

Independent Auditor's Report

To The Members of
M/s. ARSS Developers Limited
CIN : U45209OR2007PLC009201
Plot-no-38, Sector-A, Zone-D
Mancheswar Industrial Estate
Bhubaneswar-751 010, Odisha.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **M/s. ARSS Developers Limited** ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Basis for Qualified Opinion

- a. 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 ₹ 17.30 Crores is not ascertainable. Moreover, no provision has been made in this regard.
- c. In absence of filing of Service Tax and TDS Returns, the statutory liabilities in this regard are not ascertainable.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and further to our comments in the 'Annexure-A' we state that except for possible effect of the matter described in sub para 'a' to 'c' in the 'Basis for Qualified Opinion' paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained, except for the matter described in the 'Basis for Qualified Opinion' paragraph above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
 - (b) except for the possible effect of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) except for the possible effect of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".
 - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any Long term contract including derivatives contract as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has been not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
 - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 26 to the standalone financial statements.

For Ajay B Garg
Chartered Accountant

A Garg
Proprietor
Mem No. 032538

Place of Signature : Mumbai

Dated : 27th May 2017

‘Annexure – A’ to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner at reasonable interval. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion, the discrepancies noticed on physical verification of the inventory were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) The Company has granted loans amounting to ₹ 93.61 Crores to four parties covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’).
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest and repayment of principal on demand. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand.
- (c) There are no overdue amount for more than 90 days in respects of the loan granted to body corporate listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the paragraph (v) of the Order relating to directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 or any rules framed there under with regard to the deposits accepted from the public are not applicable to the company. Accordingly we have not commented upon the paragraph (v) of the Order.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost records and audit) Rules 2014 and as prescribed by the Central Government under section 148(1) of the Act and are of the opinion that prima-facie, the prescribed accounts and cost records have been made and maintained by the Company. We have not however made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, duty of excise, service tax, duty of customs, employees’ state insurance, value added tax, cess and other material statutory dues have been regularly deposited with few delay in some cases during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable except Income Tax of ₹ 47.87 Lakhs, Service Tax of ₹ 29.06 Lakhs, and TDS of ₹ 59.04 Lakhs
- (c) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) Based on our Audit procedures and according to information and explanation given to us, the Company has paid dues to banks with certain delay. The Company has not any overdue outstanding dues to financial institutions, banks as at 31st March 2017.

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

For **Ajay B Garg**
Chartered Accountant

A Garg
Proprietor
Mem No. 032538

Place : Mumbai

Dated : 27th May 2017

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

[Referred to in paragraph 2(g) under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2017.]

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

We have audited the internal financial controls over financial reporting of **M/s. ARSS Developers Limited** (‘the Company’), as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Ajay B Garg**
Chartered Accountant

A Garg
Proprietor
Mem No. 032538

Place : Mumbai

Dated : 27th May 2017

Balance Sheet as at 31st March

	Notes	2017 ₹	2016 ₹
I Shareholders' Funds			
a Share Capital	1	65,084,160	65,084,160
b Reserves and Surplus	2	15,616,271	56,219,785
		<u>80,700,431</u>	<u>121,303,945</u>
II Non-Current Liabilities			
a Long Term borrowings	3	352,700,000	-
b Deferred Tax Liability	4	2,250,600	1,713,420
		<u>354,950,600</u>	<u>1,713,420</u>
III Current Liabilities			
a Trade Payables	5	176,915,215	179,137,388
b Short Term Borrowings	6	275,291,370	331,221,027
c Other Current Liabilities	7	445,254,122	926,984,599
		<u>897,460,707</u>	<u>1,437,343,014</u>
TOTAL		<u>1,333,111,738</u>	<u>1,560,360,379</u>
ASSETS			
IV Non-current Assets			
a Capital Work - In - Progress			
i Tangible Assets	8	33,968,185	34,696,768
b Other non- current assets	9	9,689,058	9,577,638
		<u>43,657,243</u>	<u>44,274,406</u>
V Current Assets			
a Inventories	10	162,515,148	162,515,148
b Trade Receivables	11	173,090,708	175,307,123
c Cash and Cash Equivalents	12	630,703	210,821
d Short term loans and advances	13	953,217,937	1,178,052,881
		<u>1,289,454,496</u>	<u>1,516,085,973</u>
TOTAL		<u>1,333,111,738</u>	<u>1,560,360,379</u>
VI Significant accounting policies	A		
VII Notes on Financial Statements	B		

As per our report of even date

For Ajay B Garg
Chartered Accountants(CA. Ajay B Garg)
Proprietor
M. No. 32538

For and on behalf of the Board of Directors

(Anil Agarwal)
Director(Sunil Agarwal)
Director

Place : Bhubaneshwar

Date : The 27th day of May,2017

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

	Notes	2017 ₹	2016 ₹
I. Income			
a Revenue from operations	14	6,904,082	34,034,272
b Other Income	15	2,604,199	152,656
		<u>9,508,281</u>	<u>34,186,928</u>
II. Expenses :			
a Cost of materials consumed	16	-	27,281,159
b (increase)/decrease in inventories of work-in-progress	17	-	(3,663,550)
c Employee benefits expense	18	6,812,613	4,105,623
d Depreciation and amortization expense	19	2,818,010	2,761,469
e Finance costs	20	37,934,593	38,194
f Other expenses	21	2,009,399	44,771,468
		<u>49,574,615</u>	<u>75,294,363</u>
III. Profit/(loss) before tax		(40,066,334)	(41,107,435)
Tax expense			
Current tax		-	-
Deferred tax		537,180	631,130
Total tax expenses		<u>537,180</u>	<u>631,130</u>
IV Profit/(loss) for the year from continuing operations		(40,603,514)	(41,738,565)
V. Earnings per equity share	22		
Basic			
Computed on the basis of profit from continuing operations			
Computed on the basis of total profit for the year		(6.24)	(6.41)
Diluted			
Computed on the basis of profit from continuing operations			
Computed on the basis of total profit for the year		(6.24)	(6.41)
VI. Significant accounting policies	A		
VII. Notes on Financial Statements	B		

As per our report of even date

For Ajay B Garg
Chartered Accountants

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

For and on behalf of the Board of Directors

(Anil Agarwal)
Director

(Sunil Agarwal)
Director

Place : Bhubaneshwar

Date : The 27th day of May, 2017

Cash Flow Statement for the year ended on 31st March

	2017 (₹)	2016 (₹)
Cash flow from operating activities		
Profit before tax from continuing operations	(40,066,334)	(41,107,435)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	2,818,010	2,761,469
Interest expense	37,934,593	38,194
Operating profit before working capital changes	686,269	(38,307,772)
Movements in working capital:		
Increase/(decrease) in Short term Borrowings	(55,929,657)	(32,100,000)
Increase/(decrease) in other current liabilities	(483,952,650)	155,126,599
Decrease/(increase) in trade receivables	2,216,415	28,613,776
Decrease/(increase) in inventories	-	(3,663,550)
Decrease/(increase) in short-term loans and advances	224,834,944	(107,512,214)
Decrease/(increase) in other current assets	-	-
Cash generated from / (used in) operations	(312,144,679)	2,156,839
Direct taxes paid (net of refunds) & Deferred Tax	537,180	631,130
Net cash flow from/(used in) operating activities (A)	(312,681,859)	1,525,709
Cash flows from investing activities		
Purchase of fixed assets, including intangible Assets, CWIP	(2,089,426)	(11,034,377)
Increase / (Decrease) in Deferred Tax Liability	537,180	631,130
Proceeds of non-current investments	(111,420)	7,675,543
Net cash flow from/(used in) investing activities (B)	(1,663,666)	(2,727,704)
Cash flows from financing activities		
Proceeds from long-term borrowings	352,700,000	(73,993)
Interest paid	(37,934,593)	(38,194)
Net cash flow from / (used in) in financing activities (C)	314,765,407	(112,187)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	419,882	(1,314,182)
Cash and cash equivalents at the beginning of the year	210,821	1,525,004
Cash and cash equivalents at the end of the year	630,703	210,821
Components of cash and cash equivalents		
Cash on hand	179,479	123,014
With banks on current account on deposit account	451,224	87,807
Total cash and cash equivalents	630,703	210,821

As per our report of even date

For Ajay B Garg
Chartered Accountants

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

Place : Bhubaneshwar

Date : The 27th day of May, 2017

For and on behalf of the Board of Directors

(Anil Agarwal) (Sunil Agarwal)
Director 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 section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

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 is 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.

A Notes on financial statements

1. Share Capital

	2017	2016
	₹	₹
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>
1,50,00,000 (P.Y. 2,50,00,000)		
Issued , Subscribed & Fully Paid up Shares		
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

	2017	2016
	No. of Shares	No. of Shares
At the beginning of the Period	<u>6,508,416</u>	6,508,416
Issued during the year	-	-
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	31 st March 2017		31 st March 2016	
	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

	2017	2016
	₹	₹
Securities Premium Account		
Balance as per last financial statements	<u>207,183,740</u>	<u>207,183,740</u>
Closing Balance	<u>207,183,740</u>	<u>207,183,740</u>

	2017	2016		
	₹	₹		
Surplus in the statement of profit and loss				
Balance as per last financial statements	(150,963,955)	(109,225,390)		
Profit /(loss) for the year	(40,603,514)	(41,738,565)		
Net surplus in the statement of profit and loss	(191,567,469)	(150,963,955)		
Total reserves and surplus	15,616,271	56,219,785		
3. Long-term borrowings				
	Non-Current Portion		Current Maturities	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
	₹	₹	₹	₹
Indian Rupee Loan from banks(Secured)	-	-	135,181,333	73,992
Indian Rupee Loan from NBFCs - (Un-Secured)	352,700,000	-	288,100,000	901,415,370
	<u>352,700,000</u>	<u>-</u>	<u>423,281,333</u>	<u>901,489,362</u>
a. Term Loan from IFCI Ltd is unsecured and carries interest rate of 11.75 % p.a. repayable in 27 monthly equal instalments commencing from 08-02-2017 to 08-04-2019				
4. Deferred Tax liability			2017	2016
			₹	₹
Related to Fixed Assets				
Opening Balance			1,713,420	1,082,290
Addition during the year			537,180	631,130
			<u>2,250,600</u>	<u>1,713,420</u>
5. Trade Payables				
Sundry Creditors for Trade			176,915,215	179,137,388
			<u>176,915,215</u>	<u>179,137,388</u>
6. Short-term borrowings				
a From Related Parties			136,232,426	199,762,083
b From Others			139,058,944	131,458,944
			<u>275,291,370</u>	<u>331,221,027</u>
7. Other current liabilities				
Other liabilities				
Current maturities of long-term borrowings			423,281,333	901,489,362
Others				
Creditors for Expenses			5,918,234	7,278,642
Security Deposit from Sub-Contractor			2,463,115	2,463,115
Statutory dues payable			13,591,440	15,753,480
			<u>445,254,122</u>	<u>926,984,599</u>

8. Tangible assets

	Plant & Equipment	Furniture & Fixtures	Vehicles	Computers	Total
Cost or valuation					
At 31 st March 2015	26,824,057	609,906	1,508,716	712,799	29,655,478
Additions	10,131,383	902,994	-	-	11,034,377
Disposals	-	-	-	-	-
At 31 st March 2016	36,955,440	1,512,900	1,508,716	712,799	40,689,855
Additions	2,089,426	-	-	-	2,089,426
Disposals	-	-	-	-	-
At 31st March 2017	39,044,866	1,512,900	1,508,716	712,799	42,779,281
Depreciation					
At 31 st March 2015	1,977,504	173,153	617,974	462,987	3,231,618
Charge for the year	2,264,701	91,789	179,235	225,743	2,761,469
Disposals	-	-	-	-	-
At 31 st March 2016	4,242,205	264,942	797,209	688,730	5,993,087
Charge for the year	2,470,980	143,726	179,235	24,068	2,818,010
Disposals	-	-	-	-	-
At 31st March 2017	6,713,185	408,667	976,445	712,799	8,811,096
Net Block					
At 31 st March 2016	32,713,235	1,247,958	711,507	24,069	34,696,768
At 31st March 2017	32,331,681	1,104,233	532,271	0	33,968,185

9. Non-current investments

Trade Investments

(a) Investment in subsidiaries

Investment in North West sales & Marketing Limited

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 others

FDR with BDA (Axis Bank)

	2017 ₹	2016 ₹
Investment in North West sales & Marketing Limited	7,818,400	7,818,400
FDR with BDA (Axis Bank)	1,870,658	1,759,238
	9,689,058	9,577,638

10. Inventories

(valued at cost being lower of net realizable value)

(As certified by the management)

Raw materials and components

Work-in-progress

Raw materials and components	-	-
Work-in-progress	162,515,148	162,515,148
	162,515,148	162,515,148

11. Trade receivables

(Unsecured & Considered good)

Over Six Months

Others

Over Six Months	173,090,708	175,307,123
Others	-	-
	173,090,708	175,307,123

12. Cash and Cash equivalents	2017 ₹	2016 ₹
Cash in hand	179,479	123,014
Balances with banks: in current accounts	451,224	87,807
	<u>630,703</u>	<u>210,821</u>
13. Short Term Loans and advances (Unsecured & Considered good)		
Security deposit	590,788	590,788
Loan and advances to related Parties	936,597,690	1,157,147,691
Balances with statutory/government authorities	16,029,459	20,314,402
	<u>953,217,937</u>	<u>1,178,052,881</u>
14. Revenue from operations		
Sale of Products		
Sale of Land	-	20,760,000
Contract Revenue	6,904,082	13,274,272
	<u>6,904,082</u>	<u>34,034,272</u>
15. Other income		
Interest on bank deposits	-	-
Other Non-operating income	2,604,199	152,656
	<u>2,604,199</u>	<u>152,656</u>
16. Cost of material consumed		
Inventory at the beginning of the year	-	-
Add: Purchases	-	27,281,159
	-	27,281,159
Less: inventory at the end of the year	-	-
	-	27,281,159
17. (Increase)/decrease in inventories		
Inventories at the end of the year		
Work-in-progress	162,515,148	162,515,148
	<u>162,515,148</u>	<u>162,515,148</u>
Inventories at the beginning of the year		
Work-in-progress	162,515,148	158,851,598
	<u>162,515,148</u>	<u>158,851,598</u>
	-	(3,663,550)
18. Employee benefit expense		
Salaries, wages and bonus	6,782,588	3,992,393
Contribution to provident and other fund	27,780	15,090
Staff welfare expenses	2,245	98,140
	<u>6,812,613</u>	<u>4,105,623</u>
19. Depreciation and amortization expense		
Depreciation of tangible assets	2,818,010	2,761,469
	<u>2,818,010</u>	<u>2,761,469</u>
20. Finance costs		
Interest	37,917,893	26,526
Bank Charges	16,700	11,668
	<u>37,934,593</u>	<u>38,194</u>

21. Other expenses	2017 ₹	2016 ₹
Operating Expenses		
Direct Expenses	256,002	26,261,910
	256,002	26,261,910
Selling & Distribution Expenses		
Advertisement Expenses	-	49,343
	-	49,343
Establishment Expenses		
Insurance	104,974	83,269
Travelling and conveyance	74,650	-
Printing and stationery	2,190	-
Legal and professional fees	88,800	666,480
Bad Debt	1,429,783	14,000,000
Payment to auditor	46,000	46,000
Miscellaneous expenses	7,000	3,664,466
	1,753,397	18,460,215
	2,009,399	44,771,468

22. 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	9,508,281	34,186,928
Profit/(loss) after tax	(40,603,514)	(41,738,565)
Net profit/ (loss) for calculation of basic EPS	(40,603,514)	(41,738,565)
Net profit/(loss) for calculation of diluted EPS	(40,603,514)	(41,738,565)
	In No.	In No.
Weighted average number of equity shares in calculating basic/diluted EPS	6,508,416	6,508,416
Basic/Diluted EPS	(6.24)	(6.41)

23. 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

Associated Concerns

	Year ended	Sale of Services
Shivam Condev Pvt Ltd	31.03.2017	6,904,082

b. Loans given and repayment thereof

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

North West sales & Marketing Limited	670,043,615	696,343,616
ARSS Ravchi JV	18,000,000	18,000,000
Loan to ARSS Infra.	242,054,075	436,304,075
Prateek Agarwal	6,000,000	6,000,000
	936,097,690	1,156,647,691

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

	2017 ₹	2016 ₹
c. Loans taken and repaymnt thereof		
Enterprises owned or significantly influenced by key management personnel or their relatives		
L.G Constructions	400,000	400,000
Anil Agarwal (Huf)	5,000,000	14,108,330
Anil Contractors P Ltd	14,678,559	14,678,559
Mohanlal Agarwal	1,507,636	
Mohanlal Agarwal(Huf)	3,341,231	3,461,231
Rajesh Agarwal(Huf)	-	19,118,373
Ramdulari Agarwal	-	24,528,687
Sabita Agarwal	6,900,000	12,567,270
Sangeeta Agarwal	-	7,097,252
Sanju Agarwal	-	3,953,472
Seema Agarwal	7,680,000	15,960,121
Shivam Construction Pvt Ltd	3,000,000	3,000,000
Shivam Condev Pvt Ltd	25,375,000	
Subash Agarwal(Huf)	-	9,434,429
Sunil Agarwal(Huf)	-	2,884,359
Rajesh Agarwal (U L)	-	220,000
Sidhant Financial Services Ltd	58,350,000	58,350,000
Vinod Brothers	10,000,000	10,000,000
	136,232,426	199,762,083
d. Remuneration to key managerial personnel		
Subash Agarwal	-	-
24. 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 : NIL unpaid to any supplier as at the end of each accounting year		
b Principal amount due to micro and small enterprises : NIL		
c Interest due on above : NIL		
25. 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		

As per our report of even date

For Ajay B Garg
Chartered Accountants

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

ARSS Damoh Hirapur Tolls Private Limited
For and on behalf of the Board of Directors

(Anil Agarwal) (Sunil Agarwal)
Director Director

Place : Bhubaneshwar

Date : The 27th day of May,2017