

ANNUAL ACCOUNTS

FOR THE

YEAR

2013-14

OF

ARSS Damoh Hirapur Tolls Private Limited

:- AUDITORS :-

P. A. & ASSOCIATES
CHARTERED ACCOUNTANTS
20, GOVIND VIHAR, BAMIKHAL,
BHUBANESWAR-751010
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INDEPENDENT AUDITOR'S REPORT

To the Members of ARSS Damoh Hirapur Tolls Pvt. Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of ARSS Damoh Hirapur Tolls Pvt. Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2014 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"). 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

- i. With reference to para 11 of Notes to Accounts status of rights and title on the Capital work in progress valued at Rs 56.01 Crores has neither been ascertained nor the effect of the same has been accounted for in the financial statements
- ii. With reference to para 12 of Notes to Accounts. in absence of details of physical verification of Capital work in progress, discrepancies, if any, between book and physical balance could not be ascertained including effect of the same in the financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the "Basis For Qualified Opinion paragraph", 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 Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.;
 - d) in our opinion, the Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - 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 Companies Act, 1956.

Bhubaneswar
The 29th day of April, 2014



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



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

Annexure referred to in paragraph 3 of our report of even date

[Re : ARSS Damoh Hirapur Tolls Pvt. Ltd. ('the Company')]

- i) The Company has no fixed assets. Therefore, the provisions of clause (i) of paragraph 4 of the said order are not applicable to the Company.
- ii) The Company does not have any inventory. Therefore, the provisions of clause 4(ii) of the said order are not applicable to the Company.
- iii) a) According to the information and explanations provided to us, the company has not granted any loan to parties covered in the register maintained under section 301 of the Act. Hence clause b and c of the said order is not applicable to the company
- b) The company had taken loan from three parties covered in the register maintained U/s 301 of the Act. The maximum amount involved during the year was Rs. 398.70 lacs and the balance at the end of the year is Rs.398.70 lacs.
- c) In our opinion and according to the information and explanations provided to us, the aforesaid loans are interest free and other terms and conditions of the loan taken by the company , were not prima facie prejudicial to the interest of the company.
- d) The said interest free loans are repayable on demand and there is no repayment schedule.
- iv) In our opinion and according to the information and explanations 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 Capital Work in Progress . 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 from the public covered under section 58A & 58AA of the Companies Act 1956, 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 Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Sales Tax, Income Tax, and other statutory dues, with appropriate authorities during the year.
- (b) *According to the information and explanations given to us, in our opinion, no undisputed amount payable in respect of the aforesaid dues except for TDS amounting to Rs. 6,16,361 outstanding as at 31st March, 2014, for a period of more than six months from the date they become payable.*

- (c) According to the information and explanations given to us, there are no disputed statutory dues, which have not been deposited.
- x) During the year the company has not started its commercial operation. Therefore, the provisions of clause 4(x) of the said order is not applicable to the Company.
- xi) *In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of interest amounting to Rs. 8.38 Crores due to banks.*
- 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 funds or a Nidhi / Mutual benefit fund /society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's 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. Therefore, the provisions of clause 4(xiv) of the said order 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 loan taken by others from Bank or financial institution. Therefore, the provisions of clause 4(xv) of the said order are not applicable to the Company.
- xvi) In our opinion and according to the information and explanations provided to us, the term loans have been applied for the purpose for which they were obtained.
- xvii) Based on information and explanations given to us and on an overall 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. Therefore, the provisions of clause 4(xviii) of the said order are not applicable to the Company.
- 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 said order 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 said order are not applicable to the Company.
- xxi) To the best of our knowledge and belief and according to the information and explanation provided to us, no material fraud on or by the company during the year noticed or reported, nor have we been informed of such case by the management.

Bhubaneswar
The 29th day of April, 2014

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



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



ARSS Damoh Hirapur Tolls Private Limited

Balance Sheet as at 31st March

	Notes	2014 ₹	2013 ₹
EQUITY AND LIABILITIES			
I Shareholders' Funds			
Share Capital	1	148,000,000	148,000,000
		<u>148,000,000</u>	<u>148,000,000</u>
II Share Application Money Pending Allotment	2	73,207,309	73,207,309
III Non Current Liabilities			
Long Term Borrowings	3	730,594,144	625,344,593
IV Current Liabilities			
a) Short Term Borrowings	4	39,870,676	20,870,676
b) Trade Payables	5	245,429	30,201,686
b) Other Current Liabilities	6	666,923	650,069
		<u>40,783,028</u>	<u>51,722,431</u>
TOTAL		<u><u>992,584,481</u></u>	<u><u>898,274,333</u></u>

ASSETS

V Non-current Assets			
a) Capital Work - In - Progress	7	560,119,015	465,785,248
b) Other non- current assets	8	867,110	867,110
		<u>560,986,125</u>	<u>466,652,358</u>
VI Current Assets			
a) Cash and Cash Equivalents	9	252,049	275,668
b) Short term loans and advances	10	431,346,307	431,346,307
		<u>431,598,356</u>	<u>431,621,975</u>
TOTAL		<u><u>992,584,481</u></u>	<u><u>898,274,333</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 29th day of April, 2014



For and on behalf of the Board of Directors

(Sunil Agarwal)
Director

(S K Pattanaik)
Director

S. Agarwal

S. K. Pattanaik

ARSS Damoh Hirapur Tolls Private Limited

Cash Flow Statement for the year ended on 31st March

	2014 (₹)	2013 (₹)
Cash flow from operating activities		
Movements in working capital:		
Increase/(decrease) in short-term Borrowings	19,000,000	20,870,676
Increase/(decrease) in Trade payables	(29,956,257)	-
Increase/(decrease) in other current liabilities	16,854	29,502,958
Increase/(decrease) in other long-term liabilities	105,249,551	58,157,473
Cash generated from / (used in) operations	94,310,148	108,531,107
Net cash flow from/(used in) operating activities (A)	94,310,148	108,531,107
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(94,333,767)	(115,030,423)
Net cash flow from/(used in) investing activities (B)	(94,333,767)	(115,030,423)
Cash flows from financing activities		
Procees from Share Capital	-	6,531,945
Net cash flow from /(used in) in financing activities	-	6,531,945
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(23,619)	32,627
Cash and cash equivalents at the beginning of the year	275,668	243,041
Cash and cash equivalents at the end of the year	252,049	275,668
Components of cash and cash equivalents		
Cash on hand	237,062	237,562
With banks on current account	14,987	38,106
Total cash and cash equivalents	252,049	275,668

As per our report of even date

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



(CA. B.N. Dash)

Partner

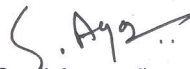
M. No. 062142




Bhubaneswar

The 29th day of Apr, 2014

For and on behalf of the Board of Directors


(Sunil Agarwal)
Director


(S K Pattanaik)
Director

A. SIGNIFICANT ACCOUNTING POLICIES.

1. Corporate Information

ARSS Damoh Hirapur Tolls Private Limited (the company) is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is yet to start its commercial operation.

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. 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.

c. Investments

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

d. Employee Benefits

i) Defined contribution plans

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

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



ii) Defined benefit plan

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

iii) Short term employee benefits

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



B. Notes to financial statements for the year ended 31st March

1. Share Capital

Authorized shares :

1,50,00,000

equity shares of Rs.10/- each

2014	2013
₹	₹
<u>150,000,000</u>	<u>150,000,000</u>

Issued , Subscribed & Fully Paid up Shares

1,48,00,000 equity shares

of Rs.10/- each fully paid up

<u>148,000,000</u>	<u>148,000,000</u>
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Total Issued, Subscribed and fully paid up Share Capital

<u>148,000,000</u>	<u>148,000,000</u>
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a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31st March 2014		31st March 2013	
	No. of Shares	in Rs.	No. of Shares	in Rs.
At the beginning of the Period	14,800,000	148,000,000	14,800,000	148,000,000
Issued during the peirod	-	-	-	-
Outstanding at the end of the period	<u>14,800,000</u>	<u>148,000,000</u>	<u>14,800,000</u>	<u>148,000,000</u>

b. Terms/right attached to equity shares

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

During the year ended 31 March 2014, no amount of dividend was recognised as distributions to equity shareholders.

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

	31st March 2014		31st March 2013	
	No. of Shares	% Holding in the Class	No. of Shares	% Holding in the Class
Equity shares of Rs. 10/- each fully paid				
ARSS Infrastructure Projects Limited	14,760,000	99.73%	14,760,000	99.73%
	<u>14,760,000</u>	<u>99.73%</u>	<u>14,760,000</u>	<u>99.73%</u>



ARSS Damoh Hirapur Tolls Private Limited

	<u>2014</u> ₹	<u>2013</u> ₹
2. Share Application Money pending allotment		
Share Application Money	73,207,309	73,207,309
	<u>73,207,309</u>	<u>73,207,309</u>

The Share application money is proposed to be allotted at Rs. 10/- per share at par resulting in allotment of 73,20,731 nos shares.

The authorised capital of the company is insufficient to cover the shares to be allotted. The company is taking steps to increase the Authourised Capital to cover the allotted shares.

3. Long-term borrowings

	<u>Non-Current Portion</u>		<u>Current Portion</u>	
	<u>31st March 2014</u> (in Rupees)	<u>31st March 2013</u> (in Rupees)	<u>31st March 2014</u> (in Rupees)	<u>31st March 2013</u> (in Rupees)
Term loans				
From banks	730,594,144	625,344,593	-	-
	<u>730,594,144</u>	<u>625,344,593</u>	<u>-</u>	<u>-</u>

Indian rupee loan from bank carries interest @ 14.25% p.a. The loan is repayable in 36 quarterly instalments starting from 2 years from the date of COD i.e. the first date of installment due on January 2016. The above loan is secured by way of assignment/ security interest on the companies rights under the concessions approvals , consents and insurance policies in respect of the project of two laning of Damoh Hirapur Road. The said loan is backed by personal guarante of directors and parent company.

The above loan has been classified as NPA as on 31.03.2014 by the bankers.

4. Short-term borrowings

Interest free loan and adanves repayable on demand(Unsecured)	39,870,676	20,870,676
	<u>39,870,676</u>	<u>20,870,676</u>



ARSS Damoh Hirapur Tolls Private Limit

	2014 ₹	2013 ₹
5. Trade Payables		
Sundry Creditors for Trade	245,429	30,201,686
	<u>245,429</u>	<u>30,201,686</u>
6. Other current liabilities		
Audit Fees payable	50,562	33,708
TDS Payable	616,361	616,361
	<u>666,923</u>	<u>650,069</u>
7. Capital Work in Progress		
Capital WIP	465,785,248	350,754,825
ADD: During the year	94,333,767	115,030,423
	<u>560,119,015</u>	<u>465,785,248</u>
8. Other Non-Current Assets		
Unamortized expenditure		
Preliminary Expenses to the extent not written off or adjusted	867,110	867,110
	<u>867,110</u>	<u>867,110</u>
9. Cash and Cash equivalents		
Balances with banks:		
On current accounts	14,987	38,106
Cash in hand	237,062	237,562
	<u>252,049</u>	<u>275,668</u>
10. Short Term Loans and advances		
Advances recovered in cash or kind		
Unsecured Considered good	431,346,307	431,346,307
	<u>431,346,307</u>	<u>431,346,307</u>

11. The Contract for " Strengthening, Widening, Maintaining and operating of Damoh-Bhatiagarh-Baxwaha-Hirapur Road on BOT Basis" with Madhya Pradesh Road Development Corporation Limited (MPRDCL) has been terminated by the contractee on 20.05.2013. The Company has disputed the above termination and a claim has been raised on MPRDCL for Rs. 2,804.87 Crores which however has not been accounted for.

12. Capital Work in Progress have been visually estimated and valued by site in charge as on 31.03.2014 and the same has been considered in the accounts.

13. During the year, Performance Bank Guarantee provided by the EPC Contractor "ARSS Infrastructure Projects Limited" of Rs. 6.14 Cr has been invoked, which however has not been accounted for.

14. The term loan availed by the company for the BOOT project has been classified as NPA by the bankers of the company and unrealised interest has been reversed. However the company has provided for the interest on due basis for the whole year.

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

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

16. The figures for the the previous year are regrouped / reclassified wherever necessary to make them comparable with that Current Year



