

# Annual Report 2016-17



**ARSS INFRASTRUCTURE PROJECTS LIMITED**

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## Chairman's Letter

Dear Fellow Stakeholders,

It gives me great pleasure to welcome you all to the 17<sup>th</sup> Annual General Meeting of your Company. It's always a pleasure to speak with you to reflect on the performance of your Company in the year and share with you our aspiration for the future.

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development.

The construction industry is the second largest industry of the country after agriculture. It makes a significant contribution to the national economy and provides employment to large number of people. With the urbanization wave that is sweeping the nation and a plethora of initiatives unveiled by the Government to boost infrastructure development and series of measures to boost investment, ease policy norms, relax FDI regulations, build new age affordable housing and generally create an environment favorable for the enhancement of urban life. The outlook of the construction industry, which is directly linked to growth in infrastructure, is positive. After a period of de-growth resulting from policy paralysis and slow rate of project approval, things are finally beginning to look up on the construction front. In its path of advancement, the industry has to overcome a number of challenges, including housing, disaster resistant construction, water management and mass transportation. And, as a leading, integrated construction player, ARSS stands at the helm of this change, ready to take on the multitude of opportunities thrown up by the transforming industry and business environment.

With a view of the Indian economy the Indian economy advanced 6.1 percent year-on-year in the first quarter of 2017, slowing sharply from a 7 percent expansion in the previous period and well below market expectations of 7.1 percent. According to the IMF, India's growth is expected to rebound to 7.2% in the 2017-18 fiscal and 7.7% in 2018-19.

It is the lowest growth rate since the last quarter of 2014, due to a slowdown in consumer spending and a drop in investment, following the demonetization program started in November of 2016 that removed 86 percent of India's currency in circulation. In addition, the government changed the GDP base year for 2011-2012 from 2004-2005. The same change was made earlier for industrial production and wholesale prices indexes, with adjustments in the weights of the different industries. The construction sector shrank 3.7% in the March quarter, compared with a 3.4% growth in the preceding quarter. The announcement that a real estate regulator will be appointed to ensure higher accountability in the sector may have also contributed to the slowdown.

Your Company is a pioneer in infrastructure development and operations. However, for such ambitious infrastructure development of the Country, cost effective and long term financing is the lifeline. I am glad that the Government and RBI has been working to resolve financing issues of the infrastructure sector by launching various schemes and policies as follows:

- Strategic Debt Restructuring (SDR)
- Scheme for Sustainable Structuring of Stressed Assets (S4A)
- Investment Trust Guidelines by SEBI
- Masala Bonds
- Continuation of past schemes like JLR and 5/25
- Liberalized ECB approach

I believe that the Government and RBI are further formulating new mechanisms to raise long term cheaper finance in order to fuel the growth of infrastructure sector.

Let me move now to the performance of your Company. The standalone results for 2016-17, which reflect construction business have been encouraging, and reflect efforts at streamlining operations, optimizing efficiencies of on-going projects and pursuing pending dues at every level.

- Turnover of ₹ 850.00 crores.
- EBITDA is ₹ (221.48) crores.
- PAT (loss) is ₹ (330.63) crores.
- EPS (basic) in the FY 2016-17 is ₹ (222.75) as against ₹ 3.38 in the previous year.

As I wrote in my message in the Annual Report, I view the maintenance of the highest levels of corporate governance as the core focus of the Chairman's role. I believe that the current make-up of the Board, with the addition of Melanie as a further independent Director, will ensure we maintain those high standards. Our Board processes, from the activities of the board committee's right through to the regular functioning of the Board itself, were externally reviewed during the year and I am confident that they deliver the highest levels of corporate governance. Though there are opportunities galore, we need to be very cautious of the present volatile and uncertain environment and need to make very cautious decisions which add value to all the stakeholders.

I would like to place on record my sincere gratitude to you, our valued shareholders for having given me this privilege. I would also like to place on record my deepest appreciation of the tireless efforts of all my colleagues, past and present who have travelled with me in this journey, lending their shoulder to build this great organization. I draw solace that with team of professionals in our group, our shared aspiration is surely within reach. Here, I would like to express my special gratitude to all the employees I am really thankful for their cooperation and support.

Before I conclude, I would like to extend my thanks to Customers, vendors and suppliers, Central and State Governments, Regulatory Authorities, investors, bankers and financial institutions for their continued faith and trust, without whom our continued growth momentum would not have been possible. I would also like to thank my fellow Board members for their unstinted support and encouragement and helping me in creating good governance culture across the organization and fulfilling the responsibilities of Board. I would like to place on record the sincerity, hard work, commitment and dedication of the entire Team of ARSS. I seek your continued support in making the Company more sustainable and resilient to external challenges.

With warm and very best regards,

Yours

Subash Agarwal

Chairman

## Company Information

### Board of Directors

#### Chairman

Mr. Subash Agarwal (Executive Director)

#### Managing Director

Mr. Rajesh Agarwal (Executive Director)

#### Independent Non-Executive Directors

Mr. Swarup Chandra Parija

Mrs. Rima Dhawan (Women Director)

Mr. Kamlesh Kumar Sharma (upto 3<sup>rd</sup> May, 2017)

Mr. Pareswar Panda (w.e.f. 9<sup>th</sup> August, 2017)

#### Nominee Directors

Mr. Krishna Chandra Raut (State Bank of India)

#### Senior Executives

Mr. Sunil Agarwal- President & CEO

Mr. Anil Agarwal- Sr. VP & COO

Mr. S. K. Pattanaik- CFO

#### Company Secretary & Compliance Officer

Ms. Alka Khemka

#### Registered Office

Plot No-38, Sector-A, Zone-D,

Mancheswar Industrial Estate,

Bhubaneswar-751 010

Phone - 91 674 258 8552 – 4

Fax - 91 674 258 5074

Email – cs@arssgroup.in, response@arssgroup.in

Web site - www.arssgroup.in

#### Corporate Office

ARSS Mall, Plot No-40,

Community Centre, Block-A,

Paschim Vihar

Opposite to Jwalaheri Market,

New Delhi – 110063

Phone – 91 11 48 63 6363

Fax - 91 11 48 63 6339

E-mail - delhi@arssgroup.in

#### Registrar and Share Transfer Agents

Bigshare Services Private Limited

1<sup>st</sup> Floor, Bharat Tin Works Building,

Opp. Vasant Oasis, Makwana Road,

Marol, Andheri East, Mumbai – 400059, Maharashtra

Tel: + 91 22-62638261

Fax: + 91 22-62638299

e-mail: marketing@bigshareonline.com,

investor@bigshareonline.com

Website: www.bigshareonline.com

### Board Committees

#### Audit Committee

Mr. Swarup Chandra Parija

*Independent Director- Chairman of the Committee*

Mrs. Rima Dhawan

*Independent Director- Member*

Mr. Krishna Chandra Raut

*Nominee Director- Member*

#### Stakeholders Relationship Committee

Mr. Swarup Chandra Parija

*Independent Director- Chairman of the Committee*

Mr. Krishna Chandra Raut

*Nominee Director- Member*

Mr. Kamlesh Kumar Sharma

*Independent Director- Member (upto 3<sup>rd</sup> May, 2017)*

Mrs. Rima Dhawan

*Independent Director- Member (w.e.f. 27<sup>th</sup> May, 2017)*

#### Nomination and Remuneration Committee

Mr. Swarup Chandra Parija,

*Independent Director- Chairman of the Committee*

Mr. Krishna Chandra Raut

*Nominee Director- Member*

Mr. Kamlesh Kumar Sharma

*Independent Director- Member (upto 3<sup>rd</sup> May, 2017)*

Mrs. Rima Dhawan

*Independent Director- Member (w.e.f. 27<sup>th</sup> May, 2017)*

#### Corporate Social Responsibility Committee

Mr. Rajesh Agarwal

*Executive Director- Chairman of the Committee*

Mr. Swarup Chandra Parija

*Independent Director- Member*

Mrs. Rima Dhawan

*Women Independent Director- Member*

#### Statutory Auditors

M/s Ajay B Garg

Chartered Accountants,

517-518, Shreekant Chambers,

V. N. Purav Marg, Chembur,

Mumbai- 400 071,

Tel:- 022 6797 8001,

Fax:- 022 6797 8002

E-mail:-agarg@ajaygarg.com

#### Bankers

State Bank of India

Bank of India

ICICI Bank Ltd.

IDBI Bank Ltd.

Punjab National Bank

State Bank of Bikaner and Jaipur

(Merged with SBI on 31<sup>st</sup> March, 2017)

## Directors' Report

To,  
The Members of  
ARSS Infrastructure Projects Limited

Your Directors have pleasure in presenting before you the 17<sup>th</sup> Annual Report of the Company together with Audited Statements of Accounts for the Financial Year ended 31<sup>st</sup> March, 2017:

### 1. Financial Results:

The performance during the period ended 31<sup>st</sup> March, 2017 has been as under (Standalone):

(₹ In Crores)

Particulars	2016-17	2015-16
Sales	850.36	623.30
Profit before Depreciation, Interest and Tax	(221.48)	207.21
Less : Depreciation	32.59	36.14
Interest	82.15	164.84
Profit Before Tax	(336.23)	6.23
Less : Tax Expenses		
a) Current Year	-	1.27
b) Earlier Year	0.20	1.30
c) Deferred Tax	(5.81)	(1.36)
Profit/Loss After Tax	(330.63)	5.02
Balance brought forward from previous year	197.64	192.62
Amount Available for Appropriation	(132.99)	197.64
Appropriations		
a) Dividend	-	-
b) Tax on Dividend	-	-
c) Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	(132.99)	197.64
Earnings per Share (In ₹) Basic (Equity Shares of face value of ₹ 10)	(222.75)	3.38
Earnings per Share (In ₹) Diluted (Equity Shares of face value of ₹ 10)	(145.41)	2.21

### 2. Dividend

Your Directors have not recommended any dividend for the financial year ended March 31, 2017.

### 3. Operating Result :

The turnover of the Company in the year is ₹ 850.36 crores as compared to ₹ 623.30 crores in the previous year. The profit before tax is ₹ (336.23) as compared to ₹ 6.22 (profit) crores for the previous year.



**4. Details of Subsidiary, Joint Venture or Associates****A. Details of Subsidiary and Associate Companies**

During the year under review no companies have become or ceased to be company's subsidiary, joint ventures or associate companies. A report on the company's subsidiary, joint ventures or associate companies as per Companies Act, 2013 is provided hereunder

Sl. No.	Name of the Company	Address of the Company	CIN/GLN/ PAN	Holding / Subsidiary / Associate	% of shares held/ share in JV	Applicable Section
1	ARSS Damoh-Hirapur Tolls Private limited	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	U45201OR2011PTC013524	Subsidiary Company	99.82%	2 (87)
2	ARSS Developers Limited	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	U45209OR2007PLC009201	Associate Company	38.41%	2 (6)

**B. Joint Venture (AOP)**

Sl. No.	Name of the Company	Address of the Company	CIN/GLN/ PAN	Holding /Subsidiary / Associate	% of shares held/ share in JV
1	NIRAJ-ARSS JV.	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAAAN5116B	Joint Venture	40.00%
2	ARSS-ATLANTA JV.	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAQFA8726P	Joint Venture	51.00%
3	ATLANTA-ARSS JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AABAA0048E	Joint Venture	49.00%
4	ARSS-HCIL CONSORTIUM	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAOFA4560D	Joint Venture	60.00%
5	ARSS-TRIVENI JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AABAA1081H	Joint Venture	51.00%
6	PATEL-ARSS JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAAAP8266E	Joint Venture	49.00%
7	BACKBONE-ARSS JV.	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAAAB7056Q	Joint Venture	49.00%
8	SOMDATT BUILDERS-ARSS JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AADAS6434L	Joint Venture	49.00%

Sl. No.	Name of the Company	Address of the Company	CIN/GLN/ PAN	Holding /Subsidiary / Associate	% of shares held/ share in JV
9	ARSS-ANPR JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AABAA1158M	Joint Venture	51.00%
10	HCIL-ADHIKARYA-ARSS JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAEFH3757R	Joint Venture	30.00%
11	ARSS GVR JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AACAA1049A	Joint Venture	51.00%
12	HCIL-ARSSSPL-TRIVENI JV	113-A, Kamala Nagar, Delhi-110007	AADFH8758B	Joint Venture	30.00%
13	HCIL-KALINDEE-ARSS JV	113-A, Kamala Nagar, Delhi-110007	AAEFH1678M	Joint Venture	30.00%
14	HARISH CHANDRA-ARSSSPL JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAAAH1493H	Joint Venture	49.00%
15	ARSS-MVPL JV	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AABAA1497P	Joint Venture	51.00%
16	ARSS-BALAJI JV	At / P.O : Belpahar R.S., Belpahar	AABAB1071G	Joint Venture	30.00%
17	ARSS - SIPS (JV)	129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi – 110 035	AAEAA3620K	Joint Venture	51.00%
18	ARSS - SCPL (JV)	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAEAA3621J	Joint Venture	51.00%
19	ARSS - BMS (JV)	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar- 751010	AAEAA4835G	Joint Venture	51.00%

#### 5. Consolidated Financial Statements:

Consolidated financial statements (consolidating financials of ARSS Damoh - Hirapur Tolls Private Limited being its subsidiary company and of ARSS Developers Limited being its associate company) in terms of Section 129 (3) of the Companies Act, 2013 read with rule 6 of Companies (Accounts) Rules, 2014 and under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Accounting Standard AS 21, issued by the Institute of Chartered Accountants of India, are provided in this Annual Report.

Pursuant to the Section 129 (3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014, a statement containing the salient features of the financials statements of each of the subsidiary and associate company in the prescribed form AOC-1 is annexed to this annual report.



Pursuant to the Section 136 of the Companies Act, 2013 financial statements of subsidiary/ associate companies are kept for inspection by the shareholders at the Registered Office of the Company. The said financial statements of the subsidiaries are also available on the website of the Company [www.arssgroup.in](http://www.arssgroup.in) under the Investors Section.

## 6. Reserve

No amount was proposed to be transferred to general reserve.

## 7. Operations- Work Orders

Your Directors are pleased to inform that during the year under report, the Company (alongwith its JVs) has secured the following contracts (work order):

- a. Execution of work of Track Linking (Excluding supply of Rails, Thick Web Switches and PSC Line Sleeper) OHE, S&T and other allied works from Haridaspur (KM 0.00) to Kendrapara (KM 43.873) including Kendrapara Yard in connection with construction of New BG Railway Line from Haridaspur to Paradeep (KM 81.200) in Khurda Road Division of East Coast Railway in the State of Odisha, INDIA awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" awarded by Chief Project Manager-II, Rail Vikas Nigam Limited, B Block, West Wing, Ground Floor, Rail Vihar, Chandrasekharpur, Bhubaneswar, Orissa – 751023 on 03<sup>rd</sup> March, 2017, with a Contract Value of ₹140.52 Crores.
- b. Bhadrak-Nergundi 3<sup>rd</sup> Line: Supply of machine crushed hard stone ballast in connection with doubling between Byree and Kapilas Road stations under KUR Division of E. Co. Railway awarded in favour of our Company awarded by Chief Engineer/Con/II Bhubaneswar-23 on 20<sup>th</sup> February, 2017, with a Contract Value of ₹ 2.12 Crores.
- c. Widening of existing 2 lane to 2 lane with 1.5 m wide paved shoulder from KM 0/0 to 81/0 and Km. 83/0 to 119/0 of NH 157 in the State of Odisha on EPC Mode" awarded in favour of our Company by Office of Chief Engineer, National Highways, Odisha, Bhubaneswar on 22<sup>nd</sup> December, 2016, with a Contract Value of ₹ 164.50 Crores.
- d. Widening of existing two lane to two lane with 1.5 mt wide paved shoulder from KM 50/0 to 140/9 of NH 57 on EPC Mode awarded in favour of our Company by Office of Chief Engineer, National Highways, Odisha, Bhubaneswar on 22<sup>nd</sup> December, 2016 copy of which was received by us on 23<sup>rd</sup> December, 2016, with a Contract Value of ₹164.00 Crores.
- e. Canal Lining and System Rehabilitation Programme (CLSRP) of Parjang Branch Canal of Rengali Irrigation Project (PBC from RD 00 km to 11.587 km with its off taking distribution systems-Reach-I) in favour of our Company awarded by PD Cum Chief Engineer & Basin Manager, Brahmani Left Basin, Sukinda Jamuposhi, Ampolaba, Jajpur - 755018 on 08<sup>th</sup> December, 2016, with Contract value of ₹ 20.39 Crores.
- f. Construction of Major Bridges (07 Nos.) and Earthwork in approaches, including protection and other ancillary works in Bina-Lalitpur Section (62.66 Km) in connection with Bina-Jhansi 3<sup>rd</sup> Line Project (Zone-A) awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by North Central Railway, Office of the Dy. Chief Engineer (Const.), Jhansi on 21<sup>st</sup> November, 2016, with Contract Value of ₹ 51.44 Crores.
- g. Construction of Important Bridge No. 1086/01 on Betwa River having 20/24.40 m. spans of composite girders including earthwork & construction of Minor bridges on approaches in connection with Bina-JHS 3<sup>rd</sup> Line project awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by North Central Railway, Office of the Dy. Chief Engineer (Const.), Jhansi on 07<sup>th</sup> October, 2016, with Contract Value of ₹ 63.80 Crores.
- h. Earthwork in embankment/ cutting including blanketing, side drains, retaining/ toe wall, construction of Minor bridges and removal of infringements of signaling cables/equipments with other allied works in Bijroutha-Babina Section ( 35.58 Kms) in connection with Bina-JHS 3<sup>rd</sup> Line project (Zone-IV) awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by North Central Railway, Office of the Dy.Chief Engineer (Const.), Jhansi on 20<sup>th</sup> October, 2016, with Contract Value of ₹ 84.66 Crores.
- i. Earthwork in embankment/ cutting including blanketing, side drains, retaining/ toe wall, construction of Minor bridges and removal of infringements of signaling cables/equipments with other allied works in Bina-Dharua Section (34.52 Kms) in connection with Bina-JHS 3<sup>rd</sup> Line project (Zone-I) awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by North Central Railway, Office of the Dy. Chief Engineer (Const.), Jhansi on 14<sup>th</sup> October, 2016, with Contract Value of ₹ 112.42 Crores.
- j. Earthwork in embankment/ cutting including blanketing, side drains, retaining/ toe wall, construction of Minor bridges and removal of infringements of signaling cables/ equipments with other allied works in Babina-Jhansi Section (25.35

Kms) in connection with Bina-JHS 3rd Line project (Zone-V) awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by North Central Railway, Office of the Dy. Chief Engineer (Const.), Jhansi on 14<sup>th</sup> October, 2016, with Contract Value of ₹ 53.35 Crores.

- k. Soil investigation, design of bridges, execution of earth work, minor bridges, major bridges, RUBs, extension of FOB, Staff Quarters and other service buildings, supply of ballast and other miscellaneous works in Lajkura-Raigarh section in connection with the construction of 4<sup>th</sup> line between Jharsuguda - Bilaspur awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by South East Central Railway, Office of the Chief Admn. Officer (Con.), Bilaspur on 21<sup>st</sup> September, 2016, with Contract value of ₹ 135.45 Crores.
  - l. Jagdalpur-Koraput Doubling Project- Execution of Earthwork in formation, Minor bridges, Protection works and other allied works from Km. 263.300 to Km. 223.500 of Kotpar Road (Excluding) – Charamula Kusumi (Including) – Khadapa (Including) – Dhanapur (Including) – Jeypore (Including) – Chatariput (Including) section in connection with KK line doubling of WAT Division, East Coast Railway awarded in favour one of our Joint Venture (JV) named "ARSS-BMS (JV)" by East Cost Railway on 23<sup>rd</sup> June, 2016, with Contract value of ₹ 44.04 Crores.
  - m. Construction of Six lane ROB in lieu of L.C. 70 Sitapura on JP-SWM Railway Line has been awarded in favour one of our Joint Venture (JV) i.e. "ARSS-SIPS (JV)" by Jaipur Development Authority on 2<sup>nd</sup> May, 2016, with Contract Value of ₹ 87.43 Crores.
  - n. Execution works of package-1 of private railway siding with all Contractor's materials (except Rails for plain track free of cost) for coal transportation system for Darlipali STPP of NTPC Limited in Sundergarh Dist Odisha State (from Ch. 6.000 to Ch. 12.460- Pkg.1) in Darlipali – Dulanga MGR section has been awarded in favour one of our Company by The Project Head/Darlipali, IRCON International Limited, Jharsuguda-768201, Odisha on 29<sup>th</sup> April, 2016, with Contract Value, ₹ 53.91 Crores.
  - o. Widening & Strengthening of Jamujhadi - Basudevpur - Dhamara Road (S.H) to 2 Lane without paved shoulder from 18/800 Km to 22/750Km & from 27/100Km to 60/470 Km is awarded in favour to the Company 'ARSS Infrastructure Projects Limited' by Office of the Executive Engineer Bhadrak (R&B) Division, Bhadrak on April 18, 2016, with Contract Value ₹ 64.73 Crores.
  - p. Khurda Road – Bolangir New B. G. Link Project- Execution of Earthwork in formation, Minor bridges and other allied works from Km. 80.00 to Km. 93 from Khurda end in between Nayagarh- Nuagaon and Daspalla of East Coast Railway awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by Chief Engineer/Con/HQ Bhubaneswar-23 on 13<sup>th</sup> April, 2016, With Contract Value ₹ 38.45 Crores.
  - q. Budhapank-Salegaon Via- Rajathagarh – 3<sup>rd</sup> & 4<sup>th</sup> line: Execution of earthwork, minor bridges & other allied works (Km: 483.047 to Km. 398.166 i.e 2 x 85 =170 km approx awarded in favour one of our Joint Venture (JV) named "ARSS-SIPS (JV)" by East Coast Railway, Bhubaneswar on 08<sup>th</sup> April, 2016, with Contract Value ₹ 156.85 Crores.
8. Performance and financial position of each of the subsidiaries and associates companies are included in the consolidated financial statement.

#### 9. Listing with stock exchanges:

The Company confirms that it has paid the Annual Listing Fees for the year 2017-18 to The Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the Company's Shares are listed.

#### 10. Management Discussion and Analysis Report:

As required under regulation 34 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report as 'Annexure-A'.

#### 11. Corporate Governance and Shareholders Information:

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by Securities and Exchange Board of India (SEBI). The report on Corporate Governance as prescribed in Schedule V (C) of the SEBI Listing Regulations forms an integral part of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance along-with a declaration signed by Managing Director stating that the members of the Board of Directors and Senior Management personnel have affirmed compliance with the respective codes of conduct of the Board of Directors and Senior Management is attached to the report on Corporate Governance. A report on Corporate Governance is included as a part of this Annual Report as 'Annexure-B'.

**12. The extract of the annual return as provided under sub-section (3) of section 92;**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as 'Annexure – C':

**13. Number of Board Meetings:**

Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

02<sup>nd</sup> May, 2016 (adjourned), 27<sup>th</sup> May, 2016 (Resumed), 12<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, 11<sup>th</sup> February, 2017 and 28<sup>th</sup> March, 2017.

**14. Committees of the Board of Directors****a. Audit Committee**

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the rules made there under and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in 'Annexure B' of the Board Report on the Corporate Governance forming part of this report. Members are requested to refer to point No. 4 of Corporate Governance Report attached with this Annual Report.

**b. Nomination and Remuneration Committee**

The Company has in place Nomination and Remuneration Committee in terms of the requirements of the Companies Act, 2013 read with the rules made there under and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in 'Annexure B' of the Board Report on the Corporate Governance forming part of this report. Members are requested to refer to point No. 5 of Corporate Governance Report attached with this annual report.

**c. Corporate Social Responsibility Committee (CSR):**

The Company has in place Corporate Social Responsibility Committee (CSR) in terms of the requirements of section 135 and Schedule VII of the Companies Act, 2013. The details relating to the same are given in 'Annexure B' of the Board Report on the Corporate Governance forming part of this report. Members are requested to refer to point No. 6 of Corporate Governance Report attached with this annual report.

**d. Shareholders Relationship Committee**

The Company has in place Shareholders Relationship Committee in terms of the requirements of the Companies Act, 2013 read with the rules made there under and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in 'Annexure B' of the Board Report on the Corporate Governance forming part of this report. Members are requested to refer to point No. 7 of Corporate Governance Report attached with this annual report.

**15. Dematerialization of shares:**

As on 31<sup>st</sup> March, 2017, 99.91% of the company's paid up Equity Share Capital is in dematerialized form and balance 0.09% is in physical form. The Company's Registrars are Bigshare Services Private Limited 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400059, Maharashtra.

**16. Public deposits, covered under Chapter V of the Act**

Your Company has not invited any deposit from public and shareholders. So, the provisions of the Chapter V of the Companies Act, 2013 are not attracted.

**17. Auditors:****Statutory Auditors:**

As per the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 M/s Ajay B Garg, Chartered Accountants, Mumbai, (Membership No. 32538) Statutory Auditors of the Company was appointed for a term of 4 years i.e. till the conclusion of 19<sup>th</sup> Annual General Meeting (AGM), which was subject to ratification at every AGM, hold office until the conclusion of ensuing Annual General Meeting.

**Cost Auditors:**

M/s. Asutosh & Associates, Cost Accountants, Bhubaneswar were appointed as Cost Auditors for auditing the Cost Accounts of your Company for the year ended 31<sup>st</sup> March, 2017 by the Board of Directors pursuant to the Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014.

**Secretarial Auditors:**

M/s. Deba Mohapatra & Co., a firm of practicing Company Secretaries, Bhubaneswar (FRN: P2002OR002800) were appointed as Secretarial Auditors of the Company for the Financial Year 2016-17 by the Board of Directors pursuant to the Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report submitted by Company Secretary in Practice is enclosed as a part of this report '**Annexure-D**'. Qualifications or remarks made by the Secretarial Auditor in his Report are self explanatory.

**Internal Auditors:**

M/s. PR & Associates, Cost Accountants, Bhubaneswar were appointed as Internal Auditors of the Company for the Financial Year 2016-17 by the Board of Directors pursuant to the Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

**18. Report of Auditors:****Statutory Auditors**

Our reply to the qualifications of Auditors: -

- a. In absence of relevant records, Contract-wise surplus/loss has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.

**Company Reply:** The Company's secured debts are under Corporate Debt restructuring and the liability and interest payable does not commensurate with the turnover and cannot be justified as there is limited support from Financial Institution. During the execution period there is also escalation claim, revision of contract value, extension of completion period, etc. due to which unpredictable variation in reliable estimation of revenue and cost. Also the allocation of combine Operating overhead, Head office overhead and financial cost is not possible due to combine use or high swapping of resources, size of the Contracts. In absence of the overheads and financial cost allocation the Company is unable to determine Contract wise surplus / deficit.

- b. In the absence of audited books of accounts of Balaji-ARSS (JV), ARSS-MVPL JV, and ARSS-SIPS JV discrepancies, if any, between the said accounts with that of the Company is not ascertainable.

**Company Reply:** The Joint Venture has completed the object for which it was formed, No transaction has been entered into during the year. The accounts of the JVs are under the control of respective JV partners i.e. Balaji Engicons Pvt. Ltd. and Mateshweri Vanijya Pvt. Ltd. and the same has not been yet finalized from their end. Hence financial implication for the JV is not quantifiable. However the accounting effects of the discrepancies, if any after the finalization of its accounts will be given at current date.

- c. No interest has been charged form July 2016 on loan outstanding of ₹ 1471.00 Crores to the Profit & Loss account resulting in understatement of loss to that extent.

**Company Reply:** The loan account of the above loan became NPA since July, 2016. That's the reason for non-charging of interest.

- d. Interest on Service Tax payable of ₹ 182.83 lakhs has not provided, resulting to underreporting of loss to that extent.

**Company Reply:** Input credit on above payables was not ascertainable. That's the reason of non charging of interest on Service Tax payables.

**Secretarial Auditors:**

Report of the secretarial auditors as attached is self explanatory in terms of qualifications.

**19. Directors /Key Managerial Personnel Appointed / Resigned During the Year:**

The following were appointed/ reappointed/ Resigned as Directors /Key Managerial Personnel during the financial year under review:

Sl. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Mr. B. K. Makhija	Independent Director	31 <sup>st</sup> March, 2015 (Position regularized on 29 <sup>th</sup> September, 2015)	3 <sup>rd</sup> September, 2016
2	Mr. K. K. Sharma	Independent Director	4 <sup>th</sup> May, 2015 (Position regularized on 29 <sup>th</sup> September, 2015)	3 <sup>rd</sup> May, 2017 (term of appointment got completed)
3	Mr. Pareswar Panda	Independent Director	9 <sup>th</sup> August, 2017 (to be regularized by the shareholders in ensuing AGM scheduled to be held on 25 <sup>th</sup> September, 2017)	-

**20. Director's Responsibility Statement:**

Pursuant to the section 134 sub-section (3) clause (c) Directors confirm and state that—

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and
- the directors had laid down internal financial controls and such internal financial controls are adequate and are operating effectively.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**21. Code of Conduct**

The Code of Conduct (hereinafter referred to as 'Code') is applicable to all its Board Members and Senior Management Personnel of the Company. A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. All Board Members and Senior Management Personnel had affirmed compliance with the Code during the year and no violation of the same was reported. A declaration to the effect that all Board Members and Senior Management Personnel have complied with the Code during the financial year 2016-17, duly signed by Managing Director of the Company is herein below enclosed with Corporate Governance Report. The Code has also been posted on the Company's Web-site.

**22. Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees & Particulars of employees:**

The information required pursuant to Section 197 (12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder:

- The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year.
  - Mr. Subash Agarwal- Chairman- 1: 27.5
  - Mr. Rajesh Agarwal- Managing Director- 1: 25



- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year - 0%
- (iii) The percentage increase in the median remuneration of employees in the financial year- 0%
- (iv) The number of permanent employees on rolls of the company.  
Total 780 employees as on 31<sup>st</sup> March, 2017.
- (v) The explanation on the relationship between average increase in remuneration and company performance.- NA
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.-NA
- (vii) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over/ decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;
- Variations in the market capitalization of the company: The market capitalization of the company as on 31.03.2017 was ₹ 103.06 crores and as on 31.03.2016 market capitalization was ₹ 49.28 crores.
  - Price earnings ratio of the company: Price earnings ratio of the company as on 31.03.2017 is (0.31) and as on 31.03.2016 it was 9.82.
  - Percentage increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year:  
The Company had come out with initial public offer (IPO) in 2010 with issue price per share of ₹ 450/- . Share price as on March 31, 2017 with NSE is ₹ 69.43 per share indicating decrease in the market quotation of shares.
- (viii) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration- 0%
- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company- Same response as in point (vi) above .i.e. 0%.
- (x) The key parameters for any variable component of remuneration availed by the directors; - No Director has received any variable component of remuneration.
- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: 0.79: 1
- (xii) The remuneration paid to employees is as per the remuneration policy of the Company.

As required under the provision of Section 197 (12) read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, as amended, there was no employees who have drawn salary or appointed under this category during the financial year 2016-17.

**23. Company's Policy On Directors' Appointment And Remuneration Including Criteria For Determining Qualifications, Positive Attributes, Independence of A Director And Other Matters Provided Under Sub-Section (3) Of Section 178;**

The same has been provided in detail in the Corporate Governance Report attached with the board report.

**24. Declaration given by independent directors under sub-section (6) of section 149;**

The Company has complied with the definition of Independence as per regulation SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

**25. Industrial Relation:**

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees and a sense of belongingness with the organization and solidarity with the management of the Company have helped to cope with the present challenges of the Company during the year.



**26. Adequacy of internal financial controls with reference to the Financial Statements. –**

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the information used for carrying on Business Operations.

Key elements of the Internal Control Systems has been provided & explained in MDA report attached with Director's report.

**27. Annual Evaluation by the Board of Its Own Performance (Including Committees and Individual Directors)**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

**28. Independent Directors Meeting**

The Independent Directors of the Company met on 27<sup>th</sup> May, 2017, inter-alia, to discuss:

- i) Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.
- ii) Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors.
- iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

**29. Familiarisation Programme of Independent Directors**

In compliance with the requirements of SEBI Listing Regulations, the Company has put in place a familiarization program for Independent Directors to familiarize them with their role, rights and responsibility as Directors, the operations of the Company, business overview etc. The details of the familiarization program are explained in the Corporate Governance Report and the same is also available on the website of the Company.

**30. Details of significant and material orders:**

There are no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**31. Particulars of Loans, Guarantees or Investments under Section 186**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**32. Particulars of Contracts or Arrangements with Related Parties Referred To In Sub-Section (1) of Section 188 in the Prescribed Form AOC-2**

All related party transactions attracting compliance under Section 188 and / or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are placed before the Audit Committee as also before the Board for approval. Prior omnibus approval of the Audit Committee was also sought for transactions which are of a foreseen and repetitive nature.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors of the Company is uploaded on the website of the Company i.e www.arssgroup.in.

The particulars of contracts entered into with related parties during the year as per Form AOC-2 is enclosed as 'Annexure-E'.

**33. Material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:**

a. Recovery notice was served by SBI dated 29.03.2017, by PNB dated 25.08.2016, by Bank of India dated 08.05.2017, IDBI dated 22.06.2017 and SBBJ dated 03.11.2016 under Section 13 (2) in The Securitisation And Reconstruction Of Financial Assets And Enforcement Of Security Interest Act, 2002.

b. SEBI directive for Shell Companies

The recent directive of SEBI dated 7<sup>th</sup> August, 2017 has classified and placed our Company in the list of purported "Shell Companies." The Company is fully operational and is doing its utmost to review from the general financial crunch engulfed in the Infrastructure Segment in India. And your company has been complying with all the requirements of SEBI Law, Rules & Regulations and other applicable Acts & laws. Company is very much a going concern. Company is seeking best legal advises/ opinions from top most professionals in the matter and planning to file an appeal against the Impugned order of SEBI before the Hon'ble Securities Appellate Tribunal, Mumbai.

c. Share Allotment on Preferential Basis pursuant to the CDR to promoters and their associates

The company at the meeting of its "Share Allotment Committee" of Board of Directors of the company held on 9th August, 2017 has allotted 7894736 numbers of Equity Shares to promoters and their associates on preferential basis pursuant to Corporate Debt Restructuring Scheme in accordance with provisions specified under Chapter VII of SEBI (ICDR) Regulations, 2009 and SEBI (LODR), Regulations, 2015.

**34. Compounding status**

Nine Sections out of thirty eight sections for which show cause notices were issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956 were compounded till 31<sup>st</sup> March, 2017 and further 4 sections were compounded as on date of this report. Please refer point No. VII of MGT-9 attached with this report for further details.

**35. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

During the year under review, the Company has taken adequate measures for conservation of energy and also has not gone for any technology absorption whatsoever in accordance with the provisions of Sub-Section (3) (m) section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

The Company has neither earned any income nor incurred any expenditure in foreign currency during the financial year ended 31st March, 2017.

**36. Development and Implementation of Risk Management Policy:**

The Company has established risk management framework. The Company has been addressing various risks impacting the Company. In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company at its Meeting held on February, 2015 has constituted a Risk Management Committee and has approved the Risk Management Policy of the company. This Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company.

**37. Corporate Social Responsibility**

**i) Terms of reference:**

The Committee formulates CSR Policy. The role of the Committee is as under:

- a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- b. Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy.
- c. Monitor the CSR Policy of the Company and its implementation from time to time.
- d. Such other functions as the Board may deem fit from time to time.

**ii) Composition, name of Members and attendance during the year:**

The CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 1 Executive Director.

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Rajesh Agarwal	Chairman	1	1
Mr. Swarup Chandra Parija	Member	1	1
Ms. Rima Dhawan	Member	1	1

**iii) No. of Meetings held during the year:**

During the year the Committee had met once i.e. on 12th August, 2016.

**iv) Amount incurred on CSR activities during the year:**

The average net profits of the company made during the three immediately preceding financial years was positive and as per section 135 of the Companies Act, 2013 company was required to spend ₹ 16 lakhs i.e. at least two per cent of the average net profits of the company made during the three immediately preceding financial years on CSR activities but company could spend the entire amount rather company could spend only a sum of ₹ 4,87,893/- on CSR activities during the financial year 2016-17 as the company was suffering huge loss of ₹ 336.23 crores in the FY 2016-17 and is facing a large cash crunch.

CSR activities was performed / undertaken by the company during the year includes running a girl school named 'Mohanlal Girls High School', Khurda for 'education of the girl child' which was also the part of the activities approved and mentioned in the CSR Policy of the company as reproduced below:

*"Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently livelihood enhancement projects."*

**A responsibility statement of the CSR Committee**

The CSR Committee has confirmed that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-  
(Chairman CSR Committee)

**38. Whistle Blower Policy of the Company:**

In accordance with requirement of Companies Act as well as listing agreement a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. There were no complaints under the whistle blower during the year under review. A link to such policy is also provided in the website of the company.

**39. Reporting of Frauds:**

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed there under either to the Company or to the Central Government.

**40. Acknowledgement:**

Your Directors would like to acknowledge and place on record their sincere appreciation for assistance and co-operation received from the financial institutions, banks, Government authorities, customers and members during the year under review. Your Directors also place on record their deep sense of appreciation for the committed services by the executives, employees at all levels.

For and on behalf of the Board of Directors

Sd/-  
**(Subash Agarwal)**  
Chairman

**Place:** Bhubaneswar  
**Dated:** 09<sup>th</sup> August, 2017

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

### 1. India's Infrastructure Sector, Industry Structure and Developments:

India's infrastructure at the beginning of the century was in need of a total overhaul. It was a drag on the rapid growth of the country's economy and adversely affected the lives of Indian citizens. The government looked to public-private partnerships to promote investment and revitalise its transport and energy sectors. Until recently, India's infrastructure was beset with problems and used out-of-date technology. The roads, railways, ports, airports and power supply were inadequate and inefficient.

In a backdrop of global uncertainty and slowing economic growth, now India was a bright spot in 2016-2017 with robust macroeconomic fundamentals. The year was marked by two major domestic policy developments: passage of the Constitutional amendment which paved way for implementing the transformational Goods and Services Tax (GST), and the action to demonetise the 500 and 1,000 bank notes in the country. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth. It is also a bold new experiment in the governance of India's co-operative federalism. The bill to implement GST has been passed in the Parliament and the country is poised to move to a GST regime from the second quarter of 2017-2018.

Demonetisation had short-term costs. Contemporary evidence tended to suggest significant disruption for the first six to eight weeks due to unprecedented cash constraints throughout the economy. However, the national income data published by the Central Statistics Office (CSO) does not suggest any significant reduction in growth in the third quarter of 2016-2017, which coincided with demonetisation. What the data so far suggests is that the demonetization effect was more moderate than what the critics claimed it would be. And it looks as if its effects have been transitory. Other major macroeconomic parameters like inflation, fiscal deficit and current account balance have also exhibited distinct signs of improvement in 2016-2017. Core inflation has also been quite stable, hovering around 4.5% to 5% for most of 2016-2017.

The infrastructure sector is at the heart of growth of India. Estimates suggest that the country needs close to ₹ 31,000 billion (US\$455 billion) to be spent on infrastructure development over the next five years, with 70% of funds needed for power, roads and urban infrastructure segments. Despite this need, India's rank on infrastructure development in the Global Competitive Index was at 68 in 2016-2017 — an improvement of only 19 places compared to 2014-2015.

Notwithstanding an enormous demand for physical infrastructure, the sector is facing significant challenges, as the developers, the financial community and the government grapple with stalled projects, non-performing loans and widening gap between performance and targets. Consequently, India's construction growth in GDP terms has tapered off substantially since 2011-12. After an impressive 10.8% growth in 2011-12, the sector has seen much lower activity since and grew by only 3.1% in 2016-2017. The worrying factor is that growth in overall Gross Fixed Capital Formation (GFCF) has also reduced significantly from 6.1% in 2015-2016 to 0.6% in 2016-2017.

#### Opportunities and Threats, Risks and concerns

In the past year, S&P BSE India Infrastructure Index, launched in 2014, has risen by over 50% which accentuates the argument of improving investor sentiment. Infrastructure sector is perhaps the most sensitive when it comes to the political environment of the country. With a stable government at present the sector is set for a positive future.

India is the largest democracy in the world. But despite major developmental leaps in the recent years, there are a lot of challenges ahead. For instance, the country faces a shortage of around 1.8 crore housing units, according to the government data. The government has to complete at least 30 lakh houses per year in order to deliver on the promise of "Housing for all by 2022". And now that the affordable housing sector has been granted infrastructure status, we can expect an increase in the number of participants here.

Public transport is another major challenge for the government. In the face of rapid urbanization, the existing transportation infrastructure in cities falls woefully short of global standards. Despite being in existence for more than 150 years, the Indian transport system scores poorly in terms of quality, speed or safety.

On an average, one person is killed every four minutes on Indian roads due to accidents. The average speed of 54 kmph begs for modernization in Indian railways. The airports haven't been doing great either. Most airports in cities are struggling with problems such as congestion and shortage of capacity.

In the present business environment, owing to the existing high levels of debt, the construction companies are left with limited opportunity to raise further capital to fuel growth. To revive the construction sector, the Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi on 31<sup>st</sup> August, 2016 had approved various measures to revive the construction sector which has been undergoing stress, which are expected to help in improving liquidity in the short run and reform the contracting regime in the long run. These include:

- a. PSUs/departments may seek the consent of the contractors/ concessionaires to transfer the arbitration cases initiated under the pre-amended Arbitration Act to the amended Arbitration Act, wherever possible which has an expedited procedure.
- b. In case of claims where the PSU/departments has challenged the Arbitration Award, 75% of the award amount may be paid by the PSU to the contractor/ concessionaire to an escrow account against margin-free bank guarantee.

The escrow account can be used to repay bank loans or to meet commitments in ongoing projects. This is a major step which will allow recovery of loans by banks and allow construction companies to speed up execution of ongoing projects. It will also increase the ability of construction companies to bid for new contracts and the resulting competition will be beneficial in containing the costs of public works. This measure will provide a stimulus to the construction industry and to employment.

- c. All PSUs/departments issuing public contracts may consider setting up Conciliation Committees/Councils comprising independent subject experts in order to ensure speedy disposal of pending or new cases.
- d. Item-rate contracts, may be substituted by EPC (turnkey) contracts, and PSUs/ Departments may adopt the model EPC contracts for construction works.
- e. Department of Financial Services, in consultation with the Reserve Bank of India (RBI), is formulating a one-time package for the construction sector which is expected to be announced shortly.

These initiatives are expected to infuse appropriate liquidity into the construction sector and other infrastructure projects, which have been stranded and support the entire process of dispute resolution in relation to construction and real estate. However, of late, the construction sector has been several challenges leading to decline in the overall investments and growth. The issues ailing the sector was discussed with the representatives of construction companies, banks, NHAI, concerned Departments/ Ministries. Based on detailed discussions, larger economic importance and multi-sectoral nature of the issues, NITI Aayog put forward the proposal to suggest various initiatives required for addressing the issues ailing the construction industry. In the long run, other measures are also under consideration, including changes to bid documents and model contracts, and increased use of conciliation.

The RBI, too, has stepped in to regulate the unsustainable levels of debt. The new Bankruptcy code and the SDR/ S4A guidelines from the RBI are expected to revitalize several key projects. New financial options and sources are now available for infrastructure projects, and the RBI has also taken various steps to facilitate more investment in the sector, through new investment structures as well as through changes in the existing project lending and external commercial borrowing (ECB) guidelines. While dealing with legacy issues, the central government has also laid emphasis on pushing a new round of infrastructure development. This includes a slew of measures related to award of contracts, regulatory approvals, funding and exit mechanism for developers. As a result, the infrastructure sector has been showing incipient signs of recovery, which is likely to further acquire momentum in the medium term with the positive proposals in the Union Budget 2017-2018. Total outlay for the sector is up by 10% to ₹ 3,96,135 crore in 2017-2018 over 2016-2017, with roads, bridges and railways seeing higher allocations of 7%-8% each.

### Outlook

Currently the Construction industry is facing multiple headwinds like regulatory uncertainty and lack of clear policies among others which has created a disturbing environment for all the industry participants. This headwinds has affected the performance of industry players and delayed the projects execution due to land acquisition issues, non-availability of various clearances etc. the industry players are grappling with lower order-book, higher costs and fixed overheads and lower profitability which affect their debt servicing ability affecting the health of various financial institutions. Our business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of constructions and other work on projects before payment is received from clients. In certain cases, we are contractually committed to our clients to fund working capital on our projects and involved borrowed funds to fulfill our working capital needs which involved higher rate of interest which may dampen the growth in profitability.

The simple fact of quality infrastructure requirement of the Country is the long term growth driver for the construction sector. The construction industry has been witness to a strong growth wave powered by large spends on housing, road, water supply, urban transformation etc. To put things in perspective, the total investment in infrastructure is estimated to have increased significantly. Infrastructure industries are poised for growth as economic development of a nation purely depends on the infrastructural development. Present political scenario of the country provides an positive indication for the growth sustenance of the infrastructure industry.

## 2. Internal control systems and their adequacy

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the information used for carrying on Business Operations.

**Key elements of the Internal Control Systems are as follows:**

- Existence of Authority Manuals and periodical updating of the same for all Functions.
- Existence of clearly defined organizational structure and authority.
- Existence of corporate policies for Financial Reporting and Accounting.
- Existence of Management information system updated from time to time as may be required.
- Existence of Long Term Business Plans.
- Existence of Internal Audit System.
- Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

The Company has appointed an Independent Auditor to ensure compliance and effectiveness of the Internal Control Systems in place. The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required. Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance. Risk assessments, inspections and safety audits are carried out periodically.

**3. Discussion on financial performance with respect to operational performance**

The performance during the period ended 31<sup>st</sup> March, 2017 has been as under:

(₹ In Crores)

Particulars	2016-17	2015-16
Sales	850.36	623.30
Profit before Depreciation, Interest and Tax	(221.48)	207.21
Less : Depreciation	32.59	36.14
Interest	82.15	164.84
Profit Before Tax	(336.23)	6.23
Less : Tax Expenses		
a) Current Year	-	1.27
b) Earlier Year	0.20	1.30
c) Deferred Tax	(5.81)	(1.36)
Profit/Loss After Tax	(330.63)	5.02
Balance brought forward from previous year	197.64	192.62
Amount Available for Appropriation	(132.99)	197.64
Appropriations		
a) Dividend	-	-
b) Tax on Dividend	-	-
c) Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	(132.99)	197.64
Earnings per Share (In ₹) (equity shares of face value of ₹ 10) Diluted	(222.75)	3.38
Earnings per Share (In ₹) (equity shares of face value of ₹ 10) Basic	(145.41)	2.21

**4. Human Resources Development and Industrial Relations:**

In 2016-2017, with ARSS growing its order book, resource mobilisation for new projects became a key HR imperative. With the growing number of projects, hiring was also done at the leadership levels in the areas of operations, engineering and



design to strengthen the quality of project execution. New talent was also inducted at the middle and junior levels. While adequate number of people were hired for effective execution, there were strong budget controls imposed to effectively balance the twin objectives of growth and cost control.

New employee induction and training for the existing employees continued to remain focused on functional, technical and behavioral areas. Safety related training also remained an important area of intervention. With new projects getting awarded and many project managers being new to the ARSS system, an exhaustive induction program covering all functions and processes was developed and implemented. However, the objective of furthering operational efficiencies remained a common thread through these activities. The Company is actively working on developing a culture driven by the collective spirit of experience. Assignment, empowerment and accountability will be the cornerstone of the people led processes.

Since 2016-17 was a year of consolidation, the remuneration and benefits mostly remained unaltered. However, ground work started on rationalising the compensation structure to make it more employees friendly and with a plan to implement the same in coming financial year. Safety related training also remained as one of the primary focus areas. In the area of Project Management, self and immediate superior's assessments were completed with an objective to roll out appropriate training programmes for the next financial year with special focus on project risk assessment and mitigation.

Labor relations at all work sides and at the headquarters of the Company continued to remain cordial throughout the year. There was no industrial dispute during the year under review.

#### 5. Business Performance:

The turnover of the Company in the year is ₹ 850.36 crore as compared to ₹ 623.30 crores in the previous year. The profit before tax is ₹ (336.23) as compared to ₹ 6.22 crores for the previous year.

#### 6. Strategic Initiative:

The Company is well on its course to meet its growth targets despite increase competition. Effective business strategies have allowed the Company executing projects in a timely manner and economies on critical resources though joint venture in large projects.

The foray into high potential business of railways, roads and bridges has been successful during the year and boosted the order in flow. The Company is strengthening its manpower for execution of high value projects and adding assets for development of infrastructures to complete all contracts in time.

#### 7. Internal Controls and their Adequacy

ARSS has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management, documented policies, guidelines and procedures.

#### 8. Cautionary Statement:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

Place: Bhubaneswar  
Dated: 09<sup>th</sup> August, 2017

Sd/-  
(Subash Agarwal)  
Chairman

## Corporate Governance Report

### 1. Company's Philosophy on code of Corporate Governance.

The Company's corporate governance structure plays a pivotal role in realizing this long term goal. It provides the fundamental systems, processes and principles that promote objective decision making, performance based management and a corporate culture that is characterized by integrity and fairness in all dealings. Critical to this, is the high degree of transparency in disclosures across all levels of stakeholder engagement, which are periodically done while maintaining the importance of reserving competitive information from being disseminated.

The Company's policies, practices and philosophy adopted since inception are in line with Corporate Governance. These policies, practices are required periodically to ensure its effective compliance. The composition of Board of Directors is well balanced with a view to manage the affairs of the Company efficiently and professionally. The Company's philosophy is to provide satisfaction to all stakeholders including customers, shareholders and employees.

ARSS is respected for its adaptability of Corporate Governance through integrity, transparency, proper disclosure and accountability. The Company is committed for its proper objective in infrastructure development and timely execution of key infra projects paving the ways for economic development of concerned area. It also adheres to ethical business practices and lays emphasis on quality service and timely execution.

The entire governance structure is actively supervised by Board of Directors, which oversees management activities and ensures their effectiveness in delivering member value. To implement this, ARSS has always strived to promote an informed Board that functions independently.

This Chapter reports the Company's compliance with the Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations) as given below:

### 2. Board of Directors

The Board of Directors has an ideal combination of executive and Non-Executive Directors and is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations which inter alia stipulates that the Board should have an optimum combination of Executive and Non-Executive Directors with at least one Woman Director and not less than fifty percent of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director.

- (i) The Company had 6 Directors (as on 31.03.2017) of which 2 are Executive Directors, 1 is Nominee Director and 3 are Non-Executive & Independent Directors. Out of 3 Non-Executive & Independent Directors there is one Woman Independent Director.
- (ii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanship /Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of Private Limited Companies, section 25 companies, and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and CSR Committee.

Name	Category	Board Meetings		Attendance at Last AGM	No. of Directorship/ Membership/ Chairmanship in other Public committee			No. of shares held in the company as on 31.03.2017
		Held During the tenure	Attended		Director	Committee member	Committee Chairman	
Mr. Subash Agarwal (Chairman)	Executive Director	5	5	Yes	2	Nil	Nil	11,73,500
Mr. Rajesh Agarwal Managing Director	Executive Director	5	5	Yes	3	Nil	Nil	3,56,000
Mr. Swarup Chandra Parija	Independent Director	5	5	Yes	1	3	3	Nil
Ms. Rima Dhawan	Independent Director	5	5	No	Nil	Nil	Nil	Nil
Mr. Kamlesh Kumar Sharma (up to 3 <sup>rd</sup> May, 2017)	Independent Director	5	5	No	Nil	Nil	Nil	Nil
Mr. Krishna Chandra Raut	Nominee Director	5	5	Yes	1	Nil	Nil	Nil
Mr. B K Makhija (upto 3 <sup>rd</sup> September, 2016)	Independent Director	2	2	No	Nil	Nil	Nil	Nil

**Notes:-**

- Excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend).
- Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other public Companies has been considered.
- None of the present directors except Mr. Subash Agarwal & Mr. Rajesh Agarwal are "Relative" of each other as defined in Section 2 (77) of Companies Act, 2013 and Rule 4 of the companies (Specification of definitions details) Rule 2014.

**(iii) No. of Board Meetings**

Five Board Meetings were held during the year and the time gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

2<sup>th</sup> May, 2016 (adjourned), 27<sup>th</sup> May, 2016 (Adjourned Meeting resumed), 12<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, 11<sup>th</sup> February, 2017 and 28<sup>th</sup> March, 2017.

Further, the Board Meetings for approval of quarterly and annual financial results were held on the following dates:

1 <sup>st</sup> Quarter Results	: 12 <sup>th</sup> August, 2016
2 <sup>nd</sup> Quarter Results	: 14 <sup>th</sup> November, 2016
3 <sup>rd</sup> Quarter Results	: 11 <sup>th</sup> February, 2017
4 <sup>th</sup> Quarter & Annual Results	: 27 <sup>th</sup> May, 2017

The tentative dates of the Board Meetings for consideration of financial results for the year ending 31<sup>st</sup> March, 2018 are as follows:

*1 <sup>st</sup> Quarter Results	: 12 <sup>th</sup> September, 2017
*2 <sup>nd</sup> Quarter Results	: 12 <sup>th</sup> December, 2017
3 <sup>rd</sup> Quarter Results	: 10 <sup>th</sup> February, 2018
4 <sup>th</sup> Quarter & Annual Results	: 10 <sup>th</sup> May, 2018

**Note:**

One month of extension in the First and Second quarter due to applicability of IND - AS from Financial Year 2017-18 onwards.

**(iv) Board Procedure**

The Board ensures that the Company's reporting and disclosure practices meet the highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value. The Agenda of the meeting is circulated well in advance to the Board members backed by comprehensive background information to enable them to take appropriate decisions. During the year, information as information to be placed before board of directors under SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, [Reg. 17(7)] has been placed before the Board for its consideration. The Board is also kept informed of major events / items and approvals taken wherever necessary. The Managing Director at the Board Meetings keep the Board apprised of the overall performance of the Company.

**(v) Code of Conduct for Board members and Senior Management**

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules there-under. All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

The Code of Conduct is available on the website of the Company.

**(vi) Formulation of Policy for Selection and Appointment of Directors and Their Remuneration**

The Nomination and Remuneration Committee discussed and thereafter decided upon the policy for selection of appointment of directors and their remuneration. The highlights of this policy are as follows:

**A) Criteria of selection of Non-Executive Directors**

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

- b) In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d) The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in their respective fields;
  - Personal, Professional or business standing;
  - Diversity of the Board.
  - In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **B. Remuneration to Non-Executive Directors**

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees for participation in the Board / Committee meetings and commission as detailed hereunder:

- a) A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee meeting attended by him/her at his/her discretion of such sum as may be approved by the Board of Directors within the overall limits prescribed under;
- b) The Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- c) The Committee may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board;
- d) The payment of such commission would be at the discretion of board only and shall not exceed 1% of the net profit of the Company;
- e) The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

#### **C. Chairman/ Managing Director & Whole Time Director - Criteria for selection / appointment**

For the purpose of selection of the Managing Director or Whole Time Director the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

#### **D. Remuneration for the Chairman/ Managing Director or Whole Time Director**

- a) At the time of appointment or re-appointment, the Chairman, Managing Director or Whole Time Director may be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Chairman, Managing Director or Whole Time Director within the overall limits prescribed under the Companies Act, 2013.
- b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- c) The remuneration of the Chairman, Managing Director or Whole Time Director may be broadly divided into fixed and variable components. The fixed component shall comprise salary, allowances, perquisites, amenities and retiral benefits. The variable component shall comprise performance bonus.
- d) In determining the remuneration (including the fixed increment and performance bonus) the Committee shall ensure / consider the following:
  - the relationship of remuneration and performance benchmarks is clear;

- balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- Responsibility required to be shouldered by the Managing Director or Whole Time Director, the industry benchmarks and the current trends.

**(vii) Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and senior officers just below the board level) the Committee shall ensure / consider the following:

- the relationship of remuneration and performance benchmark is clear;
- the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance and current compensation trends in the market.

The Chairman, Managing Director or Whole Time Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors and thereafter shall recommend the annual increment and performance incentive to the Committee for its review and approval.

**(viii) Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

**3. Independent Directors :**

The Company has complied with the definition of Independence as per SEBI (LODR) Regulations, 2015 and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

The Company issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013. The appointment letters of Independent Directors has been placed on the Company's website at [www.arssgroup.in](http://www.arssgroup.in). Independent Directors letters link.

**(i) Training & Induction of Independent Directors:**

Whenever new Non-Executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

**(ii) Performance Evaluation of non-executive and Independent Directors**

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-Executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

**(iii) Independent Directors Meeting**

During the year under review, the Independent Directors of the Company met on 27<sup>th</sup> May, 2017, inter-alia, to discuss:

- i) Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.
- ii) Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors.
- iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

**(iv) Board Committees:**

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has four committees i.e Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

**4. Audit Committee:**

**i) Terms of reference:**

The Audit Committee reviews the audit reports submitted by the Auditors, financial results, effectiveness of internal audit processes and the Company's risk management strategy. It reviews the Company's established systems and the Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

**ii) Composition:**

The Audit Committee of the Company consists of 3 Non-Executive Director. The Chairman of the Audit Committee (Independent Director) is financially literate and majority of them having accounting or related financial management experience. Company Secretary acts as Secretary to the Committee. CFO & AVP Finance are the permanent invitees in the Audit Committee meetings.

**iii) No. of Meetings held during the year:**

During the year the Committee had 4 Meetings i.e. on 2<sup>th</sup> May, 2016 (Adjourned), 27<sup>th</sup> May, 2016 (Adjourned Meeting resumed), 12<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, 11<sup>th</sup> February, 2017.

**iv) Composition, name of Members and attendance during the year:**

During the financial year the Audit Committee of the Board comprised of following three Directors out of which two are Independent Directors one is Nominee of State Bank of India in their attendance are given below:

Name of the member	Position	No. of Meetings held	No. of meetings Attended
Mr. Swarup Chandra Parija	Chairman	4	4
Mr. Krishna Chandra Raut	Member	4	4
Ms. Rima Dhawan	Member	4	4

**5. Nomination and Remuneration Committee Meeting:**

**i) Terms of reference:**

This Committee shall identify the persons, who are qualified to become Directors of the Company (including independent directors) / who may be appointed in Senior Management in accordance with the criteria lay down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.



**ii) Composition:**

The Nomination and Remuneration Committee of the Company consists of 3 Non-Executive Independent Directors including Chairman.

**iii) No. of Meetings held during the year:**

During the year the Committee had 4 Meetings i.e. on 2<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, 11<sup>th</sup> February, 2017.

**iv) Composition, name of Members and attendance during the year:**

During the financial year the Remuneration Committee of the Board comprised or following three Directors out of which two Independent Directors and one is Nominee of State Bank of India in their attendance of each Director during the meetings held in financial year 2016-17 are given below:

Name of the member	Position	No. of Meetings held	No. of meetings Attended
Mr. Swarup Chandra Parija	Chairman	4	4
Mr. Krishna Chandra Raut	Member	4	4
Mr. Bhushan Kumar Makhija* (upto 3 <sup>rd</sup> September, 2016)	Member	4 (2 meetings held during the term)	2
Mr. Kamlesh Kumar Sharma* (upto 3 <sup>rd</sup> May, 2017 as term got completed)	Member	4 (2 meetings held during the term)	2

\* Mr. Bhushan Kumar Makhija resigned from Directorship (so as from Nomination and Remuneration Committee) w.e.f. 3<sup>rd</sup> September, 2016 and Mr. Kamlesh Kumar Sharma was appointed as member of the Nomination and Remuneration Committee in the board meeting held on 14<sup>th</sup> November, 2016.

\* The term of appointment of Mr. Kamlesh Kumar Sharma term got completed on 3<sup>rd</sup> May, 2017 (so as from Nomination and Remuneration Committee) and Mrs. Rima Dhawan was appointed as member of the Nomination and Remuneration Committee in the board meeting held on 27<sup>th</sup> May, 2017.

**v) Remuneration to Directors**

The remuneration provided to the Board Members, Key Managerial Personnel (KMPs) & Senior Management Personnel (SMPs) is in adherence with the provisions of the listing agreement, Section 197, 198, 178 and other applicable provisions of the Companies Act, 2013 and Rules made there under.

**vi) Remuneration to Executive Directors: Remuneration policy / criteria of payment to Executive Directors:**

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Chairman/ Managing Director / Whole Time Directors (MD / WTDs). Their remuneration is governed by the external competitive environment; track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for Chairman/ MD / WTDs is subjected to the recommendation of the nomination & remuneration committee and approval of the Board of Directors, members in due compliance of the provisions of Companies Act, 2013 and other applicable rules made there under. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

Details of remuneration paid to Chairman/ Managing Director / Whole Time Directors for the year ended 31<sup>st</sup> March, 2017:

Name of the Director	Position	Salary Per Annum (₹ In Lacs)
Mr. Subash Agarwal	Chairman	33.00
Mr. Rajesh Agarwal	Managing Director	33.00

**Note:** The above managerial remuneration is subject to the approval of Central Government as per the provisions of third proviso of section II of Part II Schedule V read with sub section (3) of section 197 of The Companies Act, 2013.

**vii) Remuneration to Non-Executive Directors:**

The Non-Executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-Executive Directors for attending meetings of Board of Directors is ₹ 40,000 per meeting and for Committee meetings of Board of Directors is ₹ 20,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses for attending the meeting. The Non-Executive Directors of the Company were not paid any other remuneration or commission.

**viii) Sitting fee paid to the Non-Executive Directors, for 2016-17 are as detailed below:**

Name of the Director	Amount (₹ In Lacs)
Mr. Swarup Chandra Parija	4.60
Mr. Krishna Chandra Raut	4.40
Ms. Rima Dhawan	3.00
Mr. Bhushan Kumar Makhija*	1.20
Mr. Kamlesh Kumar Sharma	3.20
<b>Total</b>	<b>16.40</b>

**Notes:-**

- Mr. B. K. Makhija, Independent Director resigned from Board of Directors of the Company w.e.f. 3<sup>rd</sup> September, 2016.
- Term of Mr. Kamlesh Kumar Sharma Independent Director got completed on 3<sup>rd</sup> May, 2017.

**ix) Relationship of Non-Executive Directors with the Company and inter-se:**

There is no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company and inter-se themselves except for the sitting fees paid to them for attending the Board and Committee meetings.

**6. Corporate Social Responsibility Committee (CSR):**

**i) Terms of reference:**

The Committee formulates CSR Policy. The role of the Committee is as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy.
- Monitor the CSR Policy of the Company and its implementation from time to time.
- Such other functions as the Board may deem fit from time to time

**ii) Composition, name of Members and attendance during the year:**

Name of the member	Position	No. of Meetings held	No. of meetings Attended
Mr. Rajesh Agarwal	Chairman	1	1
Mr. Swarup Chandra Parija	Member	1	1
Ms. Rima Dhawan	Member	1	1

**iii) No. of Meetings held during the year:**

During the year the Committee had met once i.e. on 12<sup>th</sup> August, 2016.

**iv) Amount incurred on CSR activities during the year:**

The average net profits of the company made during the three immediately preceding financial years was positive and as per section 135 of the Companies Act, 2013 company was required to spend ₹ 16 lakhs i.e. at least two per cent of the average net profits of the company made during the three immediately preceding financial years on CSR activities

but company could spend the entire amount rather company could spend only a sum of ₹ 4,87,893/- on CSR activities during the financial year 2016-17 as the company was suffering huge loss of ₹ 336.23 crores in the FY 2016-17 and is facing a large cash crunch.

CSR activities was performed / undertaken by the company during the year includes running a Girls High School named 'Mohanlal Girls High School', Khurda for 'education of the girl child' which was also the part of the activities approved and mentioned in the CSR Policy of the company as reproduced below:

*"Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently livelihood enhancement projects."*

## 7. Stakeholders Relationship Committee:

### i) Terms of reference:

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also functions in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly. It specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

### ii) Composition of the Committee:

The Committee consists of 3 Non-Executive Directors.

### iii) No. of meetings held and attended during the year:

During the year the Committee had 4 Meetings i.e. on 2<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 14<sup>th</sup> November, 2016, and 11<sup>th</sup> February, 2017.

### (iv) Composition, name of Members and attendance during the year:

Name of the member	Position	No. of Meetings held	No. of meetings attend
Mr. Swarup Chandra Parija	Chairman	4	4
Mr. Krishna Chandra Raut	Member	4	4
Mr. Kamlesh Kumar Sharma*	Member	4	1

**Note:** The term of appointment of Mr. Kamlesh Kumar Sharma got completed on 3<sup>rd</sup> May, 2017 (so as from Stakeholders Relationship Committee) and Mrs. Rima Dhawan was appointed as member of the Stakeholders Relationship Committee in the board meeting held on 27<sup>th</sup> May, 2017.

### (v) Name and Designation of Compliance Officer:

Ms. Alka Khemka, Company Secretary, is the Compliance Officer of the company.

### Shareholder's Services:

Sl. No.	Nature of Complaint	2016-17		2015-16	
		Received	Answered	Received	Answered
1	All kind of Shareholders Complaint	NIL	NIL	NIL	NIL

## 8. Risk Management Committee:

In accordance with the provisions of the Listing Agreement, the Board of Directors of the Company at its Meeting held on 12<sup>th</sup> February, 2015 has constituted a Risk Management Committee. This Committee comprises 3 Members i.e. Mr. Rajesh Agarwal-Managing Director (Chairman of the committee), Mr. S. K. Pattanaik-Director (CFO) (Member of the Committee) and Mr. Sunil Agarwal- Chief Executive Officer (Member of the Committee).

This Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company. No meeting of this Committee was mandatorily required nor held during the financial year i.e. 2016-17.

## 9. Other Committee:

The Company also has a Share Allotment Committee, Internal Complaint Committee (ICC) Committee and Inspection Committee of the Board constituted by the Board of directors.

## 10. Annual General Meetings:

### Location and time for the last three AGM:

Year	Date	Time	Location	Special Resolution
2013-14	18-07-2014	11.00 A.M.	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	i) Further issue of shares ii) Related party transactions
2014-15	29-09-2015	11.00 A.M.	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	i) Waiver of recovery of excess managerial remuneration paid to Mr. Soumendra Keshari Pattanaik, Whole-time Director (Director Finance) of the company for the period from 1 <sup>st</sup> April, 2011 till 31 <sup>st</sup> March, 2014. ii) Re- appointment of Mr. Swarup Chandra Parija as an Independent director. iii) Revision of Remuneration of Mr. Anil Agarwal (Sr. Vice President & COO) iv) Revision of Remuneration of Mr. Sunil Agarwal (President and CEO) v) Reclassification and alteration of authorized share capital and change in capital clause of Memorandum of Association:
2015-16	28-09-2016	11.00 A.M.	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar – 751 010.	Special Business and Ordinary Resolution. 1. Ratification of Remuneration of Cost Auditor

### i) Extraordinary General Meeting

No EGM was conducted during the year under review.

### ii) Postal Ballot

No Postal Ballot was conducted during the year under review

## 11. DISCLOSURES

### a) Disclosures on materially significant related party transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts–Schedule '28', forming Part of the Annual Report.

All related party transactions are negotiated on arms length basis and are intended to further the interests of the Company. The Company has formulated a policy on Related Party Transactions and the said Policy is available on the website of the Company.

### b) Accounting treatment in preparation of financial statements

The Company has followed the Accounting standards notified by The Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with Companies (Accounts) Rules, 2014 in preparation of its financial statements. As required under erstwhile of the Listing Agreement, the Company has also formulated a Policy for determining "Material Subsidiaries" which is available on the website of the Company.

**c) Code for Prevention of Insider Trading Practices**

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a 'Code of Practices and procedure for fair Discloser of Unpublished Price Sensitive Information' (UPSI) for Prevention of Insider Trading. The code for Prevention of Insider Trading" and the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" was adopted & approved by the board at its board meeting dated 12<sup>th</sup> May, 2015 and took effect w.e.f 15<sup>th</sup> May, 2015. It also prohibits the purchase or sale of Company's securities by the Directors, designated person and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. Ms. Alka Khemka, Company Secretary, has been designated as the Compliance Officer for this Code.

**d) Whistle blower policy of the company**

In accordance with requirement of Companies Act as well as listing agreement a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. A link to such policy is also provided in the website of the company.

**12. Means of Communication.**

Quarterly, Half-yearly and Annual Financial Results of the Company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in the all India editions of Business Standard and Odisha edition of Odisha Bhasker. The results, official detailed presentations made to media, analysts and institutional investors, etc. are displayed on the Company's website [www.arssgroup.in](http://www.arssgroup.in).

**13. SEBI Complaints Redressal System (SCORES):**

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

**14. Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company for their information. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

**15. Green Initiative in the Corporate Governance:**

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

**16. Compliance:****(a) (i) Details of non-compliance, if any**

There is no Non-Compliance of any requirement of Corporate Governance Report of sub para (2) to (10) of the Part C of Schedule V of the SEBI Listing Regulations.

**(ii) Compliance with mandatory requirements**

The Company has complied with all the mandatory items of the SEBI (LODR) Regulations, 2015.

**(iii) Compliance with the Discretionary**

Requirements under SEBI (LODR) Regulations, 2015 Adoption of discretionary requirements of SEBI (LODR) Regulations, 2015 is being reviewed by the Company from time to time.

#### iv) Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate governance, as stipulated in Regulation 34(3) and PART E of Schedule II of SEBI Listing Regulations, which together with this Report on Corporate Governance is annexed to the Directors' Report and shall be sent to all the members of the Company and the Stock Exchanges along with the Annual Report of the Company.

### 17. Investor safeguards and other information:

#### i) Dematerialization of shares

Members are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

#### ii) Update address/ email address / bank details

To receive all communications/corporate actions promptly, members holding shares in dematerialized form are requested to please update their address/email address/bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

#### iii) Register Nomination(s)

Members holding shares in physical form, are requested to register the name of their nominee(s), who shall succeed the member as the beneficiary of their shares and in order to avail this nomination facility, they may obtain/submit the prescribed form from the Registrars & Share Transfer Agents. Members holding shares in dematerialized form are requested to register their nominations directly with their respective DPs.

#### iv) Dealing of Securities With Registered Intermediaries

In respect of dealings in securities, members must ensure that they deal only with SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/sub-broker within 24 hours of execution of the trade(s) and it should be ensured that the contract note/confirmation memo contains details about order no., trade no., trade time, quantity, price and brokerage.

#### v) E-voting facilities to members

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 17<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

#### vi) Consolidate multiple folios (in respect of physical shareholding)

Members are requested to consolidate their shareholdings under multiple folios to eliminate the receipt of multiple communications and this would ensure that future correspondence/corporate benefits could then be sent to the consolidated folio.

### 18. General Shareholder's Information:

#### Forthcoming Annual General Meeting

AGM date	: 25 <sup>th</sup> September, 2017
Day	: Monday
Time	: 11.00 A.M.
Venue	: At the Regd. Office of the Company At Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar –751 010, Odisha, India.
Financial Year:	: 2016-17
Book Closure Date	: Tuesday, 12 <sup>th</sup> September, 2017 to Friday, 15 <sup>th</sup> September, 2017 (both days inclusive)



Dividend payment date: : No dividend was recommended.  
 Listing on Stock Exchanges: A) The Bombay Stock Exchange Limited  
 B) National Stock Exchange of India Ltd  
 Stock Code : BSE : 533163  
 NSE : ARSSINFRA- EQ  
 ISIN : INE267I01010 (NSDL & CDSL)  
 The Company has paid listing fees for the year 2017-18 to both the above stock exchanges.  
 Corporate Identification Number: : L14103OR2000PLC006230

#### Market Price Data

High Low and trade volumes each month & compared to closing respective index during the financial year 2016-17 of the company at BSE and NSE:

Sl. No	Month & Year	Bombay Stock Exchange Ltd			National Stock Exchange of India Ltd		
		High Price (In ₹)	Low Price (In ₹)	No. of Share Traded	High Price (In ₹)	Low Price (In ₹)	No. of Share Traded
1	Apr-16	44.75	33.00	2,201,924	44.60	33.10	7,612,740
2	May-16	47.30	37.50	1,850,543	47.20	37.15	4,999,236
3	Jun-16	89.45	41.30	12,785,812	89.50	41.15	33,995,092
4	Jul-16	113.95	80.90	11,880,637	113.90	81.20	29,199,854
5	Aug-16	95.50	70.30	7,174,978	95.65	70.25	18,012,558
6	Sep-16	92.50	78.90	4,532,168	92.40	78.15	10,000,869
7	Oct-16	85.55	78.20	2,068,491	85.70	78.10	4,105,547
8	Nov-16	87.90	52.40	3,189,422	87.70	52.20	7,363,403
9	Dec-16	74.40	59.60	1,586,860	74.35	59.45	4,177,027
10	Jan-17	77.50	63.85	1,863,557	77.40	63.75	4,632,858
11	Feb-17	73.55	57.65	1,075,960	73.45	57.10	3,054,115
12	Mar-17	74.40	62.40	2,922,823	74.50	62.05	8,899,636

#### Registrar and Transfer Agents

Bigshare Services Private Limited  
 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,  
 Marol, Andheri East, Mumbai – 400059 Maharashtra  
 Tel: + 91 22-62638261, Fax: + 91 22-62638299  
 e-mail ids: marketing@bigshareonline.com, investor@bigshareonline.com  
 Website:www.bigshareonline.com

#### Share Transfer System

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar, Bigshare Services Private Limited.

Particulars	2016-17 (As on 31 <sup>st</sup> March, 2017)	2015-16 (As on 31 <sup>st</sup> March, 2016)
Shares Transferred	NIL	NIL
Total No. of shares	1,48,43,230	1,48,43,230
% on Share Capital	NIL	NIL

**Shareholding Pattern as on 31<sup>st</sup> March, 2017**

SHAREHOLDING PATTERN AS ON 31.03.2017					
SL. NO	CATEGORY	FOLIOS	%AGE	SHARES	%AGE
1	CORPORATE BODIES	413	1.95%	2,766,461	18.64%
2	CORPORATE BODIES NBFC	4	0.02%	12,617	0.09%
3	FINANCIAL INSTITUTIONS	1	0.00%	48,053	0.32%
4	NON NATIONALISED BANKS	2	0.01%	38,100	0.26%
5	NON RESIDENT INDIANS	160	0.76%	234,504	1.58%
6	PROMOTERS	12	0.06%	2,724,732	18.36%
7	PUBLIC	20,446	96.66%	8,797,582	59.27%
8	TRUST	1	0.00%	15	0.00%
9	OTHERS	113	0.53%	221,166	1.49%
	<b>TOTAL</b>	<b>21,152</b>	<b>100.00%</b>	<b>14,843,230</b>	<b>100.00%</b>

**Top Ten Shareholders of the Company as on 31<sup>st</sup> March, 2017**

SR. NO	SHAREHOLDER'S NAME	CATEGORY	SHARES	%
1	MR.SUBASH AGARWAL	PROMOTERS	1,173,500	7.91%
2	MR.MOHANLAL AGARWAL	PROMOTERS	761,750	5.13%
3	MR.RAJESH AGARWAL	PROMOTERS	356,000	2.40%
4	TAO BUILDERS AND DEVELOPERS PVT LTD.	CORPORATE BODIES	343,000	2.31%
5	MR.ANIL AGARWAL	PROMOTERS	290,000	1.95%
6	MR.GOPI KISHAN MALANI	PUBLIC	271,000	1.83%
7	BOMBAY CABLE CO. PVT. LTD.	CORPORATE BODIES	200,000	1.35%
8	GRESHMA FINVEST PRIVATE LIMITED	CORPORATE BODIES	165,070	1.11%
9	RAOOF RAZAK DHANANI	PUBLIC	145,500	0.98%
10	MOTILAL OSWAL SECURITIES LTD	CORPORATE BODIES	126,697	0.85%
	<b>TOTAL</b>		<b>3,832,517</b>	<b>25.82%</b>

**Distribution Scheduled of shareholding as on 31<sup>st</sup> March, 2017**

(₹ in Rs.)

SI. No	Range	As on 31 <sup>st</sup> March, 2017				As on 31 <sup>st</sup> March, 2016			
		Folios	%	Shares	% age	Folios	%	Shares	% age
1	Up to 5000	18,074	85.45	21,354,550	14.39	17,822	84.53	21,066,040	14.19
2	5001-10000	1,496	7.07	12,181,860	8.21	1,560	7.40	12,786,690	8.61
3	10001-20000	757	3.58	11,530,700	7.77	815	3.87	12,454,350	8.39
4	20001-30000	273	1.29	7,001,050	4.72	295	1.40	7,586,470	5.11
5	30001-40000	114	0.54	4,055,360	2.73	144	0.68	5,157,240	3.47
6	40001-50000	118	0.56	5,533,570	3.73	119	0.56	5,639,870	3.80
7	50001-100000	163	0.77	11,606,000	7.82	173	0.82	12,312,650	8.30
8	100001 and above	157	0.74	75,169,210	50.64	155	0.74	71,428,990	48.12
	<b>TOTAL</b>	<b>21,152</b>	<b>100.00</b>	<b>148,432,300</b>	<b>100.00</b>	<b>21,083</b>	<b>100.00</b>	<b>148,432,300</b>	<b>100.00</b>

**Dematerialization of Shares**

Physical/ NSDL/ CDSL/Summary Report as on 31<sup>st</sup> March, 2017, representing 99.91% of total Equity Share Capital of the Company were held in dematerialized form.

Mode of Holding	As on 31 <sup>st</sup> March, 2017		As on 31 <sup>st</sup> March, 2016	
	No. of Shares	% to Equity	No. of Shares	% to Equity
NSDL	9,680,153	65.22%	9494,652	63.97%
CDSL	5,149,850	34.69%	5,335,351	35.94%
PHYSICAL	13,227	0.09%	13,227	0.09%
<b>TOTAL</b>	<b>14,843,230</b>	<b>100.00</b>	<b>14,843,230</b>	<b>100.00</b>

**Address for Correspondence:**

The Company Secretary & Compliance Officer  
ARSS Infrastructure Projects Ltd.  
Sector-A, Zone-D, Plot No.-38,  
Mancheswar Industrial Estate,  
Bhubaneswar-751010 (ODISHA)  
**Tel:** (0674) 2588552, 2588554, **FAX:** (0674) 2585074  
**E-mail Address:** [cs@arssgroup.in](mailto:cs@arssgroup.in)



**DECLARATION BY THE MANAGING DIRECTOR REGULATION 34(3) PART D OF THE SEBI LISTING REGULATION**

To,  
The Members  
ARSS Infrastructure Projects Limited  
Bhubaneswar

I hereby declare that all the Directors and the designated employees in the senior management of the Company have affirmed compliance with their respective codes for the financial year ended March 31, 2017.

**Place:** Bhubaneswar  
**Date:** 09.08.2017

**(Rajesh Agarwal)**  
Managing Director

For and on behalf of the Board of Directors

**Place:** Bhubaneswar  
**Date:** 09.08.2017

**(Subash Agarwal)**  
Chairman

**CEO/CFO CERTIFICATION**

To,  
The Board of Directors,  
ARSS Infrastructure Projects Limited,  
Mancheswar, Bhubaneswar,  
Odisha, India

**Sub: Compliance Certificate Under Regulation 17(8) of  
SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

We, Rajesh Agarwal, Managing Director and S. K. Pattanaik, Chief Financial Officer of ARSS Infrastructure Projects Limited hereby declare, confirm and certify as under in respect of Annual Accounts for the year ended 31<sup>st</sup> March, 2017:

- A. We have reviewed financial statements and the cash flow statement of ARSS Infrastructure Projects Limited for the year ended on 31<sup>st</sup> March, 2017 and that to the best of their knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For **ARSS Infrastructure Projects Limited**

**(Rajesh Agarwal)**  
Managing Director

**(S. K. Pattanaik)**  
Chief Financial Officer

**Place:** Bhubaneswar

**Date:** 27.05.2017



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## AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members,  
ARSS Infrastructure Projects Limited  
Bhubaneswar, Odisha

We have examined the compliance of conditions of Corporate Governance by ARSS Infrastructure Projects Limited (the Company) for the year ended on March 31, 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and the SEBI Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Ajay B Garg**  
Chartered Accountants

**(CA Ajay Garg)**  
Proprietor  
Membership No: 32528

**Place:** Mumbai

**Date:** 1<sup>st</sup> August, 2017



**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i)	CIN	L14103OR2000PLC006230
(ii)	Registration Date	17/05/2000
(iii)	Name of the Company	ARSS Infrastructure Projects Limited
(iv)	Category / Sub-Category of the Company	Company Having Share Capital
(v)	Address of the Registered office and contact details	Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751 010, Odisha, India.
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Construction related	452	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SL. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of Shares held	Applicable Section
1	ARSS Damoh-Hirapur Tolls Private limited Address: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010.	U45201OR2011PTC013524	SUBSIDIARY COMPANY	99.82%	2 (87)
2	ARSS Developers Limited Address: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010.	U45209OR2007PLC009201	ASSOCIATE COMPANY	38.41%	2 (6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2799732	0	2799732	18.86	2724732	0	2724732	18.36	(0.50)
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total A (1)</b>	<b>2799732</b>	<b>0</b>	<b>2799732</b>	<b>18.86</b>	<b>2724732</b>	<b>0</b>	<b>2724732</b>	<b>18.36</b>	<b>(0.50)</b>
<b>(2) Foreign</b>									
a) NRIs–Individuals	0	0	0	0	0	0	0	0	0
b) Other–Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub Total A (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>2799732</b>	<b>0</b>	<b>2799732</b>	<b>18.86</b>	<b>2724732</b>	<b>0</b>	<b>2724732</b>	<b>18.36</b>	<b>(0.50)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Venture Capital Funds	0	0	0	0	0	0	0	0	0
c) Alternate Investment Funds	0	0	0	0	0	0	0	0	0
d) Banks / Financial Institutions	0	0	0	0	86153	0	86153	0.58	0.58
e) Central Govt.	0	0	0	0	0	0	0	0	
f) State Govt(s)	0	0	0	0	0	0	0	0	

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) Insurance Companies	0	0	0	0	0	0	0	0	
h) FIIs	8502	0	8502	0.057	0	0	0	0	(0.06)
i) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
j) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>8502</b>	<b>0</b>	<b>8502</b>	<b>0.057</b>	<b>86153</b>	<b>0</b>	<b>86153</b>	<b>0.58</b>	<b>0.52</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	2775685	0	2775685	18.70	2766461	0	2766461	18.64	(0.06)
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7736453	13227	7749680	52.21	7328531	13227	7341758	49.46	(2.75)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1109403	0	1109403	7.47	1455824	0	1455824	9.81	2.33
<b>c) Others (specify)</b>									
i) Non-Resident Indians	279769	0	279769	1.88	234504	0	234504	1.58	(0.30)
ii) Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
iii) Foreign Nationals	0	0	0	0	0	0	0	0	0
iv) Clearing Members	120459	0	120459	0.81	221166	0	221166	1.49	0.68
v) Trusts	0	0	0	0	15	0	15	0.0001	0.0001
vi) Foreign Bodies	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	<b>12021769</b>	<b>13227</b>	<b>12034996</b>	<b>81.08</b>	<b>12019118</b>	<b>13227</b>	<b>12032345</b>	<b>81.06</b>	<b>-0.02</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>12030271</b>	<b>13227</b>	<b>12043498</b>	<b>81.14</b>	<b>12105271</b>	<b>13227</b>	<b>12118498</b>	<b>81.64</b>	<b>0.50</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>14830003</b>	<b>13227</b>	<b>14843230</b>	<b>100</b>	<b>14830003</b>	<b>13227</b>	<b>14843230</b>	<b>100</b>	<b>0</b>

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Share holding at the end of the year (31.03.2017)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Subash Agarwal	11,73,500	7.91	100.00	11,73,500	7.91	100	0.00
2	Mr. Mohanlal Agarwal	7,61,750	5.13	100.00	7,61,750	5.13	100	0.00
3	Mr. Rajesh Agarwal	3,56,000	2.40	100.00	3,56,000	2.40	100	0.00
4	Mr. Sunil Agarwal	65,398	0.44	100.00	65,398	0.44	100	0.00
5	Mr. Anil Agarwal	2,90,000	1.95	100.00	2,90,000	1.95	100	0.00
6	Ms. Shilpa Agarwal	75,000	0.51	0.00	75,000	0.00	0.00	0.00
7	Mr. Ramesh Prasad Agrawal	3,000	0.02	0.00	3,000	0.02	0.00	0.00
8	Mrs. Ramdulari Agarwal	9	0.00	0.00	9	0.0001	0.00	0.0001
9	Mrs. Sabita Agarwal	15	0.00	0.00	15	0.0001	0.00	0.0001
10	Mrs. Sangita Agarwal	20	0.00	0.00	20	0.0001	0.00	0.0001
11	Mrs. Sanju Agarwal	20	0.00	0.00	20	0.0001	0.00	0.0001
12	Mrs. Seema Agarwal	20	0.00	0.00	20	0.0001	0.00	0.0001
13	Mrs. Anita Singla	75000	0.00	0.00	0	0.50	0.00	(-0.50)
<b>TOTAL</b>		<b>27,99,732</b>	<b>18.86</b>	<b>17.83</b>	<b>27,24,732</b>	<b>18.36</b>	<b>17.83</b>	<b>(-0.50)</b>

(iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year (01.04.2016)	27,99,732	18.86	27,24,732	18.86
2	Mrs. Anita Singla sold her 75,000 shares during the Financial Year 2016-17 through stock exchange.	75,000	0.50	-	-
	At the end of the year (31.03.2017)	27,24,732	18.36	27,24,732	18.36

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Name of Shareholders	Shareholding at the beginning of the year (01.04.2016)		Shareholding at the end of the year (31.03.2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Tao Builders and Developers Pvt. Ltd.	343,000	2.31%	343,000	2.31%
2	Mr. Gopi Kishan Malani	0	0	271,000	1.83%
3	Bombay Cable Co. Pvt. Ltd.	200,000	1.35%	200,000	1.35%
4	Greshma Finvest Private Limited	0	0	165,070	1.11%
5	Raof Razak Dhanani	0	0	145,500	0.98%
6	Motilal Oswal Securities Ltd.	235,477	1.59%	126,697	0.85%
7	Mr. Gandluru Satishreddy	121,921	0.82%	121,921	0.82%
8	Mr. Anand Vijay Sarda	56,693	0.38%	111,666	0.75%
9	Mentor Capital Limited	113,253	0.76%	103,253	0.70%
10	IL and FS Securities Services Limited	0	0	96,246	0.65%
	<b>TOTAL</b>	<b>10,70,344</b>	<b>7.21</b>	<b>1,684,353</b>	<b>11.35%</b>

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2016)		Shareholding at the end of the year (31.03.2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Directors</b>				
1	Mr. Subash Agarwal	11,73,500	7.91%	11,73,500	7.91%
2	Mr. Rajesh Agarwal	3,56,000	2.40%	3,56,000	2.40%
3	Mr. Swarup Chandra Parija	0	0	0	0
4	Mr. Krishna Chandra Raut	0	0	0	0
5	Mrs. Rima Dhawan	0	0	0	0
6	Mr. Kamlesh Kumar Sharma	0	0	0	0
	<b>Key Managerial Personnel</b>				
1	Mr. Rajesh Agarwal	3,56,000	2.40%	3,56,000	2.40%
2	Mr. Soumendra Keshari Pattanaik	120	0.0008%	120	0.0008%
3	Ms. Alka Khemka	0	0	300	0.0020

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2016)</b>				
i) Principal Amount	154,600.45	7,262.04	-	161,862.49
ii) Interest due but not paid	24,531.84			24,531.84
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>179,132.29</b>	<b>7,262.04</b>	<b>-</b>	<b>186,394.33</b>
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
* Addition	55,474.44	2,407.50		57,881.94
* Reduction	72,225.78	3,226.50		75,452.28
<b>Net Change</b>	<b>(16,751.34)</b>	<b>(819.00)</b>	<b>-</b>	<b>(17,570.34)</b>
<b>Indebtedness at the end of the financial year (31.03.2017)</b>	-	-	-	-
i) Principal Amount	162,380.95	6,443.04	-	168,823.99
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>162,380.95</b>	<b>6,443.04</b>	<b>-</b>	<b>168,823.99</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of MD, WTD OR MANAGER		Total Amount (₹ In Lacs)
		Mr. Subash Agarwal (Executive Chairman)	Mr. Rajesh Agarwal (Managing Director)	
1	Gross salary	33.00	30.00	63.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.00	30.00	63.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	<b>Total (A)</b>	<b>33.00</b>	<b>30.00</b>	<b>63.00</b>
	Ceiling as per the Act	The above managerial remuneration is subject to the approval of Central Government as per the provisions of third proviso of section II of Part II Schedule V read with sub-section (3) of section 197 of The Companies Act, 2013.		



**B. Remuneration to other directors:**

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
		Mr. S.C. Parija	Ms. Rima Dhawan	Mr. B. K. Makhija	Mr. K.K. Sharma	Mr. K.C. Rout	
1	Independent Directors						
	Fee for attending board committee meetings	4.60	3.00	1.20	3.20	-	12.00
	Commission	-	-	-	-	-	-
	Others, please specify (Incidental exp. for attending meetings)	0.25	0.25	0.10	0.25	-	0.85
	<b>Total (1)</b>	<b>4.85</b>	<b>3.25</b>	<b>1.30</b>	<b>3.45</b>	<b>-</b>	<b>12.85</b>
2	Other Non-Executive Directors (ND)						-
	Fee for attending board committee meetings	-	-	-	-	4.40	4.40
	Commission	-	-	-	-	Nil	-
	Others, please specify (Incidental exp. for attending meetings)	-	-	-	-	0.25	0.25
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.65</b>	<b>4.65</b>
	<b>Total (B)=(1+2)</b>	<b>4.85</b>	<b>3.25</b>	<b>1.30</b>	<b>3.45</b>	<b>4.65</b>	<b>17.50</b>
	Total Managerial Remuneration	-	-	-	-	-	NIL

**C. Remuneration to Key Managerial Personnel other than MD/Manager/W.T.D**

Sr. No	Particular Remuneration	Key Managerial Personnel		
		Mr. S. K. Pattanaik (Chief Financial Officer)	Ms. Alka Khemka (Company Secretary)	Total (₹ In Lacs)
1	Gross Salary			
a	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30.00	9.00	39.00
b	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	
c	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission as % of profit - others, specify	-	-	
5	Others, please specify	-	-	
	<b>TOTAL</b>	<b>30.00</b>	<b>9.00</b>	<b>39.00</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Sections of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
<b>A. COMPANY: ARSS INFRASTRUCTURE PROJECTS LIMITED</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	297, 224(8)(b), 205(1A), 301, 193(1), 193(2), Section 198 read with 309 Schedule XIII, Section 256, Section 138, Section 303(1).	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	37,500	Regional Director, Eastern Region	N.A
<b>B. DIRECTOR: MR. RAJEH AGARWAL (MANAGING DIRECTOR)</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	305(1), 297, 300, 299(1)(c), 224(8)(b), 205(1A), 301, 193(1), 193(2), Section 198 read with 309 Schedule XIII, Section 256, Section 138, Section 303(1)	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	36,100	Regional Director, Eastern Region	N.A
<b>B. DIRECTOR: MR. SUBASH AGARWAL (CHAIRMAN, WTD)</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	305(1), 297, 300, 299(1)(c), 224(8)(b), 205(1A), 301, 193(1), 193(2), Section 198 read with 309 Schedule XIII, Section 256, Section 138, Section 303(1)	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	36,100	Regional Director, Eastern Region	N.A

<b>B. DIRECTOR: MR. SOUMENDRA KESHARI PATTANAİK (EX.DIRECTOR- FINANCE), CFO AT PRESENT</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	305(1), 297, 300, 299(1)( c), 224(8)(b), 205(1A), 301, 193(1), 193(2), Section 198 read with 309schedule XIII, Section 256, Section 138, Section 303(1)	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	36,100	Regional Director, Eastern Region	N.A
<b>C. OTHER OFFICERS IN DEFAULT: MR. BIBHUTI BHUSAN SAHOO (COMPANY SECRETARY)</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	297, 300, 224(8)(b), Section 256	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	19,500	Regional Director, Eastern Region	N.A
<b>C. OTHER OFFICERS IN DEFAULT: MR. HARAPRASAD RAUT (COMPANY SECRETARY)</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	297, 224(8)(b), 205(1A), 193(2), 138	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	9,800	Regional Director, Eastern Region	N.A
<b>C. OTHER OFFICERS IN DEFAULT: MR. SUSHANTA PRADHAN (COMPANY SECRETARY)</b>					
Penalty	NIL	-	NIL	NIL	N.A
Punishment	NIL	-	NIL	NIL	N.A
Compounding	297, 224(8)(b), 301, 193(1), 193(2), Section 198 read with 309 schedule XIII, 138, 303(1)	Show Cause Notices issued by the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack Pursuant to the inspection held under section 209(A) of The Companies Act, 1956.	13,600	Regional Director, Eastern Region	N.A
<b>SUB-TOTAL</b>			<b>188,700</b>		

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 2016- 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
ARSS Infrastructure Projects Limited,  
Plot No 38, Sector – A, Zone – D, Mancheswar Industrial Estate,  
Bhubaneswar – 751010

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ARSS Infrastructure Projects Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agencies and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the Audit period covering the financial year ended on 31<sup>st</sup> March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - 1) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - 2) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - 3) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - 4) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 5) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the period under review)
  - 6) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - 7) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the period under review) and
  - 8) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the period under review)
- vi. The Contract Labour (Regulation and Abolition) Act, 1970 & Employee's Compensation Act, 1923 which is applicable specifically to the Company for the purpose of reporting under this point as per the Management Representation Letter issued by the Company of even date:

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.

- ii. The new Listing Agreement under SEBI (LODR) Regulations, 2015 entered into by the Company with Bombay Stock Exchange Limited on 2<sup>nd</sup> day of December, 2015 & National Stock Exchange of India Limited on 2<sup>nd</sup> day of December, 2015;

In respect of Fiscal Laws, we have relied on the Audit Reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws subject to the Qualification made there under.

During the period under review, the Company has complied with the provisions of the Companies Act, 2013, The Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999, SEBI Act, 1992, Listing Agreements & relevant and applicable Rules, Regulations, Guidelines, Standards etc. made there under.

We further report that, there are various pending legal cases by and against the Company, the impact & contingency of which are not reasonably ascertained in our Report.

We further report that, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Board of Directors of the company has revised the remuneration of Mr. Subash Agarwal & Mr. Rajesh Agarwal, Directors wef 1<sup>st</sup> April, 2016, which will be effective only after the approval Central Government, since the company is under loss/ inadequate profit during the financial year under review. The Company has applied for the approval of Central Government in Form MR-2, which is still pending before the Central Government.

The company had received Show cause Notices issued from the office of Regional Director, Eastern Region and Registrar of Companies of Odisha at Cuttack, pursuant to the inspection held under section 209(A) of The Companies Act, 1956. Nine Sections out of Thirty Eight sections for which show cause notices were issued were compounded till 31<sup>st</sup> March, 2017 and further Four sections were compounded as on date of this report.

Further, the statutory dues for Provident Fund, ESI, VAT, Entry Tax, Service Tax and TDS are generally deposited after due dates.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive, Woman and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, there being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings are generally carried unanimously and dissenting members' views, if any are captured and duly recorded in the minutes Book.

We further report that, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that,** During the Audit Period, most of the specific events/ actions/matters/compliances having a major bearing on the company's affairs, reference shall be taken to the Statutory Auditor's Report & Limited Review Report issued during the Audit Period in pursuance of all applicable laws, rules, regulations, guidelines, standards etc. Few of such major events are here under:-

1. Based on the recoverability of debtors and inventories, management has written down the debtors and inventories of some projects.
2. The Company has entered into One Time Settlement with SREI Equipment Finance Limited towards settlement of Debts of as on 28.03.2017, which is to be settled by way of assignment of valid, genuine and legally enforceable receivables.

This report is to be read with our letter of even date which is annexed as Annexure A and form an integral part of this report.

Place : - Bhubaneswar

Date : - 01/08/2017

For Deba Mohapatra & Co

Debadatta Mohapatra, Partner  
Company Secretary in practice

C.P. No:-4583

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

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: - Bhubaneswar  
Date : - 01/08/2017

For Deba Mohapatra & Co

Debadatta Mohapatra, Partner  
Company Secretary in practice  
C.P. No:-4583



**FORM AOC-2**

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

**1. Details of contracts or arrangements or transactions not at Arm's length basis:**

Sr. No.	Particulars	Details
(a)	Name (s) of the related party & nature of relationship	NIL
(b)	Nature of contracts/arrangements/transaction	NIL
(c)	Duration of the contracts/arrangements /transaction	NIL
(d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
(e)	Justification for entering into such contracts or arrangements or transactions	NIL
(f)	Date of approval by the Board	NIL
(g)	Amount paid as advances, if any	NIL
(h)	Date on which the special resolution was passed in General meeting as required Nil under first proviso to section 188	NIL

**2. (a). Details of contracts or arrangements or transactions at Arm's length basis with Group Companies.****(₹ In Crores)**

Sl. No.	Particulars	Details	
(a)	Name(s) of the related party & nature of relationship	Shivam Condev Pvt. Ltd. (Director's Relative)	Shivam Condev Pvt. Ltd. (Director's Relative)
(b)	Nature of contracts/ arrangements/ transaction	Material Sold	House Rent
(c)	Duration of the contracts/ arrangements /transaction	Ongoing	Ongoing
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	5954.88	12.60
(e)	Date of approval by the Members /board	12 <sup>th</sup> February, 2016	12 <sup>th</sup> February, 2016
(f)	Amount paid as advance, if any (₹ In Crores)	Nil	Nil

**(b). Details of contracts or arrangements or transactions at Arm's length basis with Joint Ventures.**

(₹ In Crores)

Sl. No.	Particulars	Details				
(a)	Name (s) of the related party & nature of relationship	ARSS- GVR JV	Atlanta-ARSS JV	HCIL-Adhikaria-ARSS JV	ARSS-Triveni JV	ARSS-BMS JV
(b)	Nature of contracts/ arrangements/ transaction	Sub contract received	Sub contract received	Sub contract received	Sub contract received	Sub contract received
(c)	Duration of the contracts/ arrangements /transaction	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	288.89	3,222.53	1,048.31	110.80	3.71
(e)	Date of approval by the Members / board	12 <sup>th</sup> February, 2016	12 <sup>th</sup> February, 2016	12 <sup>th</sup> February, 2016	12 <sup>th</sup> February, 2016	11 <sup>th</sup> February, 2017
(f)	Amount paid as advance, if any (₹ In Crores)	Nil	Nil	Nil	Nil	Nil

**(c). Details of Remuneration to Directors / their relatives (at place of profit)**

(₹ in Lacs)

Sl. No.	Particulars	Details			
(a)	Name (s) of the related party & nature of relationship	Mr. Subash Agarwal (Chairman)	Mr. Rajesh Agarwal (Managing Director)	Mr. Anil Agarwal (Sr. Vice President & COO)	Mr. Sunil Agarwal (President & CEO)
(b)	Nature of contracts/ arrangements/ transaction	Remuneration	Remuneration	Remuneration	Remuneration
(c)	Duration of the contracts/ arrangements /transaction	Upto 15 <sup>th</sup> August, 2018	Upto 31 <sup>st</sup> March, 2021	Ongoing	Ongoing
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	33.00 (plus up to 4% commission in the profit of the current financial year)	30.00 (plus up to 4% commission in the profit of the current financial year)	42.00	42.00
(e)	Date of approval by the Members (ratified by the board)	29 <sup>th</sup> September, 2015	29 <sup>th</sup> September, 2015	29 <sup>th</sup> September, 2015	29 <sup>th</sup> September, 2015
(f)	Amount paid as advance, if any (₹ In Lacs)	Nil	Nil	Nil	Nil

## Independent Auditor's Report

To

**The Members of**

**M/s. ARSS Infrastructure Projects Limited**

CIN : L14103OR2000PLC006230

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 **ARSS Infrastructure Projects Limited** ("the Company"), which comprise the balance sheet as at 31 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) In absence of relevant records, Contract-wise surplus/loss has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.
- b) In the absence of audited books of accounts of Balaji-ARSS (JV), ARSS-MVPL JV, and ARSS-SIPS JV discrepancies, if any, between the said accounts with that of the Company is not ascertainable.
- c) No interest has been charged from July 2016 on loan outstanding of ₹ 1471.00 Crores to the Profit & Loss account resulting in understatement of loss to that extent.
- d) Interest on Service Tax payable of ₹ 182.83 lakhs has not provided, resulting to under-reporting of loss to that extent.

### 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 (d) 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 31<sup>st</sup> March, 2017, and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No.26(ii) to the accompanying statement, wherein, Company has recognised claims receivable during the year from various agencies in view of increased certainty of the same.
- b) Note No.26(iii) to the accompanying statement, wherein, based on the recoverability of debtors and inventories, management has written-down the debtors and inventories of some projects.

### **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 sub para 'a' and sub para 'b' of 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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 has disclosed the impact of pending litigations on its financial position in its financial statements, Refer Note No. 15, 29, 35 and 37 to the financial statements;
    - 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(i) to the standalone financial statements.

For **Ajay B Garg**  
**Chartered Accountant**

**A Garg**  
Proprietor  
Mem No. 32538

Place of Signature : Mumbai  
Dated : 27<sup>th</sup> 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 over a period of three years. 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 not granted loans amounting to bodies corporate 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 90days 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 3(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 3(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 31 March 2017 for a period of more than six months from the date they became payable except TDS of ₹ 9,11,206/-.
- (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. However, according to information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax

have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Lakhs.)	Forum where dispute is pending
Orissa sales Tax Act	Sales Tax	117.19	Commissioner of Commercial Tax
Orissa Entry Tax Act	Entry Tax	34.44	Commissioner of Commercial Tax
Central Sales Tax Act	Sales Tax	791.10	Commissioner of Commercial Tax
Income Tax Act	Income Tax	5469.84	ITAT (Cuttack)

(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 overdue outstanding dues to financial institutions, banks as at 31st March 2017 as follows:

Bank Name	₹ In Crores
State Bank of India	863.99
Punjab National Bank	295.43
IDBI Bank Ltd.	89.51
Bank of India	50.15
State Bank of Bikaner & Jaipur	66.99
EXIM Bank (Edelweiss ARC Ltd.)	189.94
Kotak Mahindra Bank	4.50

- (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. 32538

Place : Mumbai  
Dated : 27<sup>th</sup> 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 Infrastructure Projects Limited (‘the Company’), as of 31 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.



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**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 31 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. 32538

Place : Mumbai  
Dated : 27<sup>th</sup> May 2017

**Balance Sheet as at**

	Notes	31-03-2017 ₹	31-03-2016 ₹
<b>I Shareholders' Funds</b>			
a Share Capital	1	298,432,300	298,432,300
b Reserves and Surplus	2	216,469,218	3,522,725,936
		<b>514,901,518</b>	3,821,158,236
<b>II Non-Current Liabilities</b>			
a Long Term borrowings	3	6,583,521,901	7,323,604,910
b Deferred Tax Liability ( net )	4	223,598,110	281,651,220
		<b>6,807,120,011</b>	7,605,256,130
<b>III Current Liabilities</b>			
a Short Term Borrowings	5	10,159,906,351	9,454,904,212
b Trade Payables	6	547,676,918	548,406,461
c Other Current Liabilities	7	451,214,439	2,599,193,863
d Short Term Provisions	8	-	12,699,868
		<b>11,158,797,708</b>	12,615,204,405
<b>TOTAL</b>		<b>18,480,819,237</b>	24,041,618,771
<b>ASSETS</b>			
<b>IV Non-current Assets</b>			
a Fixed Assets			
i Tangible Assets	9	2,065,689,825	2,660,906,506
b Non-Current Investments	10	425,634,289	393,679,695
c Long Term Loans and advances	11	8,790,365,062	9,347,759,341
		<b>11,281,689,175</b>	12,402,345,542
<b>V Current Assets</b>			
a Inventories	12	587,399,614	5,578,319,164
b Trade Receivables	13	1,255,286,201	2,698,913,298
c Cash and Cash Equivalents	14	743,382,165	760,005,411
d Short term loans and advances	15	4,613,062,082	2,602,035,355
		<b>7,199,130,062</b>	11,639,273,228
<b>TOTAL</b>		<b>18,480,819,237</b>	24,041,618,771
<b>VI Notes on Financial Statements</b>	A		

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

( CA. Ajay B Garg )  
Proprietor  
M. No. 32538( Subash Agarwal )  
Chairman( Rajesh Agarwal )  
Mg. Director( S.K. Pattanaik )  
C F O( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017

## Statement of Profit and Loss for the Period ended on

	Notes	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
I. Revenue from operations	16	8,503,613,801	6,233,002,961
II. Other Income	17	153,545,635	215,949,445
<b>III. Total Revenue ( I + II )</b>		<b>8,657,159,435</b>	<b>6,448,952,406</b>
<b>IV. Expenses :</b>			
Cost of materials consumed	18	1,731,944,952	1,124,193,480
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	4,666,001,034	176,445,359
Employee benefits expense	20	276,386,574	268,941,846
Finance Costs	22	821,506,681	1,648,392,000
Depreciation and amortisation expense	21	325,912,345	361,384,732
Other expense	23	4,197,674,176	2,807,307,146
<b>Total expenses</b>		<b>12,019,425,762</b>	<b>6,386,664,562</b>
<b>V. Profit before exceptional and extraordinary items and tax (III- IV)</b>		<b>(3,362,266,327)</b>	62,287,844
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>(3,362,266,327)</b>	62,287,844
<b>VIII. Extraordinary items</b>		-	-
<b>IX. Profit before tax (VII - VIII)</b>		<b>(3,362,266,327)</b>	62,287,844
<b>X. Tax expense :</b>			
(1) Current tax		-	12,699,868
(2) Deferred tax		(58,053,110)	(13,625,750)
(3) Tax of Earlier Years		2,043,500	13,041,215
<b>XI. Profit / (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(3,306,256,717)</b>	50,172,511
<b>XII. Profit (Loss) from discontinuing operations</b>		-	-
<b>XIII. Tax expense of discontinuing operations</b>		-	-
<b>XIV. Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)</b>		-	-
<b>XV. Profit (Loss) for the period (XI + XIV)</b>		<b>(3,306,256,717)</b>	50,172,511
<b>XVI. Earnings per equity share :</b>	24		
(1) Basic		(222.75)	3.38
(2) Diluted		(145.41)	2.21

Computed on the basis of profit from continuing operations

### XVII. Notes on Financial Statements

A

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

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

( Subash Agarwal )  
Chairman

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017

## Cash Flow Statement for the year ended on

	31.03.2017 (₹)	31.03.2016 (₹)
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	(3,362,266,327)	62,287,844
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	325,912,345	361,384,732
Depreciation/amortization on sold Assets	(597,978,491)	(2,259,303)
Preliminary Expenses Written off	-	-
Loss/(profit) on sale of fixed assets	29,014,490	1,046,497
Interest expense	821,506,681	1,648,392,000
Operating profit before working capital changes	(2,783,811,302)	2,070,851,769
Movements in working capital:		
Increase/(decrease) in short-term Borrowings	705,002,139	829,785,621
Increase/(decrease) in Trade payables	(729,543)	(323,488,275)
Increase/(decrease) in other current liabilities	(2,147,979,424)	239,285,119
Increase/(decrease) in other long-term liabilities	(740,083,009)	303,405,458
Decrease/(increase) in trade receivables	1,443,627,097	(280,771,817)
Decrease/(increase) in inventories	4,990,919,550	245,691,114
Decrease/(increase) in short-term loans and advances	(2,011,026,727)	690,510,474
Decrease/(increase) in Long-term loans and advances	557,394,279	(1,875,923,777)
Cash generated from / (used in) operations	13,313,060	1,899,345,686
Direct taxes paid (net of refunds)	14,743,368	24,013,261
Net cash flow from/(used in) operating activities (A)	(1,430,308)	1,875,332,425
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(8,884,229)	(254,392,743)
Proceeds from sale of fixed assets	847,152,567	3,561,773
Proceeds of non-current investments	(31,954,594)	71,110,142
Net cash flow from/(used in) investing activities (B)	806,313,744	(179,720,828)
<b>Cash flows from financing activities</b>		
Proceeds from Share Capital	-	-
Interest paid	(821,506,681)	(1,648,392,000)
Net cash flow from/(used in) in financing activities	(821,506,681)	(1,648,392,000)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(16,623,246)	47,219,597
Cash and cash equivalents at the beginning of the year	760,005,410	712,785,812
<b>Cash and cash equivalents at the end of the year</b>	<b>743,382,165</b>	<b>760,005,410</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	4,830,177	6,165,721
Cheques / draft on hand		
With banks on current account	157,825,096	135,257,275
on deposit account	580,726,892	618,582,414
<b>Total cash and cash equivalents</b>	<b>743,382,165</b>	<b>760,005,410</b>

As per our report of even date

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

For and on behalf of the Board of Directors

( Rajesh Agarwal )  
Mg. Director( S.K. Pattanaik )  
C F O( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017

## A. SIGNIFICANT ACCOUNTING POLICIES.

### 1. Corporate Information

ARSS Infrastructure Projects Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act 1956 read with Companies Act, 2013. Its shares are listed on two stock exchanges in India, namely BSE and NSE. The Company is engaged in execution of contracts of various infrastructure projects including road work, bridge work, railway tracking and irrigation projects.

### 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 prescribed under Section 133 of the Companies Act, 2013 ('Act' ) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified).

Except otherwise mentioned the accounting policies adopted in the preparation of financial statements are consistent with those of previous year. Also due to the peculiar nature of the business and uncertainties in the segment in which the company is operating, various issues have evolved requiring interpretation and clarifications. The Company is making substantial effort on an ongoing basis to improve reporting and disclosure in financial statement wherever required to comply with relevant law, rules and regulations.

### 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. Difference between the actual results and estimates is recognised in the period in which the actual results are known / materialized.

#### 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

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as estimated by the Management. The Management estimates the useful lives for the fixed assets as follows:

Particular	Rate of Depreciation *	Useful Life *
Building (Factory)	3.17%	30 Years
Building (Non Factory)	1.58%	60 Years
Plant and Equipment (Earth Moving)	10.56%	9 Years
Plant and Equipment (Non Earth Moving)	6.33%	15 Years
Furniture and fixtures	9.50%	10 Years
Vehicles	11.88%	8 Years
Computer	31.67%	3 Years

\* Rate of Depreciation is arrived by considering further useful life for existing assets as on 01.04.2014 as per Technician Certificates or from the date of acquisition for other assets and Residual Value at 5% of cost.

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. 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.

**e. Investments**

The Investments that are readily realizable and intended to be held for not more than a year from the Balance Sheet date are classified as current investments. All other investments are classified as non-current investments. On initial recognition, all investments are recognised at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

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

**f. Sundry Debtors / Loans and Advances:**

Sundry Debtors / Loans and Advances are stated net of provision for identified doubtful debts / advances wherever necessary. Sundry Debtors and Loans and Advances has been taken at reconciled amount for the parties from which the balance confirmation was received and for the rest Debtors and balances are taken as per book balance and are subject to adjustment and reconciliation, if any which will be done on receipts of confirmation from such parties. In the opinion of the management on which we have placed reliance, substantial part of Debtors and advances are outstanding for a period exceeding six months and they are subject to arbitration and other reconciliatory proceedings, the outcome and quantum of which is not ascertainable and determined, and subject to reconciliations referred to above, the debtors and Loans and advances to the extent as stated are considered good in the Balance Sheet.

**g. Impairment of Assets:**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- The provision for impairment loss required, if any, or
- The reversal required of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of asset exceeds its recoverable amount.

Recoverable amount is determined in the case of an individual asset, at higher of net selling price and the value in use.

**h. Accounting for Joint Ventures Contracts**

- i. Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted for in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed.
- ii. In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income Tax Laws), the services rendered to the Joint Ventures are accounted for as income on accrual basis. The profit / Loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans and advances or current liabilities.

**i. Inventories**

- i. Raw Materials, Stores & Spares and Finished Goods

Raw Materials, construction materials and Finished Goods are valued at the lower of cost and net realizable value.

**ii. Work in Progress**

The work in progress has been determined by the Management at the estimated realizable value. The value of work in progress comprises of value of materials and expenses incurred at site including estimated profits thereon in terms of guidelines provided under Accounting Standards AS 7 on Construction Contracts.

## **j. Revenue Recognition**

### **Contract Receipt / Construction Contract :**

In respect of Construction contracts and in manner specified under Accounting Standard AS-7 on Construction Contracts, Revenue is recognized on Stage of Completion Method based on the Bills submitted, certified and sanctioned by the appropriate authorities and Work completed and Uncertified Bills for work executed on the Project and does not include material supplied by the clients free of cost. The relevant cost is recognized in accounts in the year of recognition of the revenue. The total costs of contract are estimated by Company and are based on technical and other estimates and assumptions.

The Company's financial position is subject to strict conditions imposed by Banks implementing CDR programme, resultantly the performance and execution of the projects at times is affected. In case of premature termination of contract there is uncertainty in the outcome of the Projects.

Hence in terms of para 34 of the AS-7, Company has recognized contract revenue and contract cost which is direct cost specifically identifiable and directly attributable to the specific contract in accordance with para 31 instead of para 21, i.e. contract revenue to the extent of cost incurred of which recovery is probable and contract cost in the period in which they are incurred. Also based on the above, an expected loss, if any to the extent as identified and quantified, is recognized as an expenses immediately in accordance with para 35.

Further apportionment and allocation of combined Operating overhead, Head office overhead, General overhead and Finance cost do not commensurate with size, nature and duration of projects being executed and hence the company is unable to specifically determine project wise profitability. Also adequate disclosure in terms of para 38, 39 and 41 of AS-7 have been made in accounts under relevant head/notes.

### **Other Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income recognized as and when right to receive established. All other income is recognized on accrual basis

## **k. 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.

## **l. Employee Benefits**

### **i) Defined contribution plans**

Contributions paid/payable to defined contribution plans comprising of provident fund are 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. Actuarial valuation is independently done by SBI Life Insurance Company Ltd and company has based its provisions the same. Financial effects of changes in those plans during the period in terms of para 119 of AS-15 are as disclosed and recognised in Profit and Loss Accounts. Insurance company has provided detail working of actuarial valuation has required for disclosure in terms of para 119 & Para 120 of AS-15 Employee's benefits is as follows:



- a. Assumptions and data consider for valuation :

Discount Rate	8.00 %
Salary Escalation Rate for first 5 years	10.00 %
Salary Escalation Rate thereafter	5.00 %
Attrition Rate	15.00 %
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate
Actuarial Valuation Method	Projected Unit Credit Method
Retirement Age	60 Years
Benefits	As per Payment of Gratuity Act

- b. Expense recognized in the statement of Profit and Loss account :

Particulars	Amount (₹)
Current Service Cost	18,14,028.-
Insurance for Life Cover	91,388.-
Past Service Liability	0.00
Expense / (income) to be recognized in the statement of Profit and Loss account	0.00
Current Service Cost (As % of Annual Wages Bill)	3.66 %

- c. Movements in the Liability recognized in Balance Sheet :

Particulars	Amount (₹)
Past Service Liability	1,60,60,551.-
Current Service Cost	18,14,028.-
Insurance for Life Cover	91,388.-
Contribution paid to Fund	65,88,961.-
Liability as on 31.03.2017	1,78,74,579.-
Policy Account Value / Fund Balance (Assets) as on 31.03.2017	1,12,85,618.-
Net Asset / (Liability) to be recognized in the Balance Sheet	65,88,961.-

- iii) Short term employee benefits

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as and when it paid.

#### m. 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..

#### n. 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.

#### o. 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

	31-03-2017	31-03-2016
	₹	₹
<b>Authorized shares :</b>		
4,00,00,000 (P.Y. 3,00,00,000)		
equity shares of ₹ 10/- each	<u>400,000,000</u>	<u>400,000,000</u>
1,50,00,000 (P.Y. 2,50,00,000)		
Preference shares of ₹ 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued , Subscribed &amp; Paid up</b>		
Equity shares, ₹ 10/- par value		
1,48,43,230 equity shares		
of ₹ 10/- each fully paid up	<b>148,432,300</b>	148,432,300
Preference shares		
1,50,00,000 (P.Y. 1,50,00,000)		
Preference Shares of ₹ 10/- each fully paid up	<b>150,000,000</b>	150,000,000
	<u><b>298,432,300</b></u>	<u>298,432,300</u>

i. 1,00,000 equity shares out of issued, subscribed and paid up equity share capital were issued for consideration other than cash in the financial year 2007-08 as against transfer of a plot of land in favour of the company.

ii. No buyback or bonus issue of shares has been made during last five year

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

##### Equity Shares

	31-03-2017		31-03-2016	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the Period	14,843,230	148,432,300	14,843,230	148,432,300
Issued during the peirod	-	-	-	-
<b>Outstanding at the end of the period</b>	<u>14,843,230</u>	<u>148,432,300</u>	<u>14,843,230</u>	<u>148,432,300</u>

##### Preference shares

	31-03-2017		31-03-2016	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the Period	15,000,000	150,000,000	15,000,000	150,000,000
Issued during the peirod	-	-	-	-
<b>Outstanding at the end of the period</b>	<u>15,000,000</u>	<u>150,000,000</u>	<u>15,000,000</u>	<u>150,000,000</u>

#### b. Terms/right attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

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. Terms/right attached to Preference shares

The preference shares issued to the promoters are in accordance with the terms and conditions of the CDR package and do not carry any right of voting & dividend. These shares are neither transferable nor eligible for listing.

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

	31.03.2017		31.03.2016	
	No. of Shares	% Holding in the Class	No. of Shares	% Holding in the Class
<b>Equity shares of ₹ 10/- each fully paid</b>				
Subash Agarwal	1,173,500	7.91%	1,173,500	7.91%
Mohanlal Agarwal	761,750	5.13%	761,750	5.13%
	<u>1,935,250</u>	<u>13.04%</u>	<u>1,935,250</u>	<u>13.04%</u>
<b>Preference shares of ₹ 10/- each fully paid</b>				
Rajesh Agarwal	838,860	5.59%	838,860	5.59%
Sidhant Financial Services Limited	12,450,000	83.00%	12,450,000	83.00%
	<u>13,288,860</u>	<u>88.59%</u>	<u>13,288,860</u>	<u>88.59%</u>

As per records of the company, including the Register of Members/ Shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal & beneficial ownerships of shares.

## 2. Reserves and Surplus

	31.03.2017	31.03.2016
	₹	₹
<b>Securities Premium Account</b>		
Balance as per last financial statements	1,473,634,700	1,473,634,700
<b>Closing Balance</b>	<u>1,473,634,700</u>	<u>1,473,634,700</u>
<b>General Reserve</b>		
Balance as per last financial statements	72,711,444	72,711,444
<b>Closing Balance</b>	<u>72,711,444</u>	<u>72,711,444</u>
<b>Surplus /(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	1,976,379,791	1,926,207,281
Profit/(Loss) for the year	(3,306,256,717)	50,172,511
<b>Net surplus in the statement of profit and loss</b>	<u>(1,329,876,926)</u>	<u>1,976,379,792</u>
<b>Total Reserves and Surplus</b>	<u>216,469,218</u>	<u>3,522,725,936</u>

## 3. Long-term borrowings

	Non-Current Portion		Current Maturities	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	₹	₹	₹	₹
<b>Term loans</b>				
Rupee Loan From banks (Secured)	6,583,521,901	5,362,854,003	138,980,564	1,472,249,734
Rupee Loan From NBFCs (secured)	-	1,960,750,906	-	388,673,860
<b>Total</b>	<u>6,583,521,901</u>	<u>7,323,604,909</u>	<u>138,980,564</u>	<u>1,860,923,594</u>

- a. Rupee loan from bank carries interest @ 10 % to 10.5% p.a. The loans are repayable in quarterly instalments from 01.10.2013. The above loans are secured by way of mortgage of land and building, assets acquired out of such loan and also backed by personal guarantee of Promoters.
- b. Rupee loan from NBFCs Carries interest @9% to 12% p.a and are repayable in monthly instalments. The above loans are secured by way of mortgage on assets acquired out of such loan. The Loans are repayable over 3 to 5 years.

- c. Term Loan (TL) under CDR and governed by Master Restructuring Agreement(MRA) dated 6th September 2012, with State Bank of India, Punjab National Bank, ICICI Bank Ltd., IDBI Bank Ltd., State Bank of Bikaner & Jaipur & Bank of India. The amount repayable is over a period from FY 2016-17 to 2020-21.
- d. This loan is secured by equitable mortgage of immovable property of the Company and promoters, pari-passu charge on plant & machinery of the company (excluding land & office flat & equipments on which other lenders are having first charge) and irrevocable and unconditional personal guarantees of the Directors and pledge of shares held by promoters in the Company.
- e. Interest rate for all term loan are subject to periodic review.

<b>4. Deferred Tax Liability (Net)</b>	<b>31-03-2017</b>	<b>31-03-2016</b>
	₹	₹
Opening Balance	<b>281,651,220</b>	295,276,970
Addition during the year (For Timing difference on depreciation of Fixed assets)	<b>(58,053,110)</b>	(13,625,750)
	<u><b>223,598,110</b></u>	<u>281,651,220</u>
<b>5. Short-term borrowings</b>		
<b>a. Secured</b>		
Cash credit loan from banks	<b>9,515,602,176</b>	8,728,700,037
<b>b. Unsecured</b>		
Loans from Related parties	<b>644,304,175</b>	726,204,175
	<u><b>10,159,906,351</b></u>	<u>9,454,904,212</u>
Cash credit from banks is secured against hypothecation of stock and book debts and are backed by personal guarantee of promoters.		
The Interest on Cash Credit Loan varies from 10% to 10.5% p.a.		
Loan from related parties is interest free. All the above loans are repayable on demand.		
<b>6. Trade Payables</b>		
a) Trade Creditors	<b>547,676,918</b>	547,560,486
b) Sundry Creditor for Capital goods	-	845,975
	<u><b>547,676,918</b></u>	<u>548,406,461</u>

7. Other current liabilities	31.03.2017	31.03.2016
	₹	₹
a) Current maturities of long-term borrowings	138,980,564	1,860,923,594
b) <b>Others</b>		
i) Creditors for Expenses	90,919,943	90,441,600
ii) Security Deposit	88,039,716	368,781,042
iii) Mobilisation advance	99,479,239	217,431,529
iv) Statutory dues payable	33,794,978	61,616,099
	<u>312,233,875</u>	<u>738,270,269</u>
	<u>451,214,439</u>	<u>2,599,193,863</u>
<b>8. Short Term Provisions</b>		
a) Provision for Taxation	-	12,699,868
	<u>-</u>	<u>12,699,868</u>

## 9 Tangible assets

	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Computers	Total
Cost or valuation							
<b>At 1<sup>st</sup> April 2015</b>	77,160,175	36,696,191	4,199,789,081	16,349,874	176,190,292	29,840,335	4,536,025,948
Additions	-	-	253,027,771	-	1,234,572	130,400	254,392,743
Disposals	-	-	3,461,325	-	1,146,945	-	4,608,270
<b>At 31<sup>st</sup> March 2016</b>	77,160,175	36,696,191	4,449,355,527	16,349,874	176,277,919	29,970,735	4,785,810,421
Additions	-	-	7,865,549	464,380	-	554,300	8,884,229
Disposals	-	-	853,434,349	-	22,732,708	-	876,167,057
<b>At 31<sup>st</sup> March 2017</b>	77,160,175	36,696,191	3,603,786,727	16,814,254	153,545,211	30,525,035	3,918,527,593
<b>Depreciation</b>							
<b>At 1<sup>st</sup> April 2015</b>	-	3,383,829	1,621,631,440	6,430,102	104,613,143	29,719,972	1,765,778,486
Charge for the year	62,160	586,155	338,025,488	1,557,493	21,077,150	76,285	361,384,732
Disposals	-	-	1,216,328	-	1,042,975	-	2,259,303
<b>At 31<sup>st</sup> March 2016</b>	62,160	3,969,984	1,958,440,600	7,987,595	124,647,318	29,796,257	2,124,841,755
Charge for the Period	62,160	584,554	303,992,672	1,583,988	19,532,477	156,494	325,912,345
Disposals	-	-	583,566,387	-	14,412,104	-	597,978,491
<b>At 31<sup>st</sup> March 2017</b>	124,320	4,554,538	1,678,866,885	9,571,583	129,767,691	29,952,751	1,852,713,448
<b>Net Block</b>							
<b>At 31<sup>st</sup> March 2016</b>	77,098,015	32,726,207	2,490,914,927	8,362,279	51,630,601	174,478	2,660,906,506
<b>At 31<sup>st</sup> March 2017</b>	77,035,855	32,141,653	1,924,919,842	7,242,671	23,777,520	572,284	2,065,689,825

Note :

The rate of depreciation and useful life of assets is calculated as follows :

Particular	Rate of Depreciation *	Useful Life *
Building (Factory)	3.17%	30 Years
Building (Non Factory)	1.58%	60 Years
Plant and Equipment (Earth Moving)	10.56%	9 Years
Plant and Equipment (Non Earth Moving)	6.33%	15 Years
Furniture and fixtures	9.50%	10 Years
Vehicles	11.88%	8 Years
Computer	31.67%	3 Years

\* Rate of Depreciation is arrived by considering useful life of assets as per Technician Certificates and Residual Value at 5% of cost

10. Non-current investments	31.03.2017	31.03.2016
	₹	₹
<b>A. Trade Investments (Valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity instruments</b>		
a) Investment in Subsidiaries		
i) 2,20,80,730 equity shares of ₹10/- Each at par in ARSS Damoh-Hirapur Tolls (P) Ltd. (99.73% holding)	220,837,300	147,600,000
b) Investment in Companies under same management		
i) 2,50,000 equity shares of ₹10/- Each issued at a premium of ₹30/- in ARSS Developers Ltd.	100,000,000	100,000,000
ii) 1,12,139 equity shares of ₹10/- each in ARSS E to E Pvt. Ltd.	49,990	49,990
c) Investment in joint ventures (Ref. Note No- 27)	103,263,221	144,545,927
	<u>424,150,511</u>	<u>392,195,917</u>
<b>B. Non-trade investments (valued at cost unless stated otherwise)</b>		
In government and trust securities (Unquoted)		
i) 6 years National Savings Certificate deposited with sales tax dept. and other Government Authorities.	1,483,778	1,483,778
	<u>1,483,778</u>	<u>1,483,778</u>
<b>Total</b>	<u>425,634,289</u>	<u>393,679,695</u>
<b>11 Long Term Loans and advances</b> (unsecured Considered good)		
Share application money pending allotment	-	75,666,829
Claims Receivable (Ref. Sub Note.1 to Note No. 15)	8,790,365,062	9,272,092,512
	<u>8,790,365,062</u>	<u>9,347,759,341</u>
<b>12. Inventories</b> (As Certified by the management)		
Raw materials and components	40,088,388	359,100,550
Work-in-progress	211,635,174	3,588,003,462
Finished goods	314,054,202	1,603,686,948
Stores and spares	21,621,850	27,528,204
	<u>587,399,614</u>	<u>5,578,319,164</u>



<b>13. Trade Receivables</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
	₹	₹
<b>(Unsecured &amp; considered good)</b>		
Over Six months*		
From Related Parties	<b>122,734,191</b>	557,815,298
From Others	<b>278,902,680</b>	1,337,670,368
Others		
From Related Parties	<b>158,788,162</b>	482,228,986
From Others	<b>694,861,168</b>	321,198,646
	<b><u>1,255,286,201</u></b>	<b><u>2,698,913,298</u></b>
* Note : Trade receivables outstanding for over six months are slow moving and are considered good and realisable by Management.		
<b>14 Cash and cash equivalents</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
	₹	₹
Cash in hand	<b>4,830,177</b>	6,165,721
Balances with banks:		
In Current accounts	<b>157,825,096</b>	135,257,275
In Fixed deposits	<b>580,726,892</b>	618,582,414
	<b><u>743,382,165</u></b>	<b><u>760,005,411</u></b>
Fixed deposit with carrying amount of ₹ 58.07 crores including interest accrued on the same (31.03.2016 ₹ 61.86 crores) are pledged against bank guarantees as security deposit ,EMD and Margin account.		
<b>15. Short Term Loans and advances</b>		
(unsecured Considered good)		
Capital advances	-	1,582,320
Security deposit	<b>31,754,255</b>	30,959,277
Other loans and advances		
Prepaid expenses	<b>43,176,744</b>	44,359,921
Advances to employees	<b>307,619</b>	1,489,000
Balances with Statutory / Government authorities	<b>632,496,420</b>	711,097,199
Claims Recievable *	<b>3,254,930,740</b>	1,051,352,458
Other Advances	<b>650,396,304</b>	761,195,180
	<b><u>4,613,062,082</u></b>	<b><u>2,602,035,355</u></b>

Notes:

- \*Total Claimed Receivable amounting to ₹ 3835.51 Crores is under dispute / arbitration. Same are subject to the outcome of arbitration and /or Reconciliation proceedings arising out of various contractual obligations. The element of realisable profit and actual expenditure incurred has been considered and amount of ₹ 1204.53 Crores is accounted based on reasonable certainty of realisation of the same and are considered good and realisable by the Management.

16 Revenue from operations	31.03.2017	31.03.2016
	₹	₹
<b>Revenue from operations</b>		
Sale of Services		
Contract Revenue	<b>8,503,613,801</b>	6,233,002,961
	<b>8,503,613,801</b>	6,233,002,961
<b>17 Other income</b>		
Interest income	<b>61,221,721</b>	67,199,519
Profit from Joint Ventures	<b>5,179,212</b>	7,095,734
Other non-operating income	<b>87,144,702</b>	141,654,192
	<b>153,545,635</b>	215,949,445
<b>18 Cost of raw material consumed</b>		
Inventory at the beginning of the year	<b>386,628,754</b>	455,874,509
Add: Purchases	<b>1,407,026,436</b>	1,054,947,725
	<b>1,793,655,190</b>	1,510,822,234
Less: inventory at the end of the year	<b>61,710,238</b>	386,628,754
cost of raw material and components consumed	<b>1,731,944,952</b>	1,124,193,480
<b>19 (Increase)/decrease in inventories</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	<b>211,635,174</b>	3,588,003,462
Finished goods	<b>314,054,202</b>	1,603,686,948
	<b>525,689,376</b>	5,191,690,410
<b>Inventories at the beginning of the year</b>		
Work-in-progress	<b>3,588,003,462</b>	3,470,505,702
Finished goods	<b>1,603,686,948</b>	1,897,630,067
	<b>5,191,690,410</b>	5,368,135,769
	<b>4,666,001,034</b>	176,445,359
<b>20 Employee benefit expense</b>		
Salaries, wages and bonus	<b>257,845,240</b>	247,748,953
Contribution to provident and other fund	<b>5,885,836</b>	9,987,353
Director's Remuneration	<b>6,300,000</b>	6,300,000
Staff welfare expenses	<b>6,355,498</b>	4,905,540
	<b>276,386,574</b>	268,941,846
<b>21 Depreciation and amortization expense</b>		
Depreciation of tangible assets	<b>325,912,345</b>	361,384,732
	<b>325,912,345</b>	361,384,732
Note : A sum of ₹ 62,160 amortisation of Lease Hold Land is included in Depreciation.		
<b>22 Finance costs</b>		
Interest	<b>778,513,996</b>	1,596,516,323
Bank charges	<b>42,992,685</b>	51,875,676
	<b>821,506,681</b>	1,648,392,000

<b>23 Other expenses</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
	₹	₹
<b>Operating Expenses</b>		
Sub-contracting expenses	487,135,076	1,160,825,931
Performance BG Encashed	823,310,553	262,086,004
Provision for Bad & Doubtful Debts	989,845,643	-
Power and fuel	786,121,699	475,629,474
Freight	94,926,468	66,702,587
Repair to Plant & Machinerics	310,200,580	227,555,877
Wages	268,455,840	236,720,587
Royalty	55,271,002	49,690,926
Hire Charges	45,827,592	32,123,262
	<u>3,861,094,453</u>	<u>2,511,334,648</u>
<b>Selling &amp; Distribution Expenses</b>		
Advertisement Expenses	436,653	514,296
Tender Expenses	814,513	12,655,463
Service Tax	11,832,573	8,447,635
VAT	102,133,723	92,908,757
Business Promotion	153,460	258,920
	<u>115,370,922</u>	<u>114,785,071</u>
<b>Establishment Expenses</b>		
Rent	7,900,162	7,519,430
Rates & Taxes	20,600,466	16,466,229
Insurance	30,205,750	24,565,795
Repairs to Others	6,475,995	6,491,413
Travelling and conveyance	18,785,347	24,107,912
Printing and stationery	1,813,615	1,909,501
Legal and professional fees	49,410,944	35,980,890
Directors' sitting fees	1,640,000	1,180,000
Payment to auditor	2,403,500	2,390,000
Loss on sale of fixed assets (net)	29,014,490	1,046,497
Loss on Sale of Investment	-	324,220
Miscellaneous expenses	52,958,531	59,205,541
	<u>221,208,801</u>	<u>181,187,428</u>
	<u>4,197,674,176</u>	<u>2,807,307,146</u>
Note : Payment to Auditor includes :		
Audit fees	1,903,500	1,890,000
Tax Audit fees	500,000	500,000
	<u>2,403,500</u>	<u>2,390,000</u>

## 24 Earnings per share (EPS)

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

Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(3,306,256,717)	50,172,511
Weighted Average number of equity shares used as denominator for calcuting EPS (Basic)	14,843,230	14,843,230
Weighted Average number of equity shares used as denominator for calcuting EPS (Diluted) *	22,737,966	22,737,966

**24 Earnings per share (EPS)**

Basic Earning Per Share	(222.75)	3.38
Diluted Earning Per Share	(145.41)	2.21
Face Value per Equity Share	10.00	10.00

\* 78,94,736 Equity Shares to be issued to Shareholder of 1,50,00,000 Preference Shares and against un-secured loan.

**25 Segment Reporting**

The Company's operations predominantly consist of Civil Construction activities. Hence, there are no reportable segments under Accounting Standard - 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

**Gratuity**

Gratuity and other post - Employment benefit

- 26** (i) Details of Specified Bank Notes(SBN) held and transacted during the period 8th November 2016 to 30th december 2016, pursuant to MCA notification No-GSR308E dated 30.3.2017

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	12,500,000	1,698,148	14,198,148
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	1,603,668	1,603,668
(-) Amount deposited in Banks	12,500,000	-	12,500,000
Closing cash in hand as on 30.12.2016	-	94,480	94,480

- (ii) Company has recognised claims receivable during the year from various agencies amounting to ₹ 412.48 Crores in view of increased in certainty of recoverability.
- (iii) Based on the recoverability of debtors and inventories, during the year management has written-down the value to that extent.

**27 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 31.03.2017 and share of profit/(loss) in joint ventures are given below

Sl. No.	Name of the Joint Venture	Interest of the Company			Interest of Other Constituents	
		Profit %	Investment	Share of profit/(Loss)	Name	Profit %
1	ARSS-ANPR JV.	51	1,092,990	(921)	A.N.Prasad Rao	49
2	ARSS-HCIL Consortium	60	(186,966)	(17,952)	Harish Chandra India Ltd.	40
3	Niraj-ARSS JV.	60	4,864,810	528,864	Niraj Cement Structural Ltd.	40
4	ARSS-Atlanta JV.	51	9,443,157	(43,798)	Atlanta Ltd.	49
5	ARSS-GVR JV.	51	1,770,588	58,059	Gvr Infra Projects Ltd	49
6	Atlanta-ARSS JV.	49	82,013,509	3,664,491	Atlanta Ltd.	51
7	ARSS-Triveni JV.	51	(4,641,742)	641,131	Triveni Engicons Pvt. Ltd.	49
8	Patel-ARSS JV.	49	5,197,226	(24,042)	Patel Engineers Ltd.	51
9	Backbone-ARSS JV.	49	19,678,048	(72,462)	Backbone Enterprises Ltd.	51
10	Somdatt Builders-ARSS JV.	49	3,483,425	(2,760)	Somdatt Builders Pvt. Ltd.	51
11	ARSS-MVPL JV.	51	5,279	-	Mateshwari Vanijya Pvt. Ltd.	49

Sl. No.	Name of the Joint Venture	Interest of the Company			Interest of Other Constituents	
		Profit %	Investment	Share of profit/(Loss)	Name	Profit %
12	HCIL-ARSSPL-Triveni JV.	30	(4,187,306)	-	Harish Chandra India Ltd.	40
					Triveni Engicons Pvt. Ltd.	30
13	HCIL-ARSS-Kalindee JV.	30	319,577	-	Harish Chandra India Ltd.	40
					Kalindee Rail Nirman Ltd.	30
14	HCIL-Adhikariya-ARSS JV.	30	(17,465,286)	(273,292)	Harish Chandra India Ltd.	40
					PT Adhikariya	30
15	HCIL-ARSSPL JV.	49	305,444	-	Harish Chandra India Ltd.	51
16	ARSS - Balaji JV	51	848,574	-	Balaji Engicons Pvt. Ltd.	49
17	ARSS - SIPS JV	51	721,894	721,894	Shyam Indus Power - Solutions Pvt. Ltd.	49
			103,263,221	5,179,212		

## 28 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:

		₹ In Lacs	
<b>a. Sale/purchase of goods and services</b>			
			Sale of Services
<b>Associated Concerns</b>			
	Shivam Condev (P) Ltd (Material Sold)		5,954.88
	Shivam Condev (P) Ltd (House rent)		12.60
			<u>5,967.48</u>
<b>Joint ventures</b>			
	ARSS-GVR JV.		288.99
	Atlanta-ARSS JV.		3,222.53
	Arss-Triveni JV.		110.80
	HCIL-Adhikariya-ARSS JV.		1,048.31
	ARSS-BMS JV		3.71
			<u>4,674.34</u>
<b>b. Loans given and repayment thereof</b>		<b>31.03.2017</b>	31.03.2016
		<b>₹ in Lacs</b>	₹ in Lacs
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
	ARSS Steel & Power Ltd	-	9.73
<b>c. Loans taken and repayment thereof</b>		<b>31.03.2017</b>	31.03.2016
		<b>₹ in Lacs</b>	₹ in Lacs
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
	Sidhant Financial Services Ltd.	1,536.15	1,536.15

c. Loans taken and repayment thereof	31.03.2017	31.03.2016
	₹ in Lacs	₹ in Lacs
ARSS Developers Ltd	2,420.54	4,363.04
Anil Agarwal	20.00	20.00
Sabita Agarwal	150.00	150.00
Subash Agarwal	120.00	120.00
Rajesh Agarwal	671.00	671.00
Ram Dulari Agarwal	97.98	97.98
Sangita Agarwal	78.87	78.87
Sanju Agarwal	75.00	75.00
Sunil agarwal	150.00	150.00
<b>d. Remuneration to key managerial personnel</b>		
Subash Agarwal(Chairman)	33.00	33.00
Rajesh Agarwal(M.D.)	30.00	30.00
Sunil Agarwal (CEO)	42.00	39.00
Anil Agarwal (COO)	42.00	39.00
Directors Sitting Fees	16.40	11.80

Note : The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

## 29 Contingent liabilities

### Name of the Statute to which the liability relates

a) Orissa sales Tax Act	117.19
b) Orissa Entry Tax Act	34.44
c) Central Sales Tax Act	791.10
d) Orissa Electricity Act	47.22
e) Corporate Guarantees to sister concerns of the Company ARSS Damoh-Hirapur Toll Pvt Ltd.	8,700.00
f) Income Tax Act	
i) ITAT	5,469.84
g) Bank Guarantee outstanding	18,011.38
h) The Lender M/s State Bank of India retains its right of Recompense, vide its letter No CBB/RM-II/16-17/11 dated 26-04-2016 and it is contingent to the implementation of CDR Package approved by the Lenders.	15,085.97

The recompense amount is calculated as follows :

The 'Recompense' calculation sheets for the following fund based credit facilities of the company with State bank of India are attached

₹ In Lacs		
Facility	Account No.	Recompense Amount
Cash Credit	30258659240	8,686.62
CC (TDR)	30485828813	906.78
TL-1	30289194515	316.86
TL-2	30739940146	252.11

Facility	Account No.	Recompense Amount
TL-3	30877306131	1,136.13
TL-4	30356352375	212.56
WCTL	32537452451	2,476.86
FITL-TL	32537649243	294.88
FITL-CC	32537729151	478.21
FITL-WCTL	32537639622	324.96
		15,085.97
<b>Total</b>		<b>48,257.14</b>

**30 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.

- 31** Provision of ₹ 82.33 Crores has been made against Performance BG Invoked for the current year.
- 32** The Inventory of Raw Materials, Work in Progress and finished goods have been visually estimated by each site in charge and value estimated by them for the same has been considered in the accounts.
- 33** During the year, only some categories of fixed assets have been physically verified due to manpower constraint and widely spread out location of such assets besides a number of sites becoming non-active.
- 34** Contract wise surplus/deficit has not been prepared as the number and complexity of the contracts are very high.
- 35** The Company has claimed deduction under Section 80-IA (4) of the income Tax Act, 1961 in its returns of income relating to assessment year 2006-07 to 2012-13. However, the Department contested the same on the grounds that the Company was not “developing” the infrastructure facility and disallowed the deduction for assessment years 2006-07 to 2011-12. The Company had filled appeal against the said order before the Hon’able CIT(Appeal) which were allowed. The department has filed second appeal before Hon’able Cuttack Bench of Income Tax Appellate Tribunal for these assessment years , which is currently pending.
- 36** The figures for the the previous year are regrouped / reclassified wherever necessary to make them comparable with that of Current Year.
- 37** Company has already applied to Central Government for its approval under section 197 read with Schedule V of the Companies Act, 2013 for payment of Managerial Remuneration to Mr. Subash Agarwal, Executive Chairman of the company of ₹ 2,75,000 per month (perks & allowances all inclusive) from 01.04.2016 to 15.08.2018 and to Mr. Rajesh Agarwal, Managing Director of the company of ₹ 2,50,000 per month (perks & allowances all inclusive) from 01.04.2016 to 31.03.2019. Since the remuneration for the financial year 2016-17 is already paid, directors shall refund such sums to the company if Central Government withheld the approval for payment of remuneration and until such sum is refunded, hold it in trust for the company.

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

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

( Subash Agarwal )  
Chairman

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
M/s. ARSS Infrastructure Projects Limited  
CIN : L14103OR2000PLC006230  
Plot-no-38, Sector-A, Zone-D  
Mancheswar Industrial Estate  
Bhubaneswar-751 010, Odisha

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. ARSS Infrastructure Projects Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company including its Associates and Jointly controlled entities 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. The respective Board of Directors of the companies included in the company and of its associates and jointly controlled entities are responsible for 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Basis for Qualified Opinion

- a) *In absence of relevant records, Contract-wise surplus/loss of holding company has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.*

- b) *In the absence of audited books of accounts of BALAJI-ARSS (JV), ARSS-MVPL JV, and ARSS-SIPS JV discrepancies, if any, between the said accounts with that of the holding company is not ascertainable.*
- c) *No interest has been charged from July 2016 on loan outstanding holding company of ₹1471.00 Crores to the Profit & Loss account resulting in understatement of loss to that extent.*
- d) *Interest on Service Tax payable of holding company of ₹ 182.83 lakhs has not provided, resulting to underreporting of loss to that extent.*
- e) *With reference to para 38 of Notes to Accounts of consolidated financial statements, status of rights and title of Capital work in progress of one of the subsidiary, valued at ₹ 99.06 Crores has neither been ascertained nor the effect of the same has been accounted for in the financial statements.*
- f) *With reference to para 39 of Notes to Accounts, in absence of details of physical verification of Capital Work in Progress of one of the subsidiary, discrepancies, if any, between book and physical balance could not be ascertained including effect of the same in the financial statements.*
- g) *With reference to para 40 of Notes to Accounts, interest on Loan from Banks of ₹ 73.06 Crores of one of the subsidiary has neither been ascertained nor the effect of the same has been accounted for in the financial statements.*
- h) *Provision for Retirement Benefits has not been made in the annual accounts of one of its associates company 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.*
- i) *Recoverability of Sundry Debtors of one of the Associates Company to the tune of ₹ 1730 Crores is not ascertainable. Moreover, no provision has been made in this regard.*
- j) *In absence of filing of Service Tax and TDS Returns of one of the associates company, the statutory liabilities in this regard are not ascertainable.*

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the holding company, its associates and jointly controlled entities as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### **Emphasis of Matters**

Without qualifying our opinion and based on information and explanations given to us, we draw attention to the following:

- a) Note No. 26(ii) to the accompanying consolidated statement, wherein, Holding Company has recognised claims receivable during the year from various agencies in view of increased certainty of the same.
- b) Note No. 26(iii) to the accompanying consolidated statement, wherein, holding company based on the recoverability of debtors and inventories, management has written-down the debtors and inventories of some projects.

### **Report on Other Legal and Regulatory Requirements**

1. 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, not applicable to consolidated financial statement and hence not commented upon.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained 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 consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March,

2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the holding companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company, subsidiary companies, associate companies and jointly controlled entities and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A"
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. There were pending litigations which would impact the consolidated financial position of the Company, its associates and jointly controlled entities are properly disclosed in Note No. 15, 29 and 38.
  - ii. The holding company, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts, which required to be transferred to the Investor Education and Protection Fund by the holding company, its associates and jointly controlled entities.
  - iv. The Group has provided disclosure in its financial statement (refer note no. 26.1) as to holding as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 and the said disclosure is in accordance with books of accounts maintained by the company.

**For Ajay B Garg**  
**Chartered Accountant**

**A Garg**

Mem No: 032538

**Place : Mumbai**

**Dated : 27<sup>th</sup> May 2017**

#### **'Annexure – A' to the Independent Auditor's Report**

[Referred to in paragraph 2(f) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2017.]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2017, we have audited the internal financial controls over financial reporting of M/s. ARSS Infrastructure Projects Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are 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 the respective 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.

## **Auditor's 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") issued by the ICAI 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 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 judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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 Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, 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 31<sup>st</sup> 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**

Mem No: 032538

Place : Mumbai

Dated : 27<sup>th</sup> May 2017.

**Consolidated Balance Sheet as at**

	Notes	31-03-2017 ₹	31-03-2016 ₹
<b>I Shareholders' Funds</b>			
a Share Capital	1	298,432,300	298,432,300
b Reserves and Surplus	2	216,469,218	3,522,725,936
		<b>514,901,518</b>	3,821,158,236
<b>II Minority Interest</b>		<b>400,000</b>	400,000
<b>III Non-Current Liabilities</b>			
a Long Term borrowings	3	7,174,916,045	7,984,599,054
b Deferred Tax Liability ( net )	4	223,598,110	281,651,220
		<b>7,398,514,155</b>	8,266,250,274
<b>IV Current Liabilities</b>			
a Short Term Borrowings	5	10,196,635,027	9,494,774,888
b Trade Payables	6	547,676,918	604,676,186
c Other Current Liabilities	7	601,089,285	2,679,439,959
d Short Term Provisions	8	-	12,699,868
		<b>11,345,401,230</b>	12,791,590,902
<b>TOTAL</b>		<b>19,259,216,903</b>	24,879,399,411
<b>ASSETS</b>			
<b>V Non-current Assets</b>			
a Fixed Assets			
i Tangible Assets	9	3,056,309,838	3,717,737,494
b Non-Current Investments	10	204,796,989	246,079,695
c Long Term Loans and advances	11	8,790,365,062	9,274,552,041
		<b>12,051,471,888</b>	13,238,369,230
<b>VI Current Assets</b>			
a Inventories	12	587,399,614	5,578,319,164
b Trade Receivables	13	1,255,286,201	2,698,913,298
c Cash and Cash Equivalent	14	750,492,205	760,257,451
d Short term loans and advances	15	4,613,062,082	2,602,035,355
e Other Non-Current Assets	16	1,504,913	1,504,913
		<b>7,207,745,015</b>	11,641,030,181
<b>TOTAL</b>		<b>19,259,216,903</b>	24,879,399,411
<b>VII Notes on Financial Statements</b>	A		

As per our report of even date

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

For and on behalf of the Board of Directors

( Rajesh Agarwal )  
Mg. Director( S.K. Pattanaik )  
C F O( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017

## Consolidated Profit and Loss Statement for the year ended

Particulars	Notes No.	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
		₹	₹
I. Revenue from operations	17	8,503,613,801	6,233,002,961
II. Other Income	18	153,545,635	215,949,445
III. <b>Total Revenue ( I + II )</b>		<b>8,657,159,435</b>	<b>6,448,952,406</b>
IV. <b>Expenses :</b>			
Cost of materials consumed	19	1,731,944,952	1,124,193,480
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	4,666,001,034	176,445,359
Employee benefits expense	21	276,386,574	268,941,846
Finance Costs	22	821,506,681	1,648,392,000
Depreciation and amortisation expense	23	325,912,345	361,384,732
Other expense	24	4,197,674,176	2,807,307,146
<b>Total expenses</b>		<b>12,019,425,762</b>	<b>6,386,664,562</b>
V. <b>Profit before exceptional and extraordinary items and tax (III- IV)</b>		<b>(3,362,266,327)</b>	62,287,844
VI. <b>Exceptional items</b>		-	-
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		<b>(3,362,266,327)</b>	62,287,844
VIII. <b>Extraordinary items</b>		-	-
IX. <b>Profit before tax (VII - VIII)</b>		<b>(3,362,266,327)</b>	62,287,844
X. <b>Tax expense :</b>			
(1) Current tax		-	12,699,868
(2) Deferred tax		(58,053,110)	(13,625,750)
(3) Tax of Earlier Years		2,043,500	13,041,215
XI. <b>Profit / (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(3,306,256,717)</b>	50,172,511
XII. <b>Profit (Loss) from discontinuing operations</b>		-	-
XIII. <b>Tax expense of discontinuing operations</b>		-	-
XIV. <b>Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)</b>		-	-
XV. <b>Profit (Loss) for the period (XI + XIV)</b>		<b>(3,306,256,717)</b>	50,172,511
XVI. <b>Earnings per equity share :</b>	25		
( 1 ) Basic		(222.75)	3.38
( 2 ) Diluted		(145.41)	2.21

Computed on the basis of profit from continuing operations

### XVII. Notes on Financial Statements

A

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

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

( Subash Agarwal )  
Chairman

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017



**Consolidated Cash Flow Statement for the year ended on**

	31-03-2017 (₹)	31-03-2016 (₹)
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	(3,362,266,327)	62,287,844
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	325,912,345	361,384,732
Depreciation/amortization on sold Assets	(597,978,491)	(2,259,303)
Preliminary Expenses Written off	-	-
Loss/(profit) on sale of fixed assets	29,014,490	1,046,497
Interest expense	821,506,681	1,648,392,000
Operating profit before working capital changes	(2,783,811,302)	2,070,851,769
Movements in working capital:		
Increase/(decrease) in short-term Borrowings	701,860,139	829,785,621
Increase/(decrease) in Trade payables	(56,999,268)	(323,488,275)
Increase/(decrease) in other current liabilities	(2,078,350,674)	239,285,119
Increase/(decrease) in other long-term liabilities	(809,683,009)	303,405,458
Decrease/(increase) in trade receivables	1,443,627,097	(280,771,817)
Decrease/(increase) in inventories	4,990,919,550	245,691,114
Decrease/(increase) in short-term loans and advances	(2,011,026,727)	690,510,474
Decrease/(increase) in Long-term loans and advances	484,186,979	(1,875,923,777)
Cash generated from / (used in) operations	(119,277,215)	1,899,345,686
Direct taxes paid (net of refunds)	14,743,368	24,013,261
Net cash flow from/(used in) operating activities (A)	(134,020,583)	1,875,332,425
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	57,326,746	(254,392,743)
Proceeds from sale of fixed assets	847,152,567	3,561,773
Proceeds of non-current investments	41,282,706	71,110,142
Net cash flow from/(used in) investing activities (B)	945,762,019	(179,720,828)
<b>Cash flows from financing activities</b>		
Proceeds from Share Capital	-	-
Interest paid	(821,506,681)	(1,648,392,000)
Net cash flow from / (used in) in financing activities	(821,506,681)	(1,648,392,000)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(9,765,246)	47,219,597
Cash and cash equivalents at the beginning of the year	760,257,451	712,785,812
<b>Cash and cash equivalents at the end of the year</b>	<b>750,492,205</b>	<b>760,005,410</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	5,067,230	6,402,774
Cheques / draft on hand		
With banks on current account	164,698,083	135,272,262
on deposit account	580,726,892	618,582,414
<b>Total cash and cash equivalents</b>	<b>750,492,205</b>	<b>760,257,450</b>

As per our report of even date

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

For and on behalf of the Board of Directors

( Rajesh Agarwal )  
Mg. Director( S.K. Pattanaik )  
C F O( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017



## A. SIGNIFICANT ACCOUNTING POLICIES.

### 1. Corporate Information

ARSS Infrastructure Projects Limited (the Holding Company) and its subsidiaries are companies domiciled in India and incorporated under the provisions of the Companies Act 1956 read with Companies Act, 2013. Holding Company 's shares are listed on two stock exchanges in India, namely BSE and NSE. The Group is engaged in execution of contracts of various infrastructure projects including road work, bridge work, railway tracking and irrigation projects.

### 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 Group 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 prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act.

Except otherwise mentioned the accounting policies adopted in the preparation of financial statements are consistent with those of previous year. Also due to the peculiar nature of the business and uncertainties in the segment in which the companies is operating, various issues have evolved requiring interpretation and clarifications. The management is making substantial effort on an ongoing basis to improve reporting and disclosure in financial statement wherever required to comply with relevant law, rules and regulations.

### 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. Difference between the actual results and estimates is recognised in the period in which the actual results are known / materialized.

#### 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

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as estimated by the Management. The Management estimates the useful lives for the fixed assets as follows:

Particular	Rate of Depreciation *	Useful Life *
Building (Factory)	3.17%	30 Years
Building (Non Factory)	1.58%	60 Years
Plant and Equipment (Earth Moving)	10.56%	9 Years
Plant and Equipment (Non Earth Moving)	6.33%	15 Years
Furniture and fixtures	9.50%	10 Years
Vehicles	11.88%	8 Years
Computer	31.67%	3 Years

\* Rate of Depreciation is arrived by considering further useful life for existing assets as on 01.04.2014 as per Technician Certificates or from the date of acquisition for other assets and Residual Value at 5% of cost.

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. 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.

**e. Investments**

The Investments that are readily realizable and intended to be held for not more than a year from the Balance Sheet date are classified as current investments. All other investments are classified as non-current investments. On initial recognition, all investments are recognised at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**f. Sundry Debtors / Loans and Advances:**

Sundry Debtors / Loans and Advances are stated net of provision for identified doubtful debts / advances wherever necessary. Sundry Debtors and Loans and Advances has been taken at reconciled amount for the parties from which the balance confirmation was received and for the rest Debtors and balances are taken as per book balance and are subject to adjustment and reconciliation, if any which will be done on receipts of confirmation from such parties. In the opinion of the management on which we have placed reliance, substantial part of Debtors and advances are outstanding for a period exceeding six months and they are subject to arbitration and other reconciliatory proceedings, the outcome and quantum of which is not ascertainable and determined, and subject to reconciliations referred to above, the debtors and Loans and advances to the extent as stated are considered good in the Balance Sheet.

**g. Impairment of Assets:**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- The provision for impairment loss required, if any, or
- The reversal required of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of asset exceeds its recoverable amount.

Recoverable amount is determined in the case of an individual asset, at higher of net selling price and the value in use.

**h. Inventories****i. Raw Materials, Stores & Spares and Finished Goods**

Raw Materials, construction materials and Finished Goods are valued at the lower of cost and net realizable value.

**ii. Work in Progress**

The work in progress has been determined by the Management at the estimated realizable value. The value of work in progress comprises of value of materials and expenses incurred at site including estimated profits thereon in terms of guidelines provided under Accounting Standards AS 7 on Construction Contracts.

**i. Revenue Recognition**Contract Receipt / Construction Contract :

In respect of Construction contracts and in manner specified under Accounting Standard AS-7 on Construction Contracts, Revenue is recognized on Stage of Completion Method based on the Bills submitted, certified and sanctioned by the appropriate authorities and Work completed and Uncertified Bills for work executed on the Project and does not include material supplied by the clients free of cost. The relevant cost is recognized in accounts in the year of recognition of the revenue. The total costs of contract are estimated by respective Company and are based on technical and other estimates and assumptions.

The Group financial position is subject to strict conditions imposed by Banks implementing CDR / Loan Restructure programme, resultantly the performance and execution of the projects at times is affected. In case of premature termination of contract there is uncertainty in the outcome of the Projects.

Hence in terms of para 34 of the AS-7, Holding Company has recognized contract revenue and contract cost which is direct cost specifically identifiable and directly attributable to the specific contract in accordance with para 31 instead of para 21, i.e. contract revenue to the extent of cost incurred of which recovery is probable and contract cost in the period in which they are incurred. Also based on the above, an expected loss, if any to the extent as identified and quantified, is recognized as an expense immediately in accordance with para 35.

Further apportionment and allocation of combined Operating overhead, Head office overhead, General overhead and Finance cost do not commensurate with size, nature and duration of projects being executed and hence the management is unable to specifically determine project wise profitability. Also adequate disclosure in terms of para 38, 39 and 41 of AS-7 have been made in accounts under relevant head/notes.

#### Other Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income recognized as and when right to receive established. All other income is recognized on accrual basis

#### **j. 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.

#### **k. 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 respective entity makes monthly contributions and has no further obligations under the plan beyond its contributions.

##### **ii) Defined benefit plan**

Gratuity for employees of Holding Companies 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. Actuarial valuation is independently done by SBI Life Insurance Company Ltd and company has based its provisions the same. Financial effects of changes in those plans during the period in terms of para 119 of AS-15 are as disclosed and recognised in Profit and Loss Accounts.

In respect of subsidiaries, gratuity expenses have been charged to profit and loss accounts as and when it is paid to employees.

##### **iii) Short term employee benefits**

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as and when it paid.

#### **l. 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.

**m. 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.

**n. 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	31-03-2017	31-03-2016
	₹	₹
<b>Authorized shares :</b>		
4,00,00,000 (P.Y. 3,00,00,000)		
equity shares of ₹ 10/- each	<u>400,000,000</u>	<u>400,000,000</u>
1,50,00,000 (P.Y. 2,50,00,000)		
Preference shares of ₹ 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued , Subscribed &amp; Paid up</b>		
Equity shares, ₹ 10/- par value		
1,48,43,230 equity shares		
of ₹ 10/- each fully paid up	<b>148,432,300</b>	148,432,300
Preference shares		
1,50,00,000 (P.Y. 1,50,00,000)		
Preference Shares of ₹ 10/- each fully paid up	<u>150,000,000</u>	<u>150,000,000</u>
	<u><b>298,432,300</b></u>	<u>298,432,300</u>

i. 1,00,000 equity shares out of issued, subscribed and paid up equity share capital were issued for consideration other than cash in the financial year 2007-08 as against transfer of a plot of land in favour of the company.

ii. No buyback or bonus issue of shares has been made during last five year

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

Equity Shares	31-03-2017		31-03-2016	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the Period	<u>14,843,230</u>	<u>148,432,300</u>	14,843,230	148,432,300
Issued during the peirod	-	-	-	-
<b>Outstanding at the end of the period</b>	<u><b>14,843,230</b></u>	<u><b>148,432,300</b></u>	<u>14,843,230</u>	<u>148,432,300</u>
<b>Preference shares</b>	<b>31-03-2017</b>		<b>31-03-2016</b>	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the Period	<u>15,000,000</u>	<u>150,000,000</u>	15,000,000	150,000,000
Issued during the peirod	-	-	-	-
<b>Outstanding at the end of the period</b>	<u><b>15,000,000</b></u>	<u><b>150,000,000</b></u>	<u>15,000,000</u>	<u>150,000,000</u>

### b. Terms/right attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

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. Terms/right attached to Preference shares

The preference shares issued to the promoters are in accordance with the terms and conditions of the CDR package and do not carry any right of voting & dividend. These shares are neither transferable nor eligible for listing.

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

	31.03.2017		31.03.2016	
	No. of Shares	% Holding in the Class	No. of Shares	% Holding in the Class
<b>Equity shares of ₹ 10/- each fully paid</b>				
Subash Agarwal	1,173,500	7.91%	1,173,500	7.91%
Mohanlal Agarwal	761,750	5.13%	761,750	5.13%
	<u>1,935,250</u>	<u>13.04%</u>	<u>1,935,250</u>	<u>13.04%</u>
<b>Preference shares of ₹ 10 /- each fully paid</b>				
Rajesh Agarwal	838,860	5.59%	838,860	5.59%
Sidhant Financial Services Limited	12,450,000	83.00%	12,450,000	83.00%
	<u>13,288,860</u>	<u>88.59%</u>	<u>13,288,860</u>	<u>88.59%</u>

As per records of the company, including the Register of Members/ Shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal & beneficial ownerships of shares.

## 2. Reserves and Surplus

	31.03.2017	31.03.2016
	₹	₹
<b>Securities Premium Account</b>		
Balance as per last financial statements	1,473,634,700	1,473,634,700
<b>Closing Balance</b>	<u>1,473,634,700</u>	<u>1,473,634,700</u>
<b>General Reserve</b>		
Balance as per last financial statements	72,711,444	72,711,444
<b>Closing Balance</b>	<u>72,711,444</u>	<u>72,711,444</u>
<b>Surplus /(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	1,976,379,791	1,926,207,281
Profit/(Loss) for the year	(3,306,256,717)	50,172,511
<b>Net surplus in the statement of profit and loss</b>	<u>(1,329,876,926)</u>	<u>1,976,379,792</u>
<b>Total Reserves and Surplus</b>	<u>216,469,218</u>	<u>3,522,725,936</u>

## 3. Long-term borrowings

	Non-Current Portion		Current Maturities	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	₹	₹	₹	₹
<b>Term loans</b>				
Rupee Loan From banks (Secured)	7,174,916,045	6,023,848,147	278,180,564	1,541,849,734
Rupee Loan From NBFCs (secured)	-	1,960,750,906	-	388,673,860
<b>Total</b>	<u>7,174,916,045</u>	<u>7,984,599,054</u>	<u>278,180,564</u>	<u>1,930,523,594</u>

- a. Rupee loan from bank carries interest @ 10 % to 10.5% p.a. The loans are repayable in quarterly instalments from 01.10.2013. The above loans are secured by way of mortgage of land and building, assets acquired out of such loan and also backed by personal guarantee of Promoters.
- b. Rupee loan from NBFCs Carries interest @9% to 12% p.a and are repayable in monthly instalments. The above loans are secured by way of mortgage on assets acquired out of such loan. The Loans are repayable over 3 to 5 years.

- c. Term Loan (TL) under CDR and governed by Master Restructuring Agreement(MRA) dated 6th September 2012, with State Bank of India, Punjab National Bank, ICICI Bank Ltd., IDBI Bank Ltd., State Bank of Bikaner & Jaipur & Bank of India. The amount repayable is over a period from FY 2016-17 to 2020-21.
- d. This loan is secured by equitable mortgage of immovable property of the Company and promoters, pari-passu charge on plant & machinery of the company (excluding land & office flat & equipments on which other lenders are having first charge) and irrevocable and unconditional personal guarantees of the Directors and pledge of shares held by promoters in the Company.
- e. Interest rate for all term loan are subject to periodic review.

<b>4. Deferred Tax liability (Net)</b>	<b>31-03-2017</b>	<b>31-03-2016</b>
	₹	₹
Opening Balance	<b>281,651,220</b>	295,276,970
Addition during the year (For Timing difference on depreciation of Fixed assets)	<b>(58,053,110)</b>	(13,625,750)
	<u><b>223,598,110</b></u>	<u>281,651,220</u>
<b>5. Short-term borrowings</b>		
<b>a. Secured</b>		
Cash credit loan from banks	<b>9,515,602,176</b>	8,728,700,037
<b>b. Unsecured</b>		
Loans from Related parties	<b>681,032,851</b>	766,074,851
	<u><b>10,196,635,027</b></u>	<u>9,494,774,888</u>
Cash credit from banks is secured against hypothecation of stock and book debts and are backed by personal guarantee of promoters.		
The Interest on Cash Credit Loan varies from 10% to 10.5% p.a.		
Loan from related parties is interest free. All the above loans are repayable on demand.		
<b>6. Trade Payables</b>		
a) Trade Creditors	<b>547,676,918</b>	603,830,211
b) Sundry Creditor for Capital goods	-	845,975
	<u><b>547,676,918</b></u>	<u>604,676,186</u>
<b>7. Other current liabilities</b>		
	₹	₹
a) Current maturities of long-term borrowings	<b>278,180,564</b>	1,930,523,594
b) <b>Others</b>		
i) Creditors for Expenses	<b>90,895,083</b>	90,538,012
ii) Security Deposit	<b>88,039,716</b>	368,781,042
iii) Mobilisation advance	<b>99,479,239</b>	217,431,529
iv) Statutory dues payable	<b>44,494,684</b>	72,165,783
	<u><b>322,908,721</b></u>	<u>748,916,365</u>
	<u><b>601,089,285</b></u>	<u>2,679,439,959</u>
<b>8. Short Term Provisions</b>		
a) Provision for Taxation	-	12,699,868
	<u>-</u>	<u>12,699,868</u>



## 9 Tangible assets

	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Computers	Total
Cost or valuation							
<b>At 1<sup>st</sup> April 2015</b>	77,160,175	36,696,191	4,199,789,081	16,349,874	176,190,292	29,840,335	4,536,025,948
Additions	-	-	253,027,771	-	1,234,572	130,400	254,392,743
Disposals	-	-	3,461,325	-	1,146,945	-	4,608,270
<b>At 31<sup>st</sup> March 2016</b>	77,160,175	36,696,191	4,449,355,527	16,349,874	176,277,919	29,970,735	4,785,810,421
Additions	-	-	7,865,549	464,380	-	554,300	8,884,229
Disposals	-	-	853,434,349	-	22,732,708	-	876,167,057
<b>At 31<sup>st</sup> March 2017</b>	77,160,175	36,696,191	3,603,786,727	16,814,254	153,545,211	30,525,035	3,918,527,593
<b>Depreciation</b>							
<b>At 1<sup>st</sup> April 2015</b>	-	3,383,829	1,621,631,440	6,430,102	104,613,143	29,719,972	1,765,778,486
Charge for the year	62,160	586,155	338,025,488	1,557,493	21,077,150	76,285	361,384,732
Disposals	-	-	1,216,328	-	1,042,975	-	2,259,303
<b>At 31<sup>st</sup> March 2016</b>	62,160	3,969,984	1,958,440,600	7,987,595	124,647,318	29,796,257	2,124,841,755
Charge for the Period	62,160	584,554	303,992,672	1,583,988	19,532,477	156,494	325,912,345
Disposals	-	-	583,566,387	-	14,412,104	-	597,978,491
<b>At 31<sup>st</sup> March 2017</b>	124,320	4,554,538	1,678,866,885	9,571,583	129,767,691	29,952,751	1,852,713,448
<b>Net Block</b>							
<b>At 31<sup>st</sup> March 2016</b>	77,098,015	32,726,207	2,490,914,927	8,362,279	51,630,601	174,478	2,660,906,506
<b>At 31<sup>st</sup> March 2017</b>	77,035,855	32,141,653	1,924,919,842	7,242,671	23,777,520	572,284	2,065,689,825

**Capital Work in Progress**

Capital WIP

Note :

The rate of depreciation and useful life of assets is calculated as follows :

Particular	31-03-2017	31-03-2016	Rate of Depreciation *	Useful Life *
Building (Factory)	₹	₹	3.17%	30 Years
Building (Non Factory)			1.58%	60 Years
Plant and Equipment (Earth Moving)			10.56%	9 Years
Plant and Equipment (Non Earth Moving)			6.33%	15 Years
Furniture and fixtures			9.50%	10 Years
Vehicles			11.88%	8 Years
Computer			31.67%	3 Years
	<b>990,620,013</b>	<b>1,056,830,988</b>		

\* Rate of Depreciation is arrived by considering useful life of assets as per Technicians Certificates and Residual Value at 5% of cost

10. Non-current investments	31.03.2017	31.03.2016
	₹	₹
<b>A. Trade Investments (Valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity instruments</b>		
a) Investment in Subsidiaries		
i) 2,20,80,730 equity shares of ₹ 10/- Each at par in ARSS Damoh-Hirapur Tolls (P) Ltd. (99.73% holding)	-	-
b) Investment in Companies under same management		
i) 2,50,000 equity shares of ₹ 10/- Each issued at a premium of ₹ 30/- in ARSS Developers Ltd.	100,000,000	100,000,000
ii) 1,12,139 equity shares of ₹ 10/- each in ARSS E to E Pvt. Ltd.	49,990	49,990
iii) 63,011 equity shares of ₹ 10/- each in ARSS Holdings Ltd	-	-
iv) 97,350 equity shares of ₹ 10/- each in ARSS Steel & Powers Ltd	-	-
c) Investment in joint ventures (Ref. Note No- 27)	103,263,221	144,545,927
	<u>203,313,211</u>	<u>244,595,917</u>
<b>B. Non-trade investments (valued at cost unless stated otherwise)</b>		
In government and trust securities (Unquoted)		
i) 6 years National Savings Certificate deposited with sales tax dept. and other Government Authorities.	1,483,778	1,483,778
	<u>1,483,778</u>	<u>1,483,778</u>
<b>Total</b>	<u>204,796,989</u>	<u>246,079,695</u>
<b>11 Long Term Loans and advances</b> (unsecured Considered good)		
Share application money pending allotment	-	2,459,529
Claims Receivable (Ref. Sub Note.1 to Note No. 15)	8,790,365,062	9,272,092,512
	<u>8,790,365,062</u>	<u>9,274,552,041</u>
<b>12. Inventories</b> ( As Certified by the management)		
Raw materials and components	40,088,388	359,100,550
Work-in-progress	211,635,174	3,588,003,462
Finished goods	314,054,202	1,603,686,948
Stores and spares	21,621,850	27,528,204
	<u>587,399,614</u>	<u>5,578,319,164</u>
<b>13. Trade Receivables</b>		
<b>(Unsecured &amp; considered good)</b>		
Over Six months*		
From Related Parties	122,734,191	557,815,298
From Others	278,902,680	1,337,670,368
Others		
From Related Parties	158,788,162	482,228,986
From Others	694,861,168	321,198,646
	<u>1,255,286,201</u>	<u>2,698,913,298</u>

\* Note : Trade receivables outstanding for over six months are slow moving and are considered good and realisable by Management.

14 Cash and cash equivalents	31.03.2017	31.03.2016
	₹	₹
Cash in hand	5,067,230	6,402,774
Balances with banks:		
In Current accounts	164,698,083	135,272,262
In Fixed deposits	580,726,892	618,582,414
	<u>750,492,205</u>	<u>760,257,451</u>
Fixed deposit with carrying amount of ₹ 58.07 crores including interest accrued on the same (31.03.2016 ₹ 61.86 crores) are pledged against bank guarantees as security deposit ,EMD and Margin account.		
<b>15. Short Term Loans and advances</b>		
(unsecured Considered good)		
Capital advances	-	1,582,320
Security deposit	31,754,255	30,959,277
Other loans and advances		
Prepaid expenses	43,176,744	44,359,921
Advances to employees	307,619	1,489,000
Balances with Statutory / Government authorities	632,496,420	711,097,199
Claims Recievable *	3,254,930,740	1,051,352,458
Other Advances	650,396,304	761,195,180
	<u>4,613,062,082</u>	<u>2,602,035,355</u>
Notes:		
1. *Total Claimed Receivable amounting to ₹ 3835.51 Crores is under dispute / arbitration. Same are subject to the outcome of arbitration and /or Reconciliation proceedings arising out of various contractual obligations. The element of realisable profit and actual expenditure incurred has been considered and amount of ₹ 1204.53 Crores is accounted based on reasonable certainty of realisation of the same and are considered good and realisable by the Management.		
<b>16 Other Non-Current Assets</b>		
<b>Unamortized expenditure</b>		
Preliminary Expenses to the extent not written off or adjusted	1,504,913	1,504,913
	<u>1,504,913</u>	<u>1,504,913</u>
<b>17 Revenue from operations</b>		
<b>Revenue from operations</b>		
Sale of Services		
Contract Revenue	8,503,613,801	6,233,002,961
	<u>8,503,613,801</u>	<u>6,233,002,961</u>
<b>18 Other income</b>		
Interest income	61,221,721	67,199,519
Profit from Joint Ventures	5,179,212	7,095,734
Other non-operating income	87,144,702	141,654,192
	<u>153,545,635</u>	<u>215,949,445</u>

19 Cost of raw material consumed	31.03.2017	31.03.2016
	₹	₹
Inventory at the beginning of the year	386,628,754	455,874,509
Add: Purchases	1,407,026,436	1,054,947,725
	<u>1,793,655,190</u>	<u>1,510,822,234</u>
Less: inventory at the end of the year	61,710,238	386,628,754
cost of raw material and components consumed	<u>1,731,944,952</u>	<u>1,124,193,480</u>
<b>20 (Increase)/decrease in inventories</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	211,635,174	3,588,003,462
Finished goods	314,054,202	1,603,686,948
	<u>525,689,376</u>	<u>5,191,690,410</u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	3,588,003,462	3,470,505,702
Finished goods	1,603,686,948	1,897,630,067
	<u>5,191,690,410</u>	<u>5,368,135,769</u>
	<u>4,666,001,034</u>	<u>176,445,359</u>
<b>21 Employee benefit expense</b>		
Salaries, wages and bonus	257,845,240	247,748,953
Contribution to provident and other fund	5,885,836	9,987,353
Director's Remuneration	6,300,000	6,300,000
Staff welfare expenses	6,355,498	4,905,540
	<u>276,386,574</u>	<u>268,941,846</u>
<b>22 Depreciation and amortization expense</b>		
Depreciation of tangible assets	325,912,345	361,384,732
	<u>325,912,345</u>	<u>361,384,732</u>
Note : A sum of ₹ 62,160 amortisation of Lease Hold Land is included in Depreciation.		
<b>23 Finance costs</b>		
Interest	778,513,996	1,596,516,323
Bank charges	42,992,685	51,875,676
	<u>821,506,681</u>	<u>1,648,392,000</u>
<b>24 Other expenses</b>		
<b>Operating Expenses</b>		
Sub-contracting expenses	487,135,076	1,160,825,931
Performance BG Encashed	823,310,553	262,086,004
Provision for Bad & Doubtful Debts	989,845,643	-
Power and fuel	786,121,699	475,629,474
Freight	94,926,468	66,702,587
Repair to Plant & Machineries	310,200,580	227,555,877
Wages	268,455,840	236,720,587
Royalty	55,271,002	49,690,926
Hire Charges	45,827,592	32,123,262
	<u>3,861,094,453</u>	<u>2,511,334,648</u>

24 Other expenses	31.03.2017	31.03.2016
	₹	₹
<b>Selling &amp; Distribution Expenses</b>		
Advertisement Expenses	436,653	514,296
Tender Expenses	814,513	12,655,463
Service Tax	11,832,573	8,447,635
VAT	102,133,723	92,908,757
Business Promotion	153,460	258,920
	<u>115,370,922</u>	<u>114,785,071</u>
<b>Establishment Expenses</b>		
Rent	7,900,162	7,519,430
Rates & Taxes	20,600,466	16,466,229
Insurance	30,205,750	24,565,795
Repairs to Others	6,475,995	6,491,413
Travelling and conveyance	18,785,347	24,107,912
Printing and stationery	1,813,615	1,909,501
Legal and professional fees	49,410,944	35,980,890
Directors' sitting fees	1,640,000	1,180,000
Payment to auditor	2,403,500	2,390,000
Loss on sale of fixed assets (net)	29,014,490	1,046,497
Loss on Sale of Investment	-	324,220
Miscellaneous expenses	52,958,531	59,205,541
	<u>221,208,801</u>	<u>181,187,428</u>
	<u>4,197,674,176</u>	<u>2,807,307,146</u>
Note : Payment to Auditor includes :		
Audit fees	1,903,500	1,890,000
Tax Audit fees	500,000	500,000
	<u>2,403,500</u>	<u>2,390,000</u>

## 25 Earnings per share (EPS)

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

Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(3,306,256,717)	50,172,511
Weighted Average number of equity shares used as denominator for calculating EPS (Basic)	14,843,230	14,843,230
Weighted Average number of equity shares used as denominator for calculating EPS (Diluted) *	22,737,966	22,737,966
Basic Earning Per Share	(222.75)	3.38
Diluted Earning Per Share	(145.41)	2.21
Face Value per Equity Share	10.00	10.00

\* 78,94,736 Equity Shares to be issued to Shareholder of 1,50,00,000 Preference Shares and against un-secured loan.

## 26 Segment Reporting

The Company's operations predominantly consist of Civil Construction activities. Hence, there are no reportable segments under Accounting Standard - 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

- 27 (i) Details of Specified Bank Notes(SBN) held and transacted during the period 8th November 2016 to 30th December 2016, pursuant to MCA notification No-GSR308E dated 30.03.2017

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	12,500,000	1,698,148	14,198,148
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	1,603,668	1,603,668
(-) Amount deposited in Banks	12,500,000	-	12,500,000
Closing cash in hand as on 30.12.2016	-	94,480	94,480

- (ii) Company has recognised claims receivable during the year from various agencies amounting to ₹ 412.48 Crores in view of increased in certainty of recoverability.
- (iii) Based on the recoverability of debtors and inventories, during the year management has written-down the value to that extent.

## 28 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 31.03.2017 and share of profit/(loss) in joint ventures are given below

Sl. No.	Name of the Joint Venture	Interest of the Company			Interest of Other Constituents	
		Profit %	Investment	Share of profit/(Loss)	Name	Profit %
1	ARSS-ANPR JV.	51	1,092,990	(921)	A.N.Prasad Rao	49
2	ARSS-HCIL Consortium	60	(186,966)	(17,952)	Harish Chandra India Ltd.	40
3	Niraj-ARSS JV.	60	4,864,810	528,864	Niraj Cement Structurals Ltd.	40
4	ARSS-Atlanta JV.	51	9,443,157	(43,798)	Atlanta Ltd.	49
5	ARSS-GVR JV.	51	1,770,588	58,059	Gvr Infra Projects Ltd	49
6	Atlanta-ARSS JV.	49	82,013,509	3,664,491	Atlanta Ltd.	51
7	ARSS-Triveni JV.	51	(4,641,742)	641,131	Triveni Engicons Pvt. Ltd.	49
8	Patel-ARSS JV.	49	5,197,226	(24,042)	Patel Engineers Ltd.	51
9	Backbone-ARSS JV.	49	19,678,048	(72,462)	Backbone Enterprises Ltd.	51
10	Somdatt Builders-ARSS JV.	49	3,483,425	(2,760)	Somdatt Builders Pvt. Ltd.	51
11	ARSS-MVPL JV.	51	5,279	-	Mateshwari Vanijya Pvt. Ltd.	49
12	HCIL-ARSSPL-Triveni JV.	30	(4,187,306)	-	Harish Chandra India Ltd.	40
					Triveni Engicons Pvt. Ltd.	30
13	HCIL-ARSS-Kalindee JV.	30	319,577	-	Harish Chandra India Ltd.	40
					Kalindee Rail Nirman Ltd.	30

Sl. No.	Name of the Joint Venture	Interest of the Company			Interest of Other Constituents	
		Profit %	Investment	Share of profit/(Loss)	Name	Profit %
14	HCIL-Adhikariya-ARSS JV.	30	(17,465,286)	(273,292)	Harish Chandra India Ltd.	40
					PT Adhikariya	30
15	HCIL-ARSSPL JV.	49	305,444	-	Harish Chandra India Ltd.	51
16	ARSS - Balaji JV	51	848,574	-	Balaji Engicons Pvt. Ltd.	49
17	ARSS - SIPS JV	51	721,894	721,894	Shyam Indus Power - Solutions Pvt. Ltd.	49
			<b>103,263,221</b>	<b>5,179,212</b>		

## 29 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:

		₹ In Lacs	
<b>a. Sale/purchase of goods and services</b>		<u>Sale of Services</u>	
<b>Associated Concerns</b>			
	Shivam Condev (P) Ltd (Material Sold)		<b>5,954.88</b>
	Shivam Condev (P) Ltd (House rent)		<b>12.60</b>
			<b>5,967.48</b>
<b>Joint ventures</b>			
	ARSS-GVR JV.		<b>288.99</b>
	Atlanta-ARSS JV.		<b>3,222.53</b>
	Arss-Triveni JV.		<b>110.80</b>
	HCIL-Adhikariya-ARSS JV.		<b>1,048.31</b>
	ARSS-BMS JV		<b>3.71</b>
			<b>4,674.34</b>
<b>b. Loans given and repayment thereof</b>		<b>31.03.2017</b>	31.03.2016
		<u>₹ in Lacs</u>	<u>₹ in Lacs</u>
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
	ARSS Steel & Power Ltd	-	9.73
<b>c. Loans taken and repayment thereof</b>			
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
	Sidhant Financial Services Ltd.	<b>1,536.15</b>	1,536.15
	ARSS Developers Ltd	<b>2,420.54</b>	4,363.04



**c. Loans taken and repayment thereof**

	31.03.2017	31.03.2016
	₹ in Lacs	₹ in Lacs
Anil Agarwal	20.00	20.00
Sabita Agarwal	150.00	150.00
Subash Agarwal	120.00	120.00
Rajesh Agarwal	671.00	671.00
Ram Dulari Agarwal	97.98	97.98
Sangita Agarwal	78.87	78.87
Sanju Agarwal	75.00	75.00
Sunil agarwal	150.00	150.00

**d. Remuneration to key managerial personnel**

Subash Agarwal(Chairman)	33.00	33.00
Rajesh Agarwal(M.D.)	30.00	30.00
Sunil Agarwal (CEO)	42.00	39.00
Anil Agarwal (COO)	42.00	39.00
Directors Sitting Fees	16.40	11.80

Note : The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

**30 Contingent liabilities**
**Name of the Statute to which the liability relates**

a) Orissa sales Tax Act	117.19
b) Orissa Entry Tax Act	34.44
c) Central Sales Tax Act	791.10
d) Orissa Electricity Act	47.22
e) Corporate Guarantees to sister concerns of the Company ARSS Damoh-Hirapur Toll Pvt Ltd.	8,700.00
f) Income Tax Act	
i) ITAT	5,469.84
g) Bank Guarantee outstanding	18,011.38
h) The Lender M/s State Bank of India retains its right of Recompense, vide its letter No CBB/RM-II/16-17/11 dated 26-04-2016 and it is contingent to the implementation of CDR Package approved by the Lenders.	15,085.97

The recompense amount is calculated as follows :

The 'Recompense' calculation sheets for the following fund based credit facilities of the company with State bank of India are attached.

₹ In Lacs

Facility	Account No.	Recompense Amount
Cash Credit	30258659240	8,686.62
CC (TDR)	30485828813	906.78
TL-1	30289194515	316.86
TL-2	30739940146	252.11
TL-3	30877306131	1,136.13
TL-4	30356352375	212.56
WCTL	32537452451	2,476.86
FITL-TL	32537649243	294.88
FITL-CC	32537729151	478.21
FITL-WCTL	32537639622	324.96
		<b>15,085.97</b>
<b>Total</b>		<b>48,257.14</b>

**31 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.

- 32** Provision of ₹ 82.33 Crores has been made against Performance BG Invoked for the current year.
- 33** The Inventory of Raw Materials, Work in Progress and finished goods have been visually estimated by each site in charge and value estimated by them for the same has been considered in the accounts.
- 34** During the year, only some categories of fixed assets have been physically verified due to manpower constraint and widely spread out location of such assets besides a number of sites becoming non-active.
- 35** Contract wise surplus/deficit has not been prepared as the number and complexity of the contracts are very high.
- 36** The Company has claimed deduction under Section 80-IA (4) of the income Tax Act, 1961 in its returns of income relating to assessment year 2006-07 to 2012-13. However, the Department contested the same on the grounds that the Company was not “developing” the infrastructure facility and disallowed the deduction for assessment years 2006-07 to 2011-12. The Company had filled appeal against the said order before the Hon’able CIT(Appeal) which were allowed. The department has filed second appeal before Hon’able Cuttack Bench of Income Tax Appellate Tribunal for these assessment years , which is currently pending.
- 37** The figures for the the previous year are regrouped / reclassified wherever necessary to make them comparable with that of Current Year.
- 38** Company has already applied to Central Government for its approval under section 197 read with Schedule V of the Companies Act, 2013 for payment of Managerial Remuneration to Mr. Subash Agarwal, Executive Chairman of the company of ₹ 2,75,000 per month (perks & allowances all inclusive) from 01.04.2016 to 15.08.2018 and to Mr. Rajesh Agarwal, Managing Director of the company of ₹ 2,50,000 per month (perks & allowances all inclusive) from 01.04.2016 to 31.03.2019. Since the remuneration for the financial year 2016-17 is already paid, directors shall refund such sums to the company if Central Government withheld the approval for payment of remuneration and until such sum is refunded, hold it in trust for the company.
- 39** The Contract of M/s Damoh Hirapur Tolls Pvt Ltd 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 ₹ 2,804.87 Crores which however has not been accounted for.
- 40** Capital Work in Progress of M/s Damoh Hirapur Tolls Pvt Ltd have been visually estimated and valued by site in charge as on 31.03.2017 and the same has been considered in the accounts.
- 41** The term loan availed by the M/s Damoh Hirapur Tolls Pvt Ltd 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 not been provided for the interest on due basis for the whole year.

As per our report of even date

For Ajay B Garg  
Chartered Accountants

For and on behalf of the Board of Directors

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

( Subash Agarwal )  
Chairman

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar

Date : The 27<sup>th</sup> day of May 2017

## Annexure I

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017**  
**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.	Sl. No. Particulars	Audited Figures (as reported before adjusting for qualifications) (Amount in ₹)	Adjusted Figures (audited figures after adjusting for qualifications) (Amount in ₹)
1.	Turnover / Total income	865,71,59,435.00	865,71,59,435.00
2.	Total Expenditure	1201,94,25,762.00	1201,94,25,762.00
3.	Net Profit/(Loss)	(336,22,66,327.00)	(336,22,66,327.00)
4.	Earnings Per Share	(222.75)	(222.75)
5.	Total Assets	1848,08,19,237.00	1848,08,19,237.00
6.	Total Liabilities	1796,59,17,719	1796,59,17,719
7.	Net Worth	51,49,01,518.00	51,49,01,518.00
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

### II. Audit Qualification (each audit qualification separately):

#### a. Details of Audit Qualification:

1. In absence of relevant records, Contract-wise surplus/loss has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.
2. In the absence of audited books of accounts of Balaji-ARSS (JV), ARSS-MVPL JV, and ARSS-SIPS JV discrepancies, if any, between the said accounts with that of the Company is not ascertainable.
3. No interest has been charged for this quarter on loan outstanding of ₹1471.00 Crores to the Profit & Loss account resulting in understatement of loss to that extent.
4. Interest on Service Tax payable of ₹ 182.83 lakhs has not provided, resulting to underreporting of loss to that extent.

#### b. Type of Audit Qualification : Qualified Opinion

#### c. Frequency of qualification:

- Qualification No. 1 since Financial Year 2013-14  
 Qualification No. 2 since Financial Year 2013-14  
 Qualification No. 3 since Financial Year 2016-17  
 Qualification No. 4 since Financial Year 2016-17

#### d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA

#### e. For Audit Qualification(s) where the impact is not quantified by the auditor:

- (i) Management's estimation on the impact of audit qualification: Nil
- (ii) If management is unable to estimate the impact, reasons for the same:

For Qualification No-1: During the work execution period there is escalation claim, revision of contract value, extension of completion period, etc due to which unpredictable variation in reliable estimation of revenue and cost. Also the allocation of combine Operating overhead, Head office overhead and Financial Cost is not possible due to combine use or high swapping of resources, size of the Contracts. Hence financial implication of the qualification is not quantifiable.

For Qualification No-2: The Joint Venture has completed the object for which it was formed. No transaction has been entered into during the Year. The accounts of the JVs are under the control of respective JV Partners i.e. Balaji Engicons Pvt.Ltd , Mateshwari Vanijya Pvt.Ltd and Sham Indus Power Solutions Pvt Ltd and the same has not been yet finalized from their end. Hence financial implication for the JV is not quantifiable. However the accounting effect of the discrepancies, if any after the finalization of its accounts will be given at current date.

For Qualification No-3: The Company has not provided interest on NPA accounts, Since the outstanding amount is not quantifiable.

For Qualification No-4: Management is unable to determine input credit of service tax and there would be variation in service tax liability, hence unable to quantify interest liability on same.

(iii) Auditors' Comments on (i) or (ii) above:

As per our qualification

Place: Bhubaneswar

Date: 27.05.2017

**For ARSS Infrastructure Projects Limited**

**Sd/-**

**(Rajesh Agarwal)**

**Managing Director**

**Sd/-**

**Swarup Chandra Parija**

**Audit Committee Chairman**

**For Ajay B Garg**

**Sd/-**

**Chartered Accountants**

**Proprietor**

**M. No. 32538**

**Place: Mumbai**

**Dated : 27<sup>th</sup> May 2017**

**Sd/-**

**S. K. Pattanaik**

**Chief Financial Officer**

## FORM AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

### Part "A": Subsidiaries

Sl. No.	Particulars	Details
1.	Name of the subsidiary	ARSS Damoh Hirapur Tolls Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	₹ 22,12,37,300
5.	Reserves & surplus	0.00
6.	Total assets	₹ 99,92,34,966
7.	Total Liabilities	₹ 99,92,34,966
8.	Investments	0.00
9.	Turnover	0.00
10.	Profit before taxation	0.00
11.	Provision for taxation	0.00
12.	Profit after taxation	0.00
13.	Proposed Dividend	0.00
14.	% of shareholding	99.82%

### Part "B": Associates and Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates Company	ARSS Developers Limited
1. Latest audited Balance Sheet Date	31.03.2017
2. Shares of Associate held by the company on the year ended	
No. of shares	25,00,000 Equity Shares
Amount of Investment in Associates/Joint Venture	₹ 10,00,00,000
Extend of Holding %	38.41
3. Description of how there is significant influence	By virtue of shareholding
4. Reason why the associate is not consolidated	NA
5. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 8,07,00,431
6. Profit/Loss for the year	
i. Considered in Consolidation	(4,06,03,514)
ii. Not Considered in Consolidation	NA

As per our report of even date

For Ajay B Garg  
Chartered Accountants

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

( Subash Agarwal )  
Chairman

For and on behalf of the Board of Directors

( Rajesh Agarwal )  
Mg. Director

( S.K. Pattanaik )  
C F O

( Alka Khemka )  
Company Secretary

Place : Bhubaneswar  
Date : 27<sup>th</sup> day of May 2017



## **CORPORATE OFFICE**

ARSS Mall, Plot No. 40,  
Community Center, Block-A, Paschim Vihar,  
Opposite to Jwalaheri Market  
New Delhi - 110 063. INDIA  
Tel. : 91 11 48636363  
Fax : 91 11 48636339

## **REGISTERED OFFICE**

Plot No. 38, Sector - A, Zone - D,  
Mancheswar Industrial Estate,  
Bhubaneswar - 751 010, Odisha, INDIA.  
Tel. : 91 674 258852 / 2588554  
Fax : 91 674 2585074



**ARSS INFRASTRUCTURE PROJECTS LIMITED**



**ARSS INFRASTRUCTURE PROJECTS LIMITED**

Registered Office: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate,  
Bhubaneswar-751010, Odisha, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: [cs@arssgroup.in](mailto:cs@arssgroup.in), Website: [www.arssgroup.in](http://www.arssgroup.in)

**NOTICE**

**NOTICE** is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of the company will be held on Monday, 25<sup>th</sup> September, 2017 at 11.00 A.M. at the Registered Office of the Company at Plot No. 38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010, India to transact the following businesses:

**ORDINARY BUSINESS:**

**1. Adoption of the Audited Financial Statements of the Company**

To receive, consider and if thought fit, to adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2017 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon and the Audited Consolidated Financial Statements of the Company as at 31<sup>st</sup> March, 2017.

**2. Appointment of Director**

To appoint a Director in place of Mr. Subash Agarwal (DIN: 00218066), who retires by rotation and being eligible, offers himself for re-appointment.

**3. Ratification of the Appointment of Statutory Auditors**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s Ajay B Garg, Chartered Accountants, Mumbai, (Membership No. 32538) as Statutory Auditors of the Company for a term of 4 years i.e. till the conclusion of 19<sup>th</sup> Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to be held in the financial year 2018-19 on the same remuneration and terms & conditions as earlier fixed by the Board of Directors in consultation with the auditors.”

**SPECIAL BUSINESS**

**Ordinary Resolutions**

**4. Ratification of Remuneration to Cost Auditor**

To consider and if thought fit, to pass, the following as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to provisions of Sections 148(3) and other applicable provisions, if any, of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for time being in force) the remuneration be paid to M/s. Asutosh & Associates, Cost Accountants, Bhubaneswar, (Firm Registration No. 000258), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2017-18, amounting to ₹ 50,000/- (₹ Fifty Thousands only) as also the payment of tax as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

“**RESOLVED FURTHER THAT** the Board of Directors and Company Secretary of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### 5. Appointment of Mr. Pareswar Panda as Independent Director

To consider and if, thought fit to pass, the following resolution as an Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Pareswar Panda (DIN: 0007902468), who has consented to act as Independent Director of the Company & has also submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and the board has proposed his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company with effect from 9<sup>th</sup> August, 2017 to 8<sup>th</sup> August, 2022 (for five years) not liable to retire by rotation.”

#### 6. Re-appointment of Mr. Subash Agarwal, Executive Chairman

To consider and if thought fit, to pass, the following as an Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) (the “Act”) read with Schedule V to the said Act and, as per Article 140 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Subash Agarwal (DIN: 00218066), (whose term of office as Executive Chairman expires on 15<sup>th</sup> August, 2018, and the company may not have any Shareholders Meeting before this period to re-appoint him) for a period of five years with effect from 16<sup>th</sup> August, 2018 to 15<sup>th</sup> August, 2023 at the remuneration of ₹ 2.75 Lakhs (₹ Two lakhs seventy five thousand only) per month and commission up to 6% of the net profit of the Company for the financial year in which adequate profit is earned, computed in the manner laid down in section 198 of the Companies Act, 2013 and other benefits as per the rules of the company, not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or reenactments thereof.”

“**RESOLVED FURTHER THAT** the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits specified under schedule V and the relevant provisions of the Companies Act, 2013 and/or as approved by the Central Government or any such other competent authority.”

“**RESOLVED FURTHER THAT** in the event in any financial year during the tenure of the Executive Chairman, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay the above remuneration excluding commission amount payable on profits earned as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any.”

“**RESOLVED FURTHER THAT** any one of the Directors or Company Secretary of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

#### 7. Service of Documents

To consider, and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivery to his office address or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge

from the member in advance equivalent to the estimated actual expenses of delivery of the documents pursuant to any request made by the shareholder for delivery of such document to him through a particular mode of services mentioned above provided such request along with the requisite fee has been duly received by the Company at least 10 days advance of the dispatch of the document by the Company and that no such request shall be entertained by the Company to post the dispatch of such document by the Company to the shareholder.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all such acts, deeds and things as may be necessary, proper or desirable or expedient to give effect to the above resolution.”

## SPECIAL RESOLUTION

### 8. Re-appointment of Mrs. Rima Dhawan as Woman/Independent Director

To consider and if, thought fit to pass, the following resolution as Special Resolution:-

“**RESOLVED THAT** pursuant to the provisions of section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Rima Dhawan (DIN: 01604113), who was appointed as Non-Executive Woman Independent Director by the shareholders in Extra-ordinary General Meeting held on 17<sup>th</sup> December, 2014 for the period of two year w.e.f. 17<sup>th</sup> December, 2014 to 16<sup>th</sup> December, 2016 and whose term of office has expired on 16<sup>th</sup> December, 2016 and who was appointed a Non-Executive Independent Director (Additional Director) by the directors through resolution by circulation on 16<sup>th</sup> December, 2016, w.e.f. 17<sup>th</sup> December, 2016 to 16<sup>th</sup> December, 2018 (for two years), who has consented for re-appointment as Independent Director of the company & has also submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for re-appointment and the board has proposed her candidature for the office of Director, be and is hereby re-appointed as Woman Independent Director of the Company with effect from 17<sup>th</sup> December, 2016 to 16<sup>th</sup> December, 2018 (for two years) not liable to retire by rotation.”

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy / proxies to attend and vote instead of himself and the proxy need not be a Member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member.

The instrument of proxy in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith.

2. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 12<sup>th</sup> September, 2017 to Friday, 15<sup>th</sup> September, 2017 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the

Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.

6. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. Members are requested to notify immediately any change in their address directly to their Depository Participant in case they hold Shares in dematerialized form or to the Company's Registrar & Transfer Agents, in case they hold Shares in physical form.
8. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agents and have it duly filled and sent back to them.
9. Electronic copy of the Annual Report and the Notice for 17<sup>th</sup> Annual General Meeting for 2016-17 is being sent to all Members whose email Ids are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-17 are being sent to them in the permitted mode.
10. Members may also note that the Notice of the 17<sup>th</sup> Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website [www.arssgroup.in](http://www.arssgroup.in) for their download.

11. Appointment of Directors:

Details as prescribed Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/ reappointment at the Annual General Meeting are provided in the Explanatory Statement to the Notice.

12. Even after registering for e-communication, members are entitled to receive such communication in physical form by post free of cost, upon making a request for the same. For any such communication, the members may also send requests to the Company's Registrar & Share Transfer Agents at email id: [investor@bigshareonline.com](mailto:investor@bigshareonline.com) and/or company's email id: [cs@arssgroup.in](mailto:cs@arssgroup.in).
13. The cut-off/record date for taking ben-pos, for the purpose of e-voting is set by a company is 18<sup>th</sup> September, 2017 (Monday), those investors, whose names appear on the shareholder list of on that day shall be eligible for e-voting. A person who is not a Member as on the record date should treat this Notice for information purposes only.
14. Members are requested to visit the website of the Company [www.arssgroup.in](http://www.arssgroup.in) for viewing the quarterly, half-yearly and Annual financial results and for more information about the Company. Useful information on various services being provided to the investors is also available on the website of the Company.

15. All the investor related communication may be addressed to:

**Ms. Alka Khemka**

Company Secretary cum Compliance Officer

Sector-A, Zone-D, Plot No-38,

Mancheswar Industrial Estate,

Bhubaneswar- 751010.

E-Mail:- [cs@arssgroup.in](mailto:cs@arssgroup.in)

Tel: 0674-2588552, 2588554, Fax: 0674- 2585074.

Or

**Registrar and Transfer Agents**

Bigshare Services Private Limited

1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East, Mumbai – 400059, Maharashtra

Tel: + 91 22-62638261, Fax: + 91 22-62638299

e-mail: marketing@bigshareonline.com, investor@bigshareonline.com

Website: www.bigshareonline.com

**16. E-Voting**

Voting through electronic means:-

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on Thursday, 21<sup>st</sup> September, 2017 (9:00 am) and ends on Sunday, 24<sup>th</sup> September, 2017 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Monday, 18<sup>th</sup> September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under:

In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company/ Depository Participants(s)):

- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of ARSS Infrastructure Projects Limited.
- (viii) Now you are ready for e-Voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail cs\_deba@yahoo.co.in with a copy marked to evoting@nsdl.co.in.

In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy):

- (i) Initial password is provided in the separate sheet with e-voting details for AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/ PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com). or call on toll free no.: 1800-222-990.
  - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
  - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - V. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Monday, 18<sup>th</sup> September, 2017.
  - VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Monday, 18<sup>th</sup> September, 2017 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.  
  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/ Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  - VII. M/s Deba Mohapatra & Co., Company Secretaries, Bhubaneswar, FRN: P2002OR002800 (FCS 5474 and COP No. 4583) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - VIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - IX. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.



- X. The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company [www.arssgroup.in](http://www.arssgroup.in) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- XI. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11.00 am and 4 pm on all working days except Saturdays & Sundays up to and including the date of the Annual General Meeting of the Company.

**By Order of the Board  
For ARSS Infrastructure Projects Limited**

Sd/-  
**(Alka Khemka)**  
Company Secretary

Place: Bhubaneswar  
Date: 9<sup>th</sup> August, 2017

**ARSS Infrastructure Projects Limited**  
CIN: L14103OR2000PLC006230  
Regd. Office-Plot No.38,  
Sector-A, Zone-D,  
Mancheswar Industrial Estate, Bhubaneswar-751010, Odisha  
Website: [www.arssgroup.in](http://www.arssgroup.in)

**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“Companies Act”)**

**Item No. 4**

The Board of Directors of the Company on the recommendation of the Audit Committee & Nomination and Remuneration Committee approved the appointment and remuneration of M/s. Asutosh & Associates, Cost Accountants, (FRN: 000258) Bhubaneswar at a remuneration of ₹ 50,000/- (₹ Fifty Thousand only) plus applicable taxes and out of pocket expenses to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March, 2018.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year 2017-18 as set out in the Resolution for the aforesaid services to be rendered by them.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, Key Managerial Personnel or their relatives, are interested or concerned in any way in the said Resolution.

**Item No. 5**

Mr. Pareswar Panda (DIN : 0007902488), is a MBA by profession and he is having the wide expertise in the field of Financial & Marketing etc. The Company has received from Mr. Panda (i) consent in writing to act as Independent Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014 (ii) intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the companies Act, 2013.

In the opinion of the Board of Directors, Mr. Pareswar Panda proposed to be appointed, as Independent Director for a term of five years i.e. from 9<sup>th</sup> August, 2017 to 8<sup>th</sup> August, 2022, fulfill the conditions specified in the Companies Act, 2013 and the Rules made hereunder and he is independent.



A copy of the draft letter for the appointment of Mr. Panda as Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting.

The Resolution seeks the approval of members for the appointment of Mr. Panda as Independent Director of the Company for a term of five years i.e. from 9<sup>th</sup> August, 2017 to 8<sup>th</sup> August, 2022 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made hereunder. He is not liable to retire by rotation.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Panda for whom the Resolution relates, are interested in any way, financial or otherwise, in the said resolution.

#### **Item No. 6**

#### **Reappointment of Mr. Subash Agarwal, Executive Chairman**

Mr. Subash Agarwal was appointed as Executive Chairman of the company by the shareholders in their meeting held on 27<sup>th</sup> September, 2013 for a period of five year w.e.f. 16<sup>th</sup> August, 2013 to 15<sup>th</sup> August, 2018, at the remuneration of ₹ 15.00 Lakhs per month (which was revised to ₹ 2.75 lakhs per month thereafter) plus other benefits as per the rules of the company with the liberty to the board to alter and vary the terms and conditions and/or remuneration not exceeding the limit specified under schedule XIII to the Companies Act, 1956 and on such other terms and conditions contained in an Agreement laid before the meeting subject to the approval of the Central Government.

The present term of appointment of Mr. Subash Agarwal would be expiring on 15<sup>th</sup> August, 2018 and the company may not have any EGM/AGM before that period to reappoint him. Taking into account the recommendation of Nomination and Remuneration committee, board proposes to re-appoint Mr. Subash Agarwal as Executive Chairman (Whole time director) of the company for a period of five year with effect from 16<sup>th</sup> August, 2018 to 15<sup>th</sup> August, 2023 at the remuneration of ₹ 2.75 Lakhs (₹ Two lakhs seventy five thousand only) per month and commission up to 6% of the Net profit of the Company for the financial year in which adequate profit is earned, computed in the manner laid down in section 198 of the Companies Act, 2013 and other benefits as per the rules of the company, with the liberty to the board to increase or decrease the same not exceeding the limit as specified under section 197, 198 and Schedule V of the Companies Act, 2013.

The main terms and conditions of appointment (including payment of remuneration for the period of 5 years effective from 16<sup>th</sup> August, 2018 to 15<sup>th</sup> August, 2023 of Mr. Subash Agarwal, as Executive Chairman of the Company are given below:

- 1. Period of Appointment:** Already appointed for 5 years with effect from 16<sup>th</sup> August, 2018 to 15<sup>th</sup> August, 2023.
- 2. Remuneration:** Remuneration from 16<sup>th</sup> August, 2018 to 15<sup>th</sup> August, 2023
  - A. Salary:** ₹ 2.75 Lakhs per month (₹ Two lakhs seventy five thousand only).
  - B. Perquisites and Allowances:** As per the rules of the company
  - C. Commission:** Such remuneration by way of Commission, in addition to salary, perquisites and allowances at the end of each financial year upto 6% of the Net profit of the Company for the financial year in which adequate profit is earned, computed in the manner laid down in section 198 of the Companies Act, 2013.
- 3. Minimum Remuneration:** Where in any financial year during the currency of the tenure of the Executive Chairman, the Company has no profits or its profits are inadequate, the Executive Chairman shall be paid the Minimum Remuneration as the same may not exceed the ceiling limit laid down under Section 197 and Schedule V to the Companies Act, 2013.

In terms of the requirements as per sub-clause (iv) of the proviso of Section II of Part II of Schedule V to the Companies Act, 2013, the information is as furnished below:

**I. GENERAL INFORMATION:**

(1)	Nature of Industry	Construction.
(2)	Date of Commencement of Commercial Production	Not Applicable
(3)	In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the Prospectus	Not Applicable

**(4) Financial Performance:**

Financial parameters of the Company for the last five financial years:

(₹ In Lakhs)

Sl. No.	Particulars	Financial Years				
		2012-13	2013-14	2014-2015	2015-16	2016-17
1	Paid-up Capital	2,984.32	2,984.32	2,984.32	2,984.32	2,984.32
2	Reserves and Surplus	33,936.68	34,103.50	34,725.53	35227.26	2164.69
3	Turnover	78,050.15	90,833.57	66,457.79	64489.52	86571.59
4	PBT	(6,002.58)	143.94	548.39	622.88	(33622.66)
5	PAT	(6,458.65)	166.82	622.04	501.73	(33062.57)

**(5) Foreign investments or collaborations, if any:** Not Applicable

**II. INFORMATION ABOUT THE APPOINTEE:**

**(1) Background details**

Mr. Subash Agarwal is having experience of 23 years in construction field. Mr. Subash Agarwal is the Chairman of the Company since 2007.

**(2) Past Remuneration**

The remuneration paid to Mr. Subash Agarwal in the financial year 2016-17 (up to 15<sup>th</sup> August, 2018, subject to the approval of Central Government) was ₹ 33.00 Lakhs per annum.

**(3) Recognition/Awards:** Not Applicable

**(4) Job Profile and Suitability:** Mr. Subash Agarwal is the Chairman of the Company since 2007.

**(5) Remuneration proposed:** ₹ 2.75 Lakhs per month (₹ Two lakhs seventy five thousand only) and commission up to 6% of the Net profit of the Company for the financial year in which adequate profit is earned, computed in the manner laid down in Section 198 of the Companies Act, 2013.

**(6) Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person:** Moderate as per industry.

**(7) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:** Promoter of the company.

### III OTHER INFORMATION:

- (1) **Reasons for loss or inadequate profits:** Based on the recoverability of debtors and inventories, management has written down the debtors and inventories of some projects.
- (2) **Steps taken or proposed to be taken for improvement:** Company/ promoters trying their best for improvement.
- (3) **Expected increase in productivity and profits in measurable terms:** As per economic scenario.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

Except Mr. Rajesh Agarwal, Mr. Anil Agarwal & Mr. Sunil Agarwal (being his relatives), none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in any way, financial or otherwise, in the said resolution.

#### Item No. 7

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or address or by such electronic or other mode as may be prescribed. Further a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined in its Annual General Meeting.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financially or otherwise, in the said resolution.

#### Item No. 8

##### **Re-appointment of Mrs. Rima Dhawan as Woman Independent Director**

Mrs. Rima Dhawan (DIN: 01604113), a Non-Executive Woman Independent Director of the Company was appointed by the members on 17<sup>th</sup> December, 2014 at an Extra Ordinary General Meeting, for two years with effect from 17<sup>th</sup> December, 2014 to 16<sup>th</sup> December, 2016. Term of office has expired on 16<sup>th</sup> December, 2016 and was appointed a Non-Executive Independent Director (Additional Director) by the directors through resolution by circulation on 16<sup>th</sup> December, 2016, w.e.f 17<sup>th</sup> December, 2016 to 16<sup>th</sup> December, 2018 (for two years), Board of Directors has proposed her candidature for the office of Director.

In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mrs. Rima Dhawan being eligible and offers herself for re-appointment. Remuneration and Nomination Committee at their meeting held on 9<sup>th</sup> August, 2017 has also recommended for re-appointment of Mrs. Rima Dhawan. The Company has received from Mrs. Rima Dhawan (i) consent in writing to act as an Independent Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014 (ii) intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

A copy of the draft letter for the appointment of Mrs. Rima Dhawan as Woman Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting. The Resolution seeks the approval of members to re- appoint Mrs. Rima Dhawan for the term of two year with effect from 17<sup>th</sup> December, 2016 to 16<sup>th</sup> December, 2018, as Woman Independent Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made hereunder. She is not liable to retire by rotation.

Accordingly, Special Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors or Key Managerial Personnel including their relatives, except Mrs. Rima Dhawan for whom the Resolution relates is concerned or interested, financially or otherwise, in the said resolution.

**By Order of the Board  
For ARSS Infrastructure Projects Limited**

**Place:** Bhubaneswar  
**Date:** 9<sup>th</sup> August, 2017

Sd/-  
**(Alka Khemka)**  
Company Secretary

**ARSS Infrastructure Projects Limited**  
CIN: L14103OR2000PLC006230  
Regd. Office-Plot No.38, Sector-A, Zone-D,  
Mancheswar Industrial Estate, Bhubaneswar-751010  
Website: [www.arssgroup.in](http://www.arssgroup.in)

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/  
RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**  
(Pursuant to Regulation 36(3) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name of Director</b>	<b>Mr. Subash Agarwal</b>	<b>Mrs. Rima Dhawan</b>	<b>Mr. Pareswar Panda</b>
DIN	00218066	01604113	0007902468
Date of Birth	1 <sup>st</sup> January, 1965	2 <sup>nd</sup> March, 1969	3 <sup>rd</sup> April, 1957
Date of Appointment	05 <sup>th</sup> November, 2007	17 <sup>th</sup> December, 2014	9 <sup>th</sup> August, 2017
Qualifications	B.Com	Chartered Accountants	MBA (Finance & Marketing)
Expertise in specific functional areas	Civil Construction	Finance & Accounts	Finance & Marketing
List of Companies in which outside Directorship held as on 31.03.2017	1. ARSS Steel & Power Limited 2. ARSS Cement Limited 3. ARSS E to E Rail Private Limited	1. SRA Developers Private Limited 2. Neelachal Infrastructures Private Limited 3. Prayag Realtors Private Limited 4. RDA Solutions Private Limited	Nil
Chairman/Member of the *Committees of other Companies on which he/she is a Member as on 31.03.2017	Nil	Nil	Nil
Number of equity shares held in the Company	11,73,500	Nil	Nil



**ARSS INFRASTRUCTURE PROJECTS LIMITED**

**Registered Office-** Plot No-38, Sector-A, Zone-D

Mancheswar Industrial Estate

Bhubaneswar-751010, Odisha, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: [cs@arssgroup.in](mailto:cs@arssgroup.in), [response@arssgroup.in](mailto:response@arssgroup.in), Website: [www.arssgroup.in](http://www.arssgroup.in)

**ATTENDANCE SLIP**

L.F. No.	
----------	--

No. of Shares held	
--------------------	--

DP ID	
-------	--

Client ID	
-----------	--

I/We hereby record my/our presence at 17<sup>th</sup> Annual General Meeting of the Company on Monday, 25<sup>th</sup> September, 2017 at the Registered Office of the Company.

Name of the Member \_\_\_\_\_  
(IN BLOCK LETTER)

Signature of member/proxy\* \_\_\_\_\_

Note: You are requested to sign and hand this over at the entrance.

## Proxy Form – MGT11

### ARSS INFRASTRUCTURE PROJECTS LIMITED

**Registered Office-** Plot No-38, Sector-A, Zone-D

Mancheswar Industrial Estate Bhubaneswar-751010, Odisha, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: [response@arssgroup.in](mailto:response@arssgroup.in), Website: [www.arssgroup.in](http://www.arssgroup.in)

Name of the Company: ARSS Infrastructure Projects Limited

Registered Office: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010, Orissa, India

Website: [www.arssgroup.in](http://www.arssgroup.in)

Name of the Member(s) :		
Registered address:		
E-mail Id:	DP ID No.*	Client ID No.*

I / We, being the member(s) of \_\_\_\_\_ Equity Shares of ARSS Infrastructure Projects Limited, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :

or failing him / her

2. Name :

Address :

E-mail Id :

Signature :

or failing him / her

3. Name :

Address :

E-mail Id :

Signature :

or failing him / her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 17<sup>th</sup> Annual General Meeting of the Company, to be held on 25<sup>th</sup> September, 2017 at 11.00 a.m. at the Registered Office of the Company and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

**Resolution No.1:** To receive, consider and if thought fit, to adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2017 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon and the Audited Consolidated Financial Statements of the Company as at 31<sup>st</sup> March, 2017.

**Resolution No.2:** To appoint a Director in place of Mr. Subash Agarwal (DIN: 00218066), who retires by rotation and being eligible, offers himself for re-appointment.

**Resolution No.3:** Ratification of the Appointment of Statutory Auditors for the financial year 2017-18.

**Resolution No.4:** Ratification of Remuneration to Cost Auditor for the financial year 2017-18

**Resolution No.5:** Appointment of Mr. Pareswar Panda as Independent Director

**Resolution No.6:** Re-appointment of Mr. Subash Agarwal, Executive Chairman

**Resolution No.7:** Service of Documents

**Resolution No.8:** Re-appointment of Mrs. Rima Dhawan, Women/Independent Director

Affix Revenue Stamp of ₹ 1/-
---------------------------------------

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

**Signature of Shareholder**

**Signature of Proxy Holder(s)**

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.



## ARSS INFRASTRUCTURE PROJECTS LIMITED

Registered Office: Plot No-38, Sector-A, Zone-D, Mancheswar Industrial Estate,  
Bhubaneswar-751010, Odisha, India

CIN: L14103OR2000PLC006230

Tel No.: +91-0674-2588552, 2588554 Fax: +91-0674-2585074,

E-mail: cs@arssgroup.in, Website: www.arssgroup.in

Sr. No.:-

Folio No./DP ID / Client ID :

Name :

Address :

Number of Shares held :

Dear Member,

### Subject: Process and Manner for Availing E-Voting facility

Pursuant to the Section 108 of the Companies Act, 2013 (“the Act”) read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and of Companies (Management and Administration) Rules, 2015 as amended that the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting to be held on 25<sup>th</sup> September, 2017 at 11.00 A.M.

The Company has engaged the services of National Securities Depository Limited (“NSDL”) to provide e-voting facilities. The e-voting facility is available at the link <https://www.evoting.nsdl.com>

The e-voting particulars are set out below:

EVEN (E-voting event number)	User ID	Password / Pin

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
21 <sup>st</sup> September, 2017 (9.00 A.M)	24 <sup>th</sup> September, 2017 (5.00 P.M)

### INSTRUCTIONS FOR E-VOTING

Members are requested to follow the instructions mentioned hereunder for casting their vote through E-voting:

1. User ID and Initial Password for E-voting is provided in the table given on the face of this annexure to the Notice.
2. NSDL shall also be sending the User-ID and Initial password to those members whose shareholding is in dematerialized format and whose Email addresses are registered with the Company/Depository Participants. For members who have not registered their Email Id can use the details as mentioned in the table above.
3. Launch the internet browser by typing the following URL:<https://www.evoting.nsdl.com>
4. Click on “Shareholder-Login.
5. Put user ID and Password noted in step (a) above as the initial password. Click login. If are already registered with NSDL for e-voting then you can use your existing User ID and Password for Login.

6. If you are logging in for the first time, Password Change Menu appears. Change the Password of your choice with minimum 8 digits / characters or a combination thereof. Please note the new Password for all the future e-voting cycles offered on NSDL e-voting Platform. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.
7. Home page of “e-voting” opens. Click on “e-voting” : Active Voting Cycles.
8. Select “EVEN (E-Voting Event Number)” of ARSS Infrastructure Projects Limited For and EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
9. Now you are ready for “e-voting” as “Cast Vote” Page opens.
10. Cast your vote by selecting appropriate option and click “Submit” and also “Confirm” when prompted. Kindly note that vote once cast cannot be modified.
11. Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/ JPG format) of the relevant board resolution / authority letter, etc. together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through email at : [cs\\_deba@yahoo.co.in](mailto:cs_deba@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). You can also forward the documents at the Company’s Email ID: [cs@arssgroup.in](mailto:cs@arssgroup.in).
12. Once the vote on a resolution is cast by the shareholder one shall not be allowed to change it subsequently.
13. In case of any queries you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the “downloads” section of <https://www.evoting.nsdl.com> or contact NSDL by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
14. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of Monday, 18<sup>th</sup> September, 2017.
15. M/s Deba Mohapatra & Co., Company Secretaries, Bhubaneswar, FRN: P2002OR002800 has been appointed as the Scrutinizer to scrutinize the E-voting process/ Postal ballot in a fair and transparent manner.
16. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the E-voting period unblock the votes in the presence of atleast two (2) witnesses not in the employment of the company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
17. The Results shall be declared on Wednesday, 27<sup>th</sup> September, 2017 at the registered office of the Company. The results declared along with the Scrutinizer’s Report shall be placed on the company’s website [www.arssgroup.in](http://www.arssgroup.in) and on the website of NSDL within two (2) days of passing of the resolution and the same shall also be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the shares of the Company are listed.

**Registered Office of the Company:**

Plot No. 38, Sector–A, Zone-D, Mancheswar Industrial Estate,  
Bhubaneswar – 751010, Odisha, India.  
CIN- L14103OR2000PLC006230  
Tel: 0674 – 2588552 / 2588554.  
Fax:-0674 – 2585074. Email: [cs@arssgroup.in](mailto:cs@arssgroup.in)

**Share Transfer Agents:**

M/s. Bigshare Services Private Limited.  
Unit – ARSS Infrastructure Projects Ltd.  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East,  
Mumbai – 400059, Maharashtra  
Tel: + 91 22-62638261 Fax: + 91 22-62638299  
e-mail: [marketing@bigshareonline.com](mailto:marketing@bigshareonline.com),  
[investor@bigshareonline.com](mailto:investor@bigshareonline.com) Website:  
[www.bigshareonline.com](http://www.bigshareonline.com)

**FORM NO. MGT-12****POLLING PAPER**

[Pursuant to Section 109 (5) of the Companies Act, 2013 and Rule 21 (1) (C) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : ARSS Infrastructure Projects Limited  
 CIN : L14103OR2000PLC006230  
 Registered Office : Plot No-38, Sector-A, Zone-D,  
 Mancheswar Industrial Estate, Bhubaneswar-751 010.  
 Telephone : 0674- 2588552, 2588554  
 Website : [www.arssgroup.in](http://www.arssgroup.in)

**BALLOT PAPER**

(For Annual General Meeting on 25.09.2017)

Sr. No.	Particulars	Details
1.	Name of the First Named Shareholder (In BLOCK letters)	
2.	Postal address	
3.	Registered Folio No./ *DP ID and Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	Equity Shares of ₹ 10/- each

I hereby exercise my vote in respect of Ordinary/ Special Resolution/s enumerated below by recording my assent or dissent to the said resolution in the following manner:

**ORDINARY BUSINESSSES**

Sr. No.	Resolutions	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive, consider and if thought fit, to adopt the Audited Balance Sheet as at 31 <sup>st</sup> March, 2017 and the Profit and Loss Account for the year ending on that date, together with the reports of the Directors' and Auditors' thereon and the Audited Consolidated Financial Statements of the Company as at 31 <sup>st</sup> March, 2017.			
2	To appoint a Director in place of Mr. Subash Agarwal (DIN: 00218066), who retires by rotation and being eligible, offers himself for re-appointment.			
3	Ratification of the Appointment of Statutory Auditors for the financial year 2017-18			

**SPECIAL BUSINESSSES**

4	Ratification of Remuneration to Cost Auditor for the financial year 2017-18			
5	Appointment of Mr. Pareswar Panda as Independent Director			
6	Re-appointment of Mr. Subash Agarwal, Executive Chairman			
7	Service of Documents			
8	Re-appointment of Mrs. Rima Dhawan as Woman/ Independent director			

Place: Bhubaneswar

Date: 25.09.2017

(Signature of the shareholder)