

ANNUAL ACCOUNTS

FOR THE

YEAR

2008-09



ARSS INFRASTRUCTURE PROJECTS LTD.

-: AUDITORS :-

P. A. & ASSOCIATES

CHARTERED ACCOUNTANTS

20, GOVIND VIHAR, BAMIKHAL

BHUBANESWAR - 751010

TEL. : No.2571065/2571744

email : paassociatesbbsr@sify.com

AUDITOR'S REPORT

To

The Members
ARSS Infrastructure Projects Limited
Bhubaneswar

1. We have audited the attached Balance Sheet of ARSS Infrastructure Projects Limited, as at 31st March'2009, the Profit and Loss Account and also the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure I referred to in paragraph 3 above, we report that :
 - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 4.2 a) *Provision of Rs. 14.00 lacs on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, "Employee Benefits" issued by The Institute of Chartered Accountants of India.*



- b) Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2009 instead of audited accounts, which is not in accordance with Accounting Standard – 27, "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India.
- 4.3 In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
- 4.4 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
- 4.5 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement have been drawn up in accordance with Accounting Standards (AS) referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 except as stated in Para – 4.2 above.
- 4.6 According to the information and explanations given to us and on the basis of written representations received from the company, we report that none of the Directors are disqualified as on 31.03.2009 from being appointed as a director in terms of clause (g), sub section (I) of section 274 of the Companies Act, 1956.
- 4.7 In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to the observations in para 4.2 above regarding non ascertainment of actual gratuity liability and consideration of provisional profit and investment in Joint Venture, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- In the case of Balance Sheet of the state of affairs of company as at 31st March, 2009.
 - In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date and.
 - In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

Bhubaneswar
The 08th day of May, 2009



For P. A. & Associates
Chartered Accountants


(CA. P. S. Panda)
Partner
M. No.: 51092

Annexure to Auditor's Report
(Referred to in Para 1 of the said report of even date)

1. In respect of its Fixed Assets

- a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
- c) In our opinion the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its Inventories

- a) As explained to us, inventories have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its business.
- b) The procedures of physical verification of inventories followed by the management in our opinion are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

3. a) According to the information and explanations given to us, the company has not granted any loan to parties covered in the register maintained under section 301 of the Act.

- b) In view of our comments in paragraph 3(a) above, provisions of clauses 3(b), (c), (d) are not applicable.



- c) The company had taken loans from companies covered in the register maintained U/S 301 of the Act. The maximum amount involved during the year is Rs 548 lacs and the balance at the end of the year of loan taken from such parties were NIL.
 - d) The rate of interest and other terms and conditions of the loan taken by the company, were not prima facie prejudicial to the interest of the company.
 - e) The company has repaid the loan during the year as stipulated in the terms & conditions of the loan.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and also with the regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 5. According to the information & explanation given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained U/S 301 of the Companies Act, 1956 have been so entered.
 6. In our opinion and according to the information and explanations given to us, each such transaction have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
 7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other provisions of the Act and rules framed there under.
 8. In our opinion and according to the information and explanation given to us, the company has an internal audit system commensurate with the size of company and the nature of its business.
 9. To the best of our knowledge the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.



10. According to the information and explanations given to us the company is generally regular in deposit of undisputed statutory dues including Provident Fund, Income Tax, VAT and Service Tax.
11. According to the information and explanation given to us, in our opinion, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
12. According to the information & explanation given to us and on basis of the records of the company examined by us, the particulars of sales tax as at 31st March, 2009 which have not been deposited on account of pending disputes are as under.

Period to which the dispute relates.	Name of the statute	Amount of demand (in Rs.)	Forum where disputes are Pending
2000-01	Orissa Sales Tax Act	2,61,428	Appellate Tribunal
2004-05	Orissa Sales Tax Act	49,49,913	Appellate Tribunal
2000-01	Orissa Sales Tax Act	15,51,772	Commissioner of Commercial Taxes
2001-02	Orissa Sales Tax Act	8,01,687	Commissioner of Commercial Taxes
2002-03	Orissa Sales Tax Act	8,32,706	Commissioner of Commercial Taxes

13. The company has no accumulated losses as at 31st march 2009 and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
14. In our opinion and based on the information and explanations given to us the company has not defaulted in repayment of dues to financial institutions or banks.
15. According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.



16. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/society.
17. As explained to us and on the basis of information given to us, the company is not dealing in shares, securities, debentures and other investments.
18. In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the company for loans taken by others from banks are not prima facie prejudicial to the interest of the company.
19. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
20. According to the information and explanations given to us and on an overall examination of the books of accounts of the company, we are of the opinion that no funds raised on short-term basis have been utilized for long term purposes.
21. According to the information and explanations given to us, during the year, the company has not made any preferential allotments of shares to parties covered in the register maintained under section 301 of the Act.
22. During the period covered by our audit report, the Company has not issued any debentures.
23. The Company has not raised any money during the year through the public issue.
24. To the best our knowledge and belief and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For P. A. & Associates
Chartered Accountants



(CA, P. S. Panda)
Partner

M. No. 51092

Bhubaneswar
The 08th day of May, 2009





ARSS Infrastructure Projects Limited

Balance Sheet

	Schedule	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	125,540,000	125,540,000
b) Reserves and Surplus	2	1,357,973,976	871,198,456
2. Loan Funds			
a) Secured Loans	3	2,182,193,801	975,277,469
b) Unsecured Loans	4	41,061,473	10,000,000
3. Deferred Tax Liability	5	63,626,322	26,449,497
Total		3,770,395,572	2,009,063,422
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	6	1,611,368,335	864,347,716
b) Less: Depreciation		159,993,169	86,825,072
c) Net Block		1,451,375,167	777,522,644
Building WIP		14,828,043	-
2. Investments	7	38,212,921	25,436,921
3. Current Assets, Loans and Advances			
a) Inventories	8	1,882,704,940	622,103,160
b) Sundry Debtors	9	428,533,465	653,574,370
c) Cash & Bank Balances	10	717,214,943	373,999,265
d) Loans & Advances	11	557,410,278	506,967,157
		3,585,863,626	2,156,643,952
4. Current Liabilities and Provisions			
a) Current Liabilities	12	1,147,928,613	858,935,086
b) Provisions	13	172,295,569	92,135,009
		1,320,224,183	951,070,095
5. Net Current Assets (3 - 4)		2,265,639,443	1,205,573,857
6. Miscellaneous Expenditure (To the extent not written off or adjusted)	14	340,000	530,000
		3,770,395,572	2,009,063,422
7. Significant Accounting policies and Notes to accounts	20		

The schedules referred to above form an integral part of the balance sheet

As per our separate report of even date

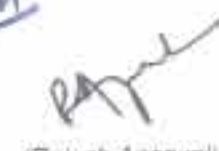
For and on behalf of the Board

For P. A. & Associates
Chartered Accountants


(CA P. S. Panda)
Partner
M. No. 51092


(B.B. Sahoo)
Company Secretary


(S.K. Pattanaik)
Director Finance


(Rajesh Agarwal)
Mg. Director

Bhubaneswar
The 08th day of May, 2009





ARSS Infrastructure Projects Limited

Profit and Loss Account

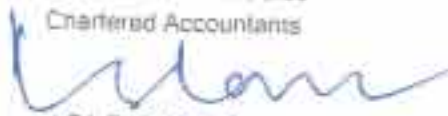
SCHEDULE	As at	As at
	31st March, 2009	31st March, 2008
	Rupees	Rupees
1. Income		
Contract Revenue	6,243,752,255	3,136,709,419
Other Income	38,660,829	29,233,380
	<u>6,282,413,084</u>	<u>3,165,942,799</u>
2. Expenditure		
Direct Contract expenses	15 4,892,335,677	2,530,581,376
Personnel Expenses	16 140,461,371	29,826,204
Administrative Expenses	17 97,277,799	50,703,745
Selling Expenses	18 102,739,612	42,761,762
Interest & Financial Charges	19 270,174,025	94,163,206
Depreciation	73,487,946	39,501,406
	<u>5,576,476,430</u>	<u>2,787,539,699</u>
3. Profit Before Tax	705,836,654	378,403,100
4. Less : Tax Expenses		
Current Income Tax	154,925,326	90,860,620
Deferred Tax	37,176,825	12,630,909
Fringe Benefit Tax	2,682,682	1,274,389
Income tax for earlier Years	10,286,739	2,658,184
5. Profit After Tax	500,865,072	270,978,996
6. Balance brought forward from Previous year	402,284,456	149,131,512
7. Amount Available for Appropriation	903,148,528	420,110,510
8. Appropriations		
Proposed Dividend	12,554,000	12,554,000
Tax on Dividend	2,133,552	2,133,552
Transfer to General Reserve	25,043,254	3,138,500
9. Profit Carried Forward	<u>863,418,723</u>	<u>402,284,458</u>
10. Earnings per Share (Face Value Rs. 10 each)		
Basic	39.90	23.77
Diluted	39.90	23.77
11. Significant Accounting policies and Notes to accounts	20.	


The schedules referred to above form an integral part of the Profit & Loss Account.

As per our separate report of even date

For and on behalf of the Board

For P. A. & Associates
Chartered Accountants


(CA P. S. Panda)
Partner
M. No. 51092


(B. B. Sahoo)
Company Secretary


(S. K. Pattanaik)
Director Finance


(Rajesh Agarwal)
Mg. Director

Bhubaneswar
The 08th day of May, 2009





ARSS Infrastructure Projects Limited

Cash Flow Statement for the period ended

	As at 31st March, 2009	As at 31st March, 2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation & exceptional items	705,936,654	378,403,100
Add: Adjustments for:		
Depreciation	73,168,097	39,501,406
Interest paid	270,174,025	94,163,206
Preliminary Exp. W/o	190,000	198,100
Operating profit before working capital change	1,049,468,775	512,265,812
Add: Adjustments for:		
Trade & other receivables	174,597,784	(809,420,714)
Inventories	(1,260,601,780)	(548,804,325)
Trade payables & other liabilities	288,993,527	753,171,256
Cash generation from operation	252,458,307	(92,787,971)
Income tax & Fringe Benefit Tax	102,421,748	40,053,334
Net cash from operating activities	150,036,559	(132,841,305)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(763,718,111)	(549,202,034)
Sale of Fixed Assets	1,869,448	0
Preliminary expenditure	0	(250,000)
Investment	(12,776,000)	(7,180,720)
Net cash from Investing Activities	(774,624,663)	(556,632,754)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital & Premium	0	447,153,000
Dividend Paid	0	(12,554,000)
Interest paid	(270,174,025)	(94,163,206)
Unsecured Loan accepted	31,061,473	10,000,000
Borrowings Availed including Repayment of Borrowings	1,206,916,332	596,611,742
Net cash from Financing activities	967,803,779	947,047,536
D Increase/Decrease in cash and cash equivalent	343,215,675	257,573,477
E Cash and cash equivalent as at beginning	373,999,268	116,425,791
F Cash and cash equivalent as at closing	717,214,943	373,999,268

As per our separate report of even date

For and on behalf of the Board

For P. A. & Associates
Chartered Accountants


(CA P. S. Panda)
Partner
M. No. 51092


(B.B. Sahoo)
Company Secretary


(S.K. Pattanai)
Director Finance


(Rajesh Agarwal)
Mg. Director

Bhubaneswar
The 08th day of May, 2009



ARSS Infrastructure Projects Ltd.



**SCHEDULE TO BALANCE SHEET
& PROFIT & LOSS ACCOUNT**

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<i>Schedule-1: Share Capital</i>		
Authorised : 2,00,00,000 equity shares of Rs. 10/- each	200,000,000	200,000,000
Issued , Subscribed & Paid up 1,25,54,000 equity shares of Rs. 10/- each fully paid up in cash	125,540,000	125,540,000
	<u>125,540,000</u>	<u>125,540,000</u>
<i>Schedule -2: Reserve and Surplus</i>		
Share Premium Account	466,373,500	466,373,500
General reserve	28,181,754	3,138,500
Profit & Loss Account	863,418,723	402,284,456
	<u>1,357,973,976</u>	<u>871,796,456</u>
<i>Schedule -3 : Secured Loans</i>		
Term Loan	499,383,576	247,651,970
Working Capital Loan	1,390,672,703	483,320,993
The above loans are secured by way of mortgage of Land & building and hypothecation of Plant & Machinery, stock & book debts		
Loan from NBFCs Against hypothecation of fixed assets acquired out of the Loan	292,137,522	244,304,506
	<u>2,182,193,801</u>	<u>975,277,469</u>
<i>Schedule - 4 : Unsecured Loan</i>		
From Banks	1,882,900	-
From Others	39,178,573	10,000,000
	<u>41,061,473</u>	<u>10,000,000</u>
<i>Schedule - 5 : Deferred Tax Liability</i>		
Deferred Tax Liability		
Opening Balance	26,449,497	13,818,588
Add : addition during the year	37,176,825	12,630,909
	<u>63,626,322</u>	<u>26,449,497</u>





Schedule -6 : Fixed Assets

SL NO.	PARTICULARS	GROSS BLOCK		Deletion during the period	DEPRECIATION		NET BLOCK	
		As at 1st April 2008	Addition during the period		As at 31st March 2009	As at 31st March 2009	As at 31st March 2009	As at 31st March 2008
		RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
1	Land							
	a) Free Hold	59,854,029	-	-	-	59,854,029	59,854,029	
	b) Lease Hold	3,978,325	-	-	-	3,978,325	3,978,325	
2	Building							
	a) Factory	298,976	-	-	86,426	298,976	212,550	222,536
	b) Non-Factory	11,606,372	-	-	263,311	11,606,372	11,343,061	11,532,245
3	Plant & Machinery	725,097,830	691,877,884	1,330,701	144,296,751	1,415,645,013	1,271,348,262	644,703,693
4	Furniture & Fixtures	2,694,783	3,056,359	-	585,216	5,751,142	5,165,926	2,375,221
5	Vehicles	57,467,689	48,346,473	538,747	13,162,286	105,275,415	92,113,129	52,144,429
6	Computer	3,349,713	5,609,352	-	1,599,180	8,959,065	7,359,885	2,712,166
		<u>864,347,716</u>	<u>748,890,058</u>	<u>1,869,448</u>	<u>159,993,169</u>	<u>1,611,368,336</u>	<u>1,451,375,168</u>	<u>777,522,645</u>
	PREVIOUS PERIOD	315,145,682	549,202,034	-	86,825,072	864,347,716	777,522,644	
	BUILDING WIP		14,828,043			14,828,043		



	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
Schedule - 7 : Investment (Unquoted, at cost)		
NSC including interest accrued In Capital of Joint Ventures In ARSS Engineering Limited In Reliable Smart City (P) Ltd	3,042,130 30,362,791 808,000 4,000,000 <u>38,212,921</u>	2,826,810 21,802,111 808,000 - <u>25,436,921</u>
Schedule - 8 : Inventories		
At cost being lower of N.R.V.		
Raw Materials	255,489,710	10,008,237
Stores & Spares	33,454,120	11,448,623
Finished Goods	81,715,450	40,523,740
At completion contract method		
Work in Progress	1,512,045,660	560,122,560
	<u>1,882,704,940</u>	<u>622,103,160</u>
Schedule - 9 : Sundry Debtors (Unsecured, considered good)		
Outstanding for a period more than six months	19,899,544	98,183,508
Others	408,633,921	555,390,862
	<u>428,533,465</u>	<u>653,574,370</u>
Schedule - 10 : Cash and Bank Balances		
Cash in hand (As certified by the management)	10,061,541	6,426,524
Balance with Scheduled Banks		
a. In Current Accounts	64,720,603	20,405,462
b. In Fixed Deposit Accounts	448,625,358	163,930,040
c. Interest Accrued on above	22,723,423	5,220,071
d. Cheques in Hand	171,084,018	178,017,168
	<u>717,214,943</u>	<u>373,999,265</u>
Schedule 11: Loans and Advances (Unsecured considered good)		
Advance Recoverable in cash or in kind for value to be received	557,410,278	506,967,157
	<u>557,410,278</u>	<u>506,967,157</u>





	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
Schedule 12 : Current Liabilities		
Sundry Creditors	1,147,928,613	858,935,086
	<u>1,147,928,613</u>	<u>858,935,086</u>
Schedule -13 : Provisions		
Provision for Taxation	154,925,326	90,860,620
Provision for Fringe Benefit Tax	2,682,692	1,274,389
Proposed Dividend	12,554,000	-
Tax on proposed Dividend	2,133,552	-
	<u>172,295,569</u>	<u>92,135,009</u>
Schedule -14 : Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary Expenses	340,000	530,000
	<u>340,000</u>	<u>530,000</u>
Schedule - 15: Direct Expenses		
Material Purchased including subcontracting charges	5,435,086,560	2,720,649,312
Wages	130,638,624	116,641,082
Power & Fuel	322,983,661	126,778,106
Royalty	33,135,962	21,253,078
Repair & Maintenance (Plant & Vehicle)	148,471,146	57,034,879
Hire Charges	82,621,504	37,029,244
	<u>6,152,937,457</u>	<u>3,079,385,701</u>
Increase / (Decrease) in Stock		
Opening Stock	622,103,160	73,298,835
Closing Stock	1,882,704,940	622,103,160
	<u>4,892,335,677</u>	<u>2,530,581,376</u>





	As at 31st March, 2009 <u>Rupees</u>	As at 31st March, 2008 <u>Rupees</u>
<i>Schedule -16: Personnel Expenses</i>		
Salary, Wages & Bonus	140,461,371	29,828,204
	<u>140,461,371</u>	<u>29,828,204</u>
<i>Schedule -17: Administrative Expenses</i>		
Insurance	6,466,006	6,409,080
Fuel & Lubricants	4,987,354	1,709,665
Repair & Maintenance (O)	949,296	1,074,166
Rent, Rates & Taxes	11,457,708	6,700,045
Managerial Remuneration	11,980,003	6,263,348
General Expenses	35,052,598	14,254,664
Telephone Expenses	6,451,645	2,858,907
Bad Debt written off	1,240,669	-
Travelling & Conveyance	15,764,566	9,945,112
Electricity Charges	1,824,955	988,758
Payment to Auditors As Audit Fees	1,103,000	500,000
	<u>97,277,799</u>	<u>50,703,745</u>
<i>Schedule -18 : Selling Expenses</i>		
Business Promotion	2,432,600	897,470
Advertisement	1,844,827	1,073,580
Tender Document	2,282,244	1,185,080
Sales Tax / VAT	65,244,109	28,694,921
Service Tax	30,935,832	10,910,711
	<u>102,739,612</u>	<u>42,761,762</u>
<i>Schedule -19 : Interest & Financial Charges</i>		
Bank Commission & Other charges	30,381,061	20,663,513
Interest	239,792,964	73,499,693
	<u>270,174,025</u>	<u>94,163,206</u>



SCHEDULE – 20 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles [GAAP], accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956.

2. 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.

Own manufacturing assets are capitalized at cost including an appropriate share of overhead.

3. Depreciation

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

Depreciation on addition / deletion during the year is provided on pro-rata basis with reference to the date of addition / deletion.

4. Borrowing Costs

Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalized. Other interest and borrowing cost are charged to revenue.

5. Investments

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

6. 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 process is valued as percentage of completion contract method as per Accounting Standard 7 on "Construction Contracts" issued by the Institute of Chartered Accountants of India.

7. Revenue Recognition

The company follows the percentage of completion method as per Accounting Standard - 7 on "Construction Contracts" issued by the Institute of Chartered Accountants of India to recognize revenue in respect of contracts executed. Contract revenue is accounted for on the basis of bills submitted to clients/bill certified by clients and does not include material supplied by the clients free of cost. Other revenue and expenses are accounted for on accrual basis.

8. Taxes on Income

Provision for current taxation is made on the taxable profits for the year in accordance with the Income Tax Laws applicable to the assessment year.

Deferred Tax is recognized subject to consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

9. Retirement Benefits

i) Short Term Employment Benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absence etc. and the expected cost of bonus is recognized in which the employee renders the related services.

ii) Post employment Benefits

Defined contribution plan: Company has a defined contribution plan for Provident Fund and Employees State insurance and the Company's contribution thereto are charged to the Profit & Loss Account.

iii) Pending actuarial Valuation, the Company has estimated the gratuity liability on adhoc basis.

10. Contingent Liabilities and Contingent Assets

No provision is made for liabilities which are contingent in nature, unless it is probable that an asset has been impaired or a liability incurred as on the Balance Sheet date and a reasonable estimate of the resulting loss can be made.

Details of contingent liabilities are given below:

<i>Period to which the amount relates</i>	<i>Name of the statute</i>	<i>Amount (Rs. in lakhs)</i>
2000-01	Orissa Sales Tax Act	2.61
2004-05	Orissa Sales Tax Act	49.50
2000-01	Orissa Sales Tax Act	15.52
2001-02	Orissa Sales Tax Act	8.02
2002-03	Orissa Sales Tax Act	8.33
2008-09	Orissa Electricity Act	47.22
2008-09	Corporate Guarantee	600.00
2008-09	Corporate Guarantee	260.00
2008-09	Bank Guarantee	23024.44
	Total	24015.64

Contingent Assets are not recognized in the financial statements.

11. Overdue Charges in Respect of Loans

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

B. NOTES ON ACCOUNTS

- Materials are purchased indigenously.
- The company operates only in one segment, i.e. Civil Construction. Hence the company has no segment as defined in Accounting Standard -17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
- The deferred tax liability comprise of the following:

Sl. No.	Particulars	(In Rs.)	
		As at 31 st March, 2009	As at 31 st March, 2008
a)	Deferred Tax Liability Relating to fixed assets	2,64,49,497	1,26,30,909
b)	Deferred Tax Asset Disallowance u/s 36(v) of the Income Tax Act, 1961	-	-
c)	Provision for deferred tax	6,36,26,322	2,64,49,497



4. During the year 2007-08, the company has issued 1,00,000 shares of Rs.10 each with a premium Rs.20 each other than cash to partners of M/S ARSS Engineering & Technology a partnership firm where in a director of the Company was a partner in consideration of a plot of land on which the corporate office of the Company has been constructed.
5. Earning Per Share (Equity of Rs.10 each)

Particulars	E P S	
	Basic	Diluted
	Rs.	Rs.
NET PROFIT AFTER TAXATION	50,08,65,072	50,08,65,072
NUMBER OF EQUITY SHARES		
a. At the beginning of the period	1,25,54,000	1,25,54,000
b. Issued during the period	Nil	Nil
c. At the end of the period	Nil	Nil
d. Weighted Equity shares at the end of the period	1,25,54,000	1,25,54,000
BASIC /DILUTED EPS	39.90	39.90

6. Provision of Rs. 14.00 lacs on account of retirement gratuity has been made on adhoc basis pending actuarial valuation.
7. The company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, 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.
8. Other particulars required pursuant to para 4 of part II of Schedule – VI:

a. Foreign Currency Transactions

Sl. No	Particulars	(in Lacs)	
		31.03.2009	31.03.2008
a)	Earnings in Foreign Currency	Nil	Nil
b)	Expenditure in Foreign Currency	Nil	Nil

b. Managerial Remuneration as per section 198 of the Companies Act, 1956.

Particulars	(Rs. in lacs.)	
	31.03.2009	31.03.2008
Salaries	119.80	52.13
Commission	Nil	10.50





- c. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

Particulars	(Rs. in lacs)	
	31.03.2009	31.03.2008
Profit before Taxation	7059.37	3784.03
Add : Managerial Remuneration	119.80	52.13
Profit for the year as per section 349	7179.17	3836.16

- d. Depreciation is provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act 1956. During the year, Rs. 734.88 lacs (Previous year Rs. 395.01 lacs) has been provided as depreciation, asset wise detail of which is given below.

Sl. No.	Particulars	Amount (Rs. in lacs)
1.	Building (Factory)	0.10
2.	Building (Non-Factory)	1.89
3.	Plant & Machinery	641.27
4.	Furniture & Fixtures	2.66
5.	Vehicle	79.34
6.	Computer	9.62
	Total	734.88

9. As per Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the details of transactions between the company and the related parties are given below.

- a. Expenses

Name & Nature of Relationship	Nature of Transaction	(Rs. in lacs) Amount
Subhash Agrawal, Chairman	Director's Remuneration	60.00
Rajesh Agarwal, Mg. Director	Director's Remuneration	32.80
Sunil Agrawal, CEO	Managerial Remuneration	5.88
S.K.Singla, Vice President	Managerial Remuneration	5.88
Anil Agrawal, Relative	Managerial Remuneration	5.88



b. Other Transactions

Name & Nature of Relationship	Nature of Transaction	(Rs. in lacs) Amount
Rajesh Agarwal, Mg. Director	Hire Charges	13.56
Sunil Agrawal, CEO	Hire Charges	5.40
S.K.Singla, Director	Sub Contract	625.97
M/s. Anil Agrawal ,Associate	Hire Charges	1.80
Ram Dulari Agarwal, Relative	Hire Charges	14.40
Sanju Agarwal, Relative	Hire Charges	14.40
Sangeeta Agarwal, Relative	Hire Charges	14.40
Seema Agarwal, Relative	Hire Charges	14.40
Sabita Agarawal, Relative	Hire Charges	14.40
Harischandra - ARSSPL- JV	Sub Contract	93.33
Harischandra-ARSSPL-Triveni-JV	Sub Contract	149.01
Harischandra-ARSSPL-Adhikaria-JV	Sub Contract	948.13
Niraj-ARSS-JV	Sub Contract	4813.13
ARSS-HCIL-Consortium,	Sub Contract	869.51
ARSS- MVPL JV	Sub Contract	58.57
ARSS- ANPR JV	Sub Contract	458.49
ARSS - Triveni JV	Sub Contract	1063.60
Back Bone ARSS-JV	Sub Contract	553.42
Atlanta ARSS JV	Sub Contract	2063.65
Patel ARSS JV	Sub Contract	2719.66
Anil Contractors pvt. Ltd.	Sub Contract	1510.51

10. Since the Company carries on the business of Construction, being a service industry the quantitative information as required under para 3 of part II of Schedule - VI is not being furnished.
11. Previous year figures have been rearranged and regrouped wherever considered necessary.

For P. A. & Associates
Chartered Accountants

For & on behalf of the Board.



(CA. P. S. Panda)
Partner
M. No. 51092



(B. B. Sahoo)
Company Secretary



(S. K. Pattanaik)
Director Finance



(Rajesh Agarwal)
Managing Director

Bhubaneswar
The 08th day of May, 2009

