

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, 2014 and the Statement of Profit and Loss 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. *Recoverability of Sundry Debtors to the tune of Rs. 20.39 Crores is not ascertainable. Moreover, no provision has been made in this regard.*
- c. *Recoverability of Advances for purchase of Land to the tune of Rs. 1.62 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 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*
- f. *In absence of account statement of loan taken from IFCI Ltd, the transactions appearing in the final statements including interest provision and its current maturity cannot be confirmed.*

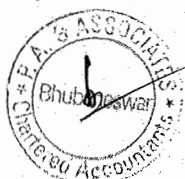
Opinion

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, 2014;
- (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;

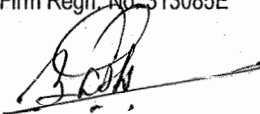


- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.;
- d) Except for the effects of the matter described in the Basis of Qualified Opinion Paragraph, in our opinion, the Balance Sheet and Statement of Profit and Loss comply with 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Bhubaneswar
The 29th September, 2014



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



[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 three Parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 106.72 Crores and the balance at the end of the year of loan to such party was Rs.106.72 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. 19.22 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 2014 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	67.89
3	Service Tax	52.12

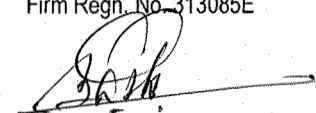
- (c) According to the information and explanations given to us, there are no disputed statutory dues, which have not been deposited.
- x) The company has an accumulated loss of Rs.10.67 Crores at the end of the financial year and has also incurred cash losses during the financial year covered by our 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.

Bhubaneswar
The 29th September, 2014

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



[CA. B. N. Dash]
Partner

Membership No. 062142



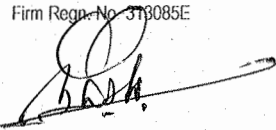
ARSS Developers Limited

Balance Sheet as at 31st March

	Notes	2014 ₹	2013 ₹	
EQUITY AND LIABILITIES				
I Shareholders' Funds				
a	Share Capital	1	65,084,160	65,084,160
b	Reserves and Surplus	2	100,454,816	159,484,725
			<u>165,538,976</u>	<u>224,568,885</u>
II Non-Current Liabilities				
a	Long Term borrowings	3	745,259,373	870,199,309
b	Deferred Tax Liability	4	501,370	234,130
			<u>745,760,743</u>	<u>870,433,439</u>
III Current Liabilities				
a	Trade Payables	5	5,828,787	9,137,536
b	Short Term Borrowings	6	338,581,083	281,513,571
c	Other Current Liabilities	7	292,703,697	290,539,121
			<u>637,113,567</u>	<u>581,190,228</u>
	TOTAL		<u>1,548,413,286</u>	<u>1,676,192,552</u>
ASSETS				
IV Non-current Assets				
a	Fixed Assets			
i	Tangible Assets	8	14,242,574	3,055,097
b	Non-Current Investments	9	17,196,902	17,196,902
			<u>31,439,476</u>	<u>20,251,999</u>
V Current Assets				
a	Inventories	10	167,707,304	402,314,392
b	Trade Receivables	11	203,920,899	201,915,655
c	Cash and Cash Equivalents	12	1,808,418	3,202,956
d	Short term loans and advances	13	1,143,367,276	1,048,507,550
e	Other current assets	14	169,914	-
			<u>1,516,973,811</u>	<u>1,655,940,553</u>
	TOTAL		<u>1,548,413,287</u>	<u>1,676,192,552</u>
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 29th day of September, 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	2014 ₹	2013 ₹
I Income			
a Revenue from operations	15	410,540,113	181,504,862
b Other Income	16	135,268	45,083
		410,675,381	181,549,945
II Expenses			
a Cost of materials consumed	17	57,499,546	91,852,450
b (increase)/decrease in inventories of work-in-progress	18	190,511,083	(140,876,557)
c Employee benefits expense	19	6,259,153	8,951,285
d Depreciation and amortization expense	20	562,874	329,455
e Finance costs	21	128,512,830	193,758,052
f Other expenses	22	86,092,564	60,967,514
		469,438,050	214,982,199
III Profit/(loss) before tax		(58,762,669)	(33,432,254)
Tax expenses			
Current tax		-	-
Deferred tax		267,240	38,430
Total tax expenses		267,240	38,430
IV Profit/(loss) for the year from continuing operations		(59,029,909)	(33,470,684)
V Earnings per equity share		23	
Basic			
Computed on the basis of profit from continuing operations			
Computed on the basis of total profit for the year		(9.07)	(5.19)
Diluted			
Computed on the basis of profit from continuing operations		(9.07)	(5.19)
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 29th day of September, 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

	2014 ₹	2013 ₹
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.65,08,416) of Rs.10/- each fully paid up	<u>65,084,160</u>	<u>65,084,160</u>
	<u>65,084,160</u>	<u>65,084,160</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	6,508,416	6,439,750
Issued during the year	-	68,666
Outstanding at the end of the period	<u>6,508,416</u>	<u>6,508,416</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 is 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 2014		31st March 2013	
	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	207,183,740
Closing Balance	<u>207,183,740</u>	<u>207,183,740</u>

Surplus in the statement of profit and loss

Balance as per last financial statements	(47,699,015)	(14,228,331)
Profit/(loss) for the year	<u>(59,029,909)</u>	<u>(33,470,684)</u>
Net surplus in the statement of profit and loss	<u>(106,728,924)</u>	<u>(47,699,015)</u>

Total reserves and surplus	<u>100,454,816</u>	<u>159,484,725</u>
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3. Long-term borrowings

	Non-Current Portion		Current Maturities	
	31st March 2014 ₹	31st March 2013 ₹	31st March 2014 ₹	31st March 2013 ₹
Indian Rupee Loan from banks(Secured)	349,281	594,137	244,854	217,856
Indian Rupee Loan from NBFCs (Un-Secured)	744,910,092	869,605,172	268,256,348	268,256,348
	<u>745,259,373</u>	<u>870,199,309</u>	<u>268,501,202</u>	<u>268,474,204</u>

- 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% p.a. repayable in quarterly instalments.

4. Deferred Tax liability

Related to Fixed Assets

Opening Balance	234,130	195,700
Addition during the year	267,240	38,430
	<u>501,370</u>	<u>234,130</u>

5. Short-term borrowings

a. From Related Parties	313,322,083	271,254,571
b. From Others	25,259,000	10,259,000
	<u>338,581,083</u>	<u>281,513,571</u>

6. Trade Payables

Sundry Creditors for Trade	5,828,787	9,137,536
	<u>5,828,787</u>	<u>9,137,536</u>

7. Other current liabilities

Other liabilities

Current maturities of long-term borrowings	268,501,202	268,474,204
Others		
Creditors for Expenses	1,741,275	698,651
Advance from Customers	218,700	3,093,660
Security Deposit from Sub-Contractor	4,608,458	3,152,509
Statutory dues payable	17,634,062	15,120,097
	<u>292,703,697</u>	<u>290,539,121</u>



ARSS Developers Ltd.

8. Tangible assets

	<u>Plant & Equipment</u>	<u>Furniture & Fixtures</u>	<u>Vehicles</u>	<u>Computers</u>	<u>Total</u>
Cost or valuation					
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	<u>917,459</u>	<u>609,906</u>	<u>1,508,716</u>	<u>701,542</u>	<u>3,737,623</u>
Additions	11,750,351	-	-	-	11,750,351
Disposals	-	-	-	-	-
At 31st March 2014	<u>12,667,810</u>	<u>609,906</u>	<u>1,508,716</u>	<u>701,542</u>	<u>15,487,974</u>
Depreciation					
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	<u>86,254</u>	<u>82,607</u>	<u>274,535</u>	<u>239,130</u>	<u>682,526</u>
Charge for the year	267,219	38,607	143,328	113,720	562,874
Disposals	-	-	-	-	-
At 31st March 2014	<u>353,473</u>	<u>121,214</u>	<u>417,863</u>	<u>352,850</u>	<u>1,245,400</u>
Net Block					
At 31st March 2013	<u>831,205</u>	<u>527,299</u>	<u>1,234,181</u>	<u>462,412</u>	<u>3,055,097</u>
At 31 March 2014	<u>12,314,337</u>	<u>488,692</u>	<u>1,090,853</u>	<u>348,692</u>	<u>14,242,574</u>



9. Non-current investments	2014	2013
	₹	₹
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	9,378,502
	<u>17,196,902</u>	<u>17,196,902</u>
10. Inventories		
(valued at cost being lower of net realizable value)		
(As certified by the management)		
Raw materials and components	1,146,520	45,242,525
Work-in-progress	166,560,784	357,071,867
	<u>167,707,304</u>	<u>402,314,392</u>
11. Trade receivables		
(Unsecured & Considered good)		
Over Six Months	203,920,899	119,695,477
Others	-	82,220,178
	<u>203,920,899</u>	<u>201,915,655</u>
12. Cash and Cash equivalents		
Cash in hand	226,805	248,214
Balances with banks:		
in current accounts	1,581,613	2,954,742
	<u>1,808,418</u>	<u>3,202,956</u>
13. Short Term Loans and advances		
(Unsecured, considered good)		
Security deposit	805,138	251,755
Loan and advances to related Parties	1,091,715,687	974,531,198
Advance Against Land	16,151,000	36,151,000
Advance to Suppliers	10,408,092	10,231,327
Balances with statutory/government authorities	24,287,359	27,342,270
	<u>1,143,367,276</u>	<u>1,048,507,550</u>
14. Other current assets		
Interest Receivable	169,914	-
	<u>169,914</u>	<u>-</u>



	2014	2013
	₹	₹
15. Revenue from operations		
Sale of Products		
Flat Sale	-	20,354,222
Chips Sales	47,245,524	59,376,125
Sale of Land	246,944,550	-
Contract Revenue	116,350,039	101,774,515
	<u>410,540,113</u>	<u>181,504,862</u>
16. Other income		
Interest on bank deposits	135,268	343
Other Non-operating income	-	44,740
	<u>135,268</u>	<u>45,083</u>
17. Cost of material consumed		
Inventory at the beginning of the year	45,242,525	116,200,838
Add: Purchases	13,403,541	20,894,137
	<u>58,646,066</u>	<u>137,094,975</u>
Less: inventory at the end of the year	1,146,520	45,242,525
	<u>57,499,546</u>	<u>91,852,450</u>
18. (Increase)/decrease in inventories		
Inventories at the end of the year		
Work-in-progress	166,560,784	357,071,867
	<u>166,560,784</u>	<u>357,071,867</u>
Inventories at the beginning of the year		
Work-in-progress	357,071,867	216,195,310
	<u>357,071,867</u>	<u>216,195,310</u>
	<u>190,511,083</u>	<u>(140,876,557)</u>
19. Employee benefit expense		
Salaries, wages and bonus	6,164,417	8,758,922
Contribution to provident and other fund	16,926	58,752
Staff welfare expenses	77,810	133,611
	<u>6,259,153</u>	<u>8,951,285</u>
20. Depreciation and amortization expense		
Depreciation of tangible assets	562,874	329,455
	<u>562,874</u>	<u>329,455</u>
21. Finance costs		
Interest	128,388,850	193,453,597
Bank Charges	123,980	304,455
	<u>128,512,830</u>	<u>193,758,052</u>



22. Other expenses

	2014	2013
	₹	₹
Operating Expenses		
Direct Expenses	75,413,061	38,438,436
	<u>75,413,061</u>	<u>38,438,436</u>
Selling & Distribution Expenses		
Advertising and sales promotion	-	239,612
Service Tax	-	4,790,227
VAT Expenses	2,249,787	-
Business Promotion	63,447	166,200
	<u>2,313,234</u>	<u>5,196,039</u>
Establishment Expenses		
Rent	127,000	586,301
Rates & Taxes	20,552	92,830
Insurance	27,140	28,748
Travelling and conveyance	58,146	133,521
Printing and stationery	20,913	56,590
Legal and professional fees	1,964,130	3,820,025
Director's Remuneration	3,600,000	3,600,000
Payment to auditor	112,360	112,360
Miscellaneous expenses	2,436,028	8,902,664
	<u>8,366,269</u>	<u>17,333,039</u>
	<u><u>86,092,564</u></u>	<u><u>60,967,514</u></u>

23. 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	410,675,381	181,549,945
Profit/(loss) after tax	(59,029,909)	(33,470,684)
Net profit/ (loss) for calculation of basic EPS	<u>(59,029,909)</u>	<u>(33,470,684)</u>
Net profit/(loss) for calculation of diluted EPS	<u>(59,029,909)</u>	<u>(33,470,684)</u>
	In No.	In No.
weighted average number of equity shares in calculating basic/diluted EPS	<u>6,508,416</u>	<u>6,445,582</u>
Basic/Diluted EPS	<u>(9.07)</u>	<u>(5.19)</u>

24. 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 31.03.2014 and share of profit/(loss) in joint ventures are given below

Sl. No	Name of the Joint Venture	Profit sharing ratio(%)	Investment	Share of profit
1	ARSS - KGN JV	50%	9,378,502	-
			<u>9,378,502</u>	<u>-</u>



2014

2013

₹

₹

25. 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
Associated Concerns		
ARSS Infrastructure Projects Limited	31.03.2014	67,370,447
Shivam Condev Pvt Ltd	31.03.2014	48,979,592

b. Loans given and repayment thereof

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

North West sales & Marketing Limited	771,126,903	880,811,198
Share Application in Anil Contractors Pvt Ltd	54,160,000	54,160,000
Subash Agrawal	-	860,000
ARSS Ravchi JV	18,000,000	32,300,000
Mukunda ARSS Developers Partnership	84,234	6,200,000
	<u>843,371,137</u>	<u>974,331,198</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
L.G Constructions	400,000	400,000
Loan From Anil Agarwal (Huf)	14,108,330	14,108,330
Loan From Anil Contractors P Ltd	65,838,559	65,838,559
Loan From Mohanlal Agarwal(Huf)	3,461,231	3,461,231
Loan From Rajesh Agarwal(Huf)	19,118,373	19,118,373
Loan from Ramdulari Agarwal	24,528,687	24,528,687
Loan From Sabita Agarwal	12,567,270	12,567,270
Loan From Sangeeta Agarwal	7,097,252	7,097,252
Loan From Sanju Agarwal	3,953,472	3,953,472
Loan From Seema Agarwal	15,960,121	15,960,121
Loan From Subash Agarwal(Huf)	9,434,429	9,434,429
Loan From Sunil Agarwal(Huf)	2,884,359	2,884,359
Rajesh Agarwal (U L)	220,000	220,000
Vinod Brothers	10,000,000	10,000,000
	<u>189,572,083</u>	<u>257,954,571</u>

d. Remuneration to key managerial personnel

Mr. Subash Agarwal (Chairman)	3,600,000	3,600,000
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26. Details of dues to micro and small enterprises as defined under the MSMED 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

27. 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



ARSS DEVELOPERS LIMITED

GROUPING SHEET FOR THE PERIOD ENDED ON

A. CREDIT BALANCES

PARTICULARS	31st March 2014		31st March 2013	
	TRIAL	GROUPING	TRIAL	GROUPING
	₹	₹	₹	₹
Share Capital				
Paid up Capital	65,084,160	65,084,160	65,084,160	65,084,160
Reserves and Surplus				
Security Premium Reserve	207,183,740	207,183,740	207,183,740	207,183,740
Surplus(Profit and Loss Account)	(47,699,015)	(47,699,015)	(14,228,331)	(14,228,331)
Long-term Borrowings				
Term Loans				
Indian Rupee loan from Banks (Secured)				
Vehicle Loans from Banks(HDFC Bank Ltd)	594,135	594,135	811,993	811,993
From financial Institutions (Un-Secured)				
IFCI Limited	1,013,166,440	1,013,166,440	1,137,861,520	1,137,861,520
Deferred Tax Liability	234,130	234,130	195,700	195,700
SHORT-TERM BORROWINGS				
Loans and advances from related parties				
Unsecured				
Arss Infrastructure Projects Ltd (Loan)			68,382,488	
ARPNA CAPITAL SERVICES PVT LTD.	15,000,000			
CIL FINANCIAL SERVICES LIMITED	5,000,000			
L.G Constructions	400,000		400,000	
Loan From Anil Agarwal (Huf)	14,108,330		14,108,330.00	
Loan From Anil Contractors P Ltd	65,838,559		65,838,559	
Loan From Mohanlal Agarwal(Huf)	3,461,231		3,461,231	
Loan From Rajesh Agarwal(Huf)	19,118,373		19,118,373	
Loan from Ramdulari Agarwal	24,528,687		24,528,687	
Loan From Sabita Agarwal	12,567,270		12,567,270	
Loan From Sangeeta Agarwal	7,097,252		7,097,252	
Loan From Sanju Agarwal	3,953,472		3,953,472	
Loan From Seema Agarwal	15,960,121		15,960,121	
Loan From Shubham Construction Pvt Ltd	3,000,000		3,000,000	
Loan From Subash Agarwal(Huf)	9,434,429		9,434,429	
Loan From Sunil Agarwal(Huf)	2,884,359		2,884,359	
Rajesh Agarwal (U L)	220,000		220,000	
Sidhant Financial Services Ltd	90,450,000		0.00	
Sriram Buildcon Pvt.Ltd.	10,300,000		10,300,000	
Vinod Brothers	10,000,000	313,322,083	10,000,000	271,254,571

Loans and advances from Others				
Partha Tripathy	259,000		259,000	
Niraj Cement Structurals Ltd			10,000,000	
V L Lawmsiamkimi	25,000,000		-	
Ravechi Construction		25,259,000	-	10,259,000
Trade Payables				
Sundry Creditors for Trade	5,828,787	5,828,787	9,137,536	9,137,536
Other current liabilities				
Others				
Creditors for Expenses	1,741,275		698,651	
Advance from Customers	218,700		3,093,660	
Deposits from Sub-Contractors	4,608,458		3,152,509	
Income Tax Payable(2010-11)	4,780,385		4,780,385	
VAT Payable (2011-12)	-		338,355	
VAT Payable	149,977			
Service tax payable	5,211,524		5,211,524	
Work Contract Tax 2%	702,316		-	
TDS payable	6,789,860	24,202,495	4,789,833	22,064,917
REVENUE FROM OPERATION				
Sale of products				
Finished goods	47,245,524		20,354,222	
Traded goods	-	47,245,524	59,376,125	79,730,347
Sale of services				
Income From Sub-Contract				
North West Sales & marketing	116,350,039		86,215,050	
ARSS Infrastructure Projects Limited	246,944,550	363,294,589	15,559,465	101,774,515
OTHER INCOME				
Interest Income on				
Bank Deposits	135,268		343	
Other Income	-	135,268	44,740	45,083
PROVISION FOR DEPRECIATION				
Plant and Machinery	353,473		86,254	
Vehicles	417,863		274,535	
Furniture and fixtures	121,214		82,607	
Computers	352,850	1,245,400	239,130	682,526
	<u>2,019,096,736</u>	<u>2,019,096,736</u>	<u>1,891,857,277</u>	<u>1,891,857,277</u>

B. DEBIT BALANCES

PARTICULARS

	31st March 2014		31st March 2013	
	TRIAL ₹	GROUPING ₹	TRIAL ₹	GROUPING ₹
FIXED ASSETS				
Plant & Machinery	12,667,810	12,667,810	917,459	917,459
Vehicles	1,508,716	1,508,716	1,508,716	1,508,716
Furniture & Fixtures	609,906	609,906	609,906	609,906
Computer	701,542	701,542	701,542	701,542
NON-CURRENT INVESTMENTS				
Investments in Subsidiaries				
Investment in North West sales & Marketing Limited	7,818,400	7,818,400	7,818,400	7,818,400
Investment in Joint Ventures				
Investment in ARSS - KGN JV	9,378,502	9,378,502	9,378,502	9,378,502
Loans and advances				
Security deposit				
Unsecured, considered good	805,138		251,755	
Doubtful		805,138		251,755
Loan and advances to related parties				
Unsecured, considered good				
North West sales & Marketing Limited	771,126,903		880,811,198	
Share Application in Anil Contractors Pvt Ltd	54,160,000		54,160,000	
Subash Agrawal	-		860,000	
ARSS Ravchi JV	18,000,000		32,300,000	
Ramesh Agarwal	200,000		200,000	
Loan to ARSS Infra.	241,944,550			
Prateek Agarwal	6,000,000			
Sarad Pathak	200,000			
Mukunda ARSS Developers Partnership	84,234	1,091,715,687	6,200,000	974,531,198
Other loans and advances				
Advance Against Land				
Shruti Art Pvt. Ltd.	10,000,000		10,000,000	
Zinatun Nisa Begum	6,151,000		6,151,000	
Amar Singh(Gurgaon Delhi)	-	16,151,000	20,000,000	36,151,000
Advance to Suppliers	10,408,092	10,408,092	10,231,327	10,231,327
Balances with statutory/government Authorities				
TDS				
2013-14	2,340,529			

2012-13	11,783,371		2,058,063	
2011-12	-		7,825,610	
2010-11	-		1,899,698	
Deposit with Sales Tax	12,000		12,000	
Others	-		58,965	
Mobilization Advance	7,846,670		13,183,145	
CENVAT Credit - Service Tax	2,304,789	24,287,359	2,304,789	27,342,270

TRADE RECEIVABLES

More than six months				
Unsecured, considered good	203,920,899	203,920,899	119,695,477	119,695,477
Other Receivables				
Unsecured, considered good	-	-	82,220,178	82,220,178

OTHER ASSETS

Interest Receivable(Axis Bank)	169,914	169,914	-	-
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Cash and cash equivalents

Balances with banks:

On current accounts				
Axis Bank CA-024010200026628(Satyanagar)	1,466,577		2,572,370	
Axis Bank CA-910020019757401(Rasulgarh)	162		53,131	
PNB CA-4093002100021095 (Mumbai)	49,416		24,676	
Punjab National Bank CA-0553002100029111(BBSR)	7,447		283,445	
State Bank Of India CA- 30157224054	58,010	1,581,613	21,120	2,954,742

Cash on hand	226,805	226,805	248,214	248,214
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INVENTORIES (OPENNING STOCK)

Work-in-progress	357,071,867		216,195,310	
Closing Stock of Raw Materials	45,242,525	402,314,392	116,200,838	332,396,148

Purchases

Cement Purchase	1,643,265		3,590,733	
Ready Mix Concrete	758,669		1,300,062	
Bricks	2,587,836		2,192,781	
Land / Flat :				
Chandaka Land	-		10,000	
Kesura Land	-		1,446,529	
Paikrapur			781,300	
Doors & Windows	77,760		549,332	
Sand & Dust Purchase	2,249,743		1,192,314	
Steel Purchase	1,023,863		3,206,215	
Granites	2,274,333		1,552,720	
Sanitary	1,369,880		1,945,372	

Tiles & Marbles	1,934,232		1,027,952	
Wood & Ply	-		471,958	
VAT input	(2,099,810)			
Paints/Putty/Primer/Sika top seal	-		89,683	
Other Materials	1,583,770		1,537,186	
		13,403,541		20,894,137

EMPLOYEE BENEFITS EXPENSE

Salaries and wages	6,164,417	6,164,417	8,758,922	8,758,922
Contribution to provident fund and other funds	16,926	16,926	58,752	58,752
Staff welfare expenses	77,810	77,810	133,611	133,611

OTHER EXPENSES

Operating Expenses

Wages	2,750,036		901,316	
Hire Charges	476,458		-	
Freight and forwarding charges (transportation)	488,745		144,577	
Electricity Charges	8,570,710		919,248	
Repairs(Others)	465,434		494,481	
Labour Charges	8,327,425		3,078,990	
Consumption of stores and spares	120,943		66,631	
Aluminium Works	-		11,575	
Civil Work	1,989,865		11,413,085	
Electrical Works	-		4,505,990	
Air Conditioning Works	-		3,540,968	
Facade Work	6,076,047		6,023,343	
Fire Fighting	4,807,304		2,324,154	
Job Work	816,973		655,268	
Plumbing Work	2,151,824		1,217,616	
Testing Charges	6,823		-	
Excavation Work	1,313,909		1,023,582	
Other Recovery	(90,649)		899,474	
Site Expenses	20,027,585		243,099	
Weighing Charges	-		630	
Security System Work	1,629,803		-	
HVAC Work	6,822,598		-	
Installation Charges	1,614,041		-	
Internal Finishing Work	5,957,179		-	
Fuel & Lubricants	220,322		598,279	
Painting Work	640,686		-	
Water charges	229,000	75,413,061	376,130	38,438,436

Establishment Expenses				
Rent	127,000	127,000	586,301	586,301
Rates and taxes	20,552	20,552	92,830	92,830
Insurance	27,140	27,140	28,748	28,748
Travelling and conveyance	58,146	58,146	133,521	133,521
Printing and stationery	20,913	20,913	56,590	56,590
Consultncy Charges	1,659,160		3,695,833	
Legal Expenses	304,970	1,964,130	124,192	3,820,025
Payment to auditor				
- As Audit Fees	112,360	112,360	112,360	112,360
Director's Remuneration	3,600,000	3,600,000	3,600,000	3,600,000
Miscellaneous expenses				
General Expenses	5,067		21,089	
Donation	-		24,203	
Misc. Expenses	519,845		7,014,053	
Communication costs	15,219		-	
Postage & Telegraph	3,960		6,204	
Preliminary Expenses W/O.	-		200,000	
ROC Expenses	20,000		2,000	
Security Charges	1,865,123		1,508,631	
Telephone Expenses	6,814		126,484	
		2,436,028		8,902,664
Selling & Distribution Expenses				
Service Tax Expenses	-	-	4,790,227	4,790,227
Advertising and sales promotion	-	-	239,612	239,612
Business Promotion Expenses	63,447	63,447	166,200	166,200
VAT Expenses	2,249,787	2,249,787	-	-
FINANCE COST				
Interest				
Interest	128,388,850	128,388,850	193,453,597	193,453,597
Bank Commission and other charges	123,980	123,980	304,455	304,455
DEPRECIATION				
	562,874	562,874	329,455	329,455
	<u>2,019,096,736</u>	<u>2,019,096,736</u>	<u>1,891,857,277</u>	<u>1,891,857,277</u>