u> |
| | In No. | In No. |
| weighted average number of equity shares in calculating basic/diluted EPS | <u>6,445,582</u> | <u>6,439,750</u> |
| Basic/Diluted EPS | <u>(5.19)</u> | <u>(4.14)</u> |

25. 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 31.03.2013 and share of profit/(loss) in joint ventures are given below

| Sl. I Name of the Joint Venture | Profit sharing ratio(%) | Investment | Share of profit |
|---------------------------------|-------------------------|------------------|-----------------|
| 1 ARSS - KGN JV | 50% | 9,378,502 | - |
| | | <u>9,378,502</u> | - |



26. Related party disclosures

Related party transactions

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

a. Sale/purchase of goods and services

| | Year ended | Sale of Services |
|--------------------------------------|------------|------------------|
| Fellow subsidiaries | | |
| North West Sales & Marketing Limited | 31.03.2013 | 86,215,050 |
| ARSS Infrastructure Projects Limited | 31.03.2013 | 15,559,465 |

b. Loans given and repayment thereof

Enterprises owned or significantly influenced by key management personnel or their relatives

| | | |
|---|--------------------|----------------------|
| North West sales & Marketing Limited | 880,811,198 | 905,442,948 |
| Share Application in Anil Contractors Pvt Ltd | 54,160,000 | 58,660,000 |
| Subash Agrawal | 860,000 | 3,380,000 |
| ARSS Ravchi JV | 32,300,000 | 45,000,000 |
| Mukunda ARSS Developers Partnership | 6,200,000 | 51,500,000 |
| | <u>974,331,198</u> | <u>1,063,982,948</u> |

Loans given to related parties are interest free and repayable on demand.

c. Loans taken and repayment thereof

Enterprises owned or significantly influenced by key management personnel or their relatives

| | | |
|---|-------------------|-------------------|
| Arss Infrastructure Projects Ltd (Loan) | 68,382,488 | 64,537,275 |
| L.G Constructions | 400,000 | 400,000 |
| Loan From Anil Agarwal (Huf) | 14,108,330 | - |
| Loan From Anil Contractors P Ltd | 65,838,559 | - |
| Loan From Mohanlal Agarwal(Huf) | 3,461,231 | - |
| Loan From Rajesh Agarwal(Huf) | 19,118,373 | - |
| Loan from Ramdulari Agarwal | 24,528,687 | 10,360,675 |
| Loan From Sabita Agarwal | 12,567,270 | - |
| Loan From Sangeeta Agarwal | 7,097,252 | - |
| Loan From Sanju Agarwal | 3,953,472 | - |
| Loan From Seema Agarwal | 15,960,121 | - |
| Loan From Shubham Construction Pvt Ltd | 3,000,000 | - |
| Loan From Subash Agarwal(Huf) | 9,434,429 | - |
| Loan From Sunil Agarwal(Huf) | 2,884,359 | - |
| Rajesh Agarwal (U L) | 220,000 | 220,000 |
| Vinod Brothers | 10,000,000 | 10,000,000 |
| | <u>13,104,359</u> | <u>10,220,000</u> |

d. Remuneration to key managerial personnel

| | | |
|-------------------------------|-----------|---|
| Mr. Subash Agarwal (Chairman) | 3,600,000 | - |
|-------------------------------|-----------|---|

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

| | | |
|--|---|-----|
| a The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | : | NIL |
| b Principal amount due to micro and small enterprises | : | NIL |
| c Interest due on above | : | NIL |

28. Balances of Trade Receivables and Recoverables shown under 'Current Assets' and Trade and Other Payables under 'Current Liabilities', include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis

