

ANNUAL ACCOUNTS

FOR THE

YEAR

2010-11



ARSS INFRASTRUCTURE PROJECTS LTD.

-: AUDITORS :-

P. A. & ASSOCIATES

CHARTERED ACCOUNTANTS
20, GOVIND VIHAR, BAMIKHAL
BHUBANESWAR - 7 5 1 0 1 0
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AUDITOR'S REPORT

To

The Members
ARSS Infrastructure Projects Limited

1. We have audited the attached Balance Sheet of ARSS Infrastructure Projects Limited, as at 31st March 2011, 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 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as the order) 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 *Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2011 and also for earlier years instead of audited accounts, which is not in accordance with Accounting Standard – 27, "Financial Reporting of Interest in Joint Ventures" issued by The Institute of Chartered Accountants of India.*



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- 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 provided to us and on the basis of written representations received from the company, we report that none of the Directors are disqualified as on 31.03.2011 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 provided to us, the said accounts, subject to the observations in para 4.2 above regarding consideration of provisional profit and investment in one of the 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:
- i. In the case of Balance Sheet of the state of affairs of company as at 31st March, 2011.
 - ii. In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date and.
 - iii. In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

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



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

Bhubaneswar
The 11th day of May, 2011



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 provided to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion the Company has not disposed off a substantial part of its fixed assets during the year and hence the status of the Company as a going concern is not affected.

2. In respect of its Inventories

- a) As explained to us, inventories have been physically verified by the management during 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) According to the information and explanation provided to us the procedure 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, 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 provided to us, the company has granted loan to two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 84.20 lacs and the balance at the end of the year is Rs. 9.20 lacs.



- b) In our opinion and according to the information and explanations provided to us, the aforesaid loan is interest free and other terms and conditions of the loan taken by the parties, were not prima facie prejudicial to the interest of the company.
 - c) The said interest free loan is repayable on demand and there is no repayment schedule.
 - d) The company had taken loan from one party covered in the register maintained U/s 301 of the Act. The maximum amount involved during the year is Rs. 120.00 lacs and the balance at the end of the year was NIL.
 - e) In our opinion and according to the information and explanations provided to us, the aforesaid loan is interest free and other terms and conditions of the loan taken by the company , were not prima facie prejudicial to the interest of the company.
 - f) The company has repaid the loan during the year as stipulated in the terms and conditions of the loan.
4. In our opinion and according to the information and explanations provided 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 for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 5. According to the information & explanation provided to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in to 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 provided to us, the transactions(excluding loans reported under paragraph 3 above) exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
 7. In our opinion and according to the information and explanations provided 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 explanations provided to us, the company has an internal audit system commensurate with the size of company and the nature of its business.
9. According to the information and explanations provided to us , 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 provided to us the company is generally regular in deposit of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, VAT and Service Tax.
11. According to the information and explanation provided to us, in our opinion , no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March,2011 for a period of more than six months from the date they became payable.
12. According to the information & explanation provided to us and on basis of the records of the company examined by us, the particulars of sales tax, income tax and entry tax as at 31st March, 2011 which have not been deposited on account of pending disputes are as under.

Forum where disputes are Pending	Period to which the dispute relates.	Amount of demand (Rs. In lacs)
1. Orissa Sales Tax Act.		
Appellate Tribunal	2000-01 & 2004-05	52.11
Commissioner of Commercial Taxes	2000-01 to 2002-03	31.86
2. Orissa VAT Act		
Commissioner of Commercial Taxes	2004-05 to 2006-07	14.51
Joint Commissioner of Commercial Taxes	2004-05 to 2006-07	7.79
3. Orissa Entry Tax Act		
Joint Commissioner of Commercial Taxes	2004-05 to 2006-07	24.59
Commissioner of Commercial Taxes	2004-05 to 2006-07	9.83
4. Central sales Tax Act		
Commissioner of Commercial Taxes	2008-09	791.10
5. Income Tax Act, 1961		
CIT(Appeal)	A.Y. 2006-07 to A.Y. 2007-08	151.07



13. The company does not have accumulated losses at the end of the financial year 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 provided to us the company has not defaulted in repayment of dues to financial institutions or banks.
15. According to the information and explanations provided 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. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
17. As explained to us and on the basis of information provided to us, the company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the order are not applicable to the Company.
18. In our opinion and according to the information and explanations provided 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 provided to us, the term loans have been applied for the purpose for which they were obtained.
20. According to the information and explanations provided 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 investment.





21. According to the information and explanations provided 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 monies by way of public issues during the year.
24. To the best of our knowledge and belief and according to the information and explanation provided to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

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

A handwritten signature in black ink, appearing to read 'P. S. Panda'.

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

Bhubaneswar
The 11th day of May, 2011





ARSS Infrastructure Projects Limited

Balance Sheet as at 31st March

I. SOURCES OF FUNDS	Schedule	2011	2010
		Rupees	Rupees
1. Shareholders' Funds			
a) Share Capital	1	148,432,300	148,432,300
b) Reserves and Surplus	2	4,335,636,664	3,231,235,827
2. Loan Funds			
a) Secured Loans	3	9,298,977,607	4,457,664,482
b) Unsecured Loans	4	99,156,117	12,226,366
3. Deferred Tax Liability	5	216,143,050	120,410,804
Total		14,098,345,738	7,969,969,779
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	6	5,314,901,427	2,879,051,806
b) Less: Depreciation		575,070,355	295,311,305
c) Net Block		4,739,831,072	2,583,740,501
2. Investments	7	361,851,873	34,440,872
3. Current Assets, Loans and advances			
a) Inventories	8	7,770,988,128	3,701,088,128
b) Sundry Debtors	9	712,240,249	786,122,901
c) Cash & Bank Balances	10	1,507,751,636	1,095,090,537
d) Loans & Advances	11	2,186,134,506	1,406,480,937
		12,177,114,518	6,988,782,503
4. Current Liabilities and Provisions			
a) Current Liabilities	12	2,912,507,815	1,447,454,152
b) Provisions	13	319,563,986	258,380,043
		3,232,071,801	1,705,834,195
5. Net Current Assets (3 - 4)		8,945,042,718	5,282,948,308
6. Miscellaneous Expenditure (To the extent not written off or adjusted)	14	51,620,074	68,840,098
		14,098,345,738	7,969,969,779
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 P. A. & Associates
Chartered Accountants
Firm Regn. No. 313085E

For and on behalf of the Board



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

S.K. Pattanaik
11/05/2011
(S.K. Pattanaik)
Director Finance

Rajesh Agarwal
(Rajesh Agarwal)
Mg. Director

B.B. Sahoo
(B.B. Sahoo)
Company Secretary

Bhubaneswar
The 11th day of May, 2011

**ARSS Infrastructure Projects Limited**

Profit and Loss Account for the year ended on 31st March

	Schedule	2011 Rupees	2010 Rupees
1. INCOME			
a) Contract Revenue		12,490,111,161	10,065,504,283
b) Other Income		84,548,510	65,350,851
		12,574,659,671	10,130,855,134
2. EXPENDITURE			
a) Direct Contract expenses	15	8,915,457,251	7,625,408,084
b) Personnel Expenses	16	419,228,525	262,364,862
c) Administrative Expenses	17	263,421,011	172,315,889
d) Selling Expenses	18	184,312,599	193,751,628
e) Interest & Financial Charges	19	990,312,007	530,739,774
f) Depreciation		282,231,209	135,423,261
		11,054,962,602	8,920,003,498
3. PROFIT BEFORE TAX		1,519,697,069	1,210,851,636
4. LESS : TAX EXPENSES			
a) Income Tax			
Current Year		302,312,813	253,334,829
b) Deferred Tax		95,732,246	56,784,482
5. PROFIT AFTER TAX		1,121,652,010	900,732,325
6. Balance brought forward from Previous year		1,699,732,913	863,418,722
7. Amount Available for Appropriation		2,821,384,923	1,764,151,047
8. Appropriations			
a) Dividend		14,843,230	29,686,460
b) Tax on Dividend		2,407,943	5,045,214
c) Transfer to General Reserve		14,843,230	29,686,460
9. PROFIT CARRIED FORWARD		2,789,290,520	1,699,732,913
10. EARNINGS PER SHARE (Face value Rs. 10/-)			
Basic		75.57	70.48
Diluted		75.57	70.48

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 P. A. & Associates
Chartered Accountants
Firm Regn. No. 313085E(CA P. S. Panda)
Partner
M. No. 51092

For and on behalf of the Board

S.K. Pattanaik
11/05/2011
(S.K. Pattanaik)
Director Finance
(Rajesh Agarwal)
Mg. Director
(B.B. Sahoo)
Company SecretaryBhubaneswar
The 11th day of May, 2011



ARSS Infrastructure Projects Limited

Cash Flow Statement for the year ended on 31st March

	2,011 Rupees	2,010 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation & execeptional items	1,519,697,069	1,210,851,636
Add : Adjustments for :		
Depreciation	282,231,209	135,423,261
Interest paid	990,312,007	530,739,774
Loss on sale of assets	1,102,419	531,632
Preliminary Exp. W/o	17,220,024	17,362,525
Operating profit before working capital change	2,810,562,728	1,894,908,828
Add : Adjustments for :		
Trade & other receivables	(705,770,916)	(1,206,660,093)
Inventories	(4,069,900,000)	(1,818,383,188)
Trade creditors & other liabilities	1,465,053,663	299,525,536
Cash generation from operation	(500,054,526)	(830,608,917)
Income tax & Fringe Benefit Tax	258,380,043	172,295,569
Net cash from operating activities	(758,434,569)	(1,002,904,486)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,444,061,082)	(1,253,492,186)
Sale of Fixed Assets	4,636,883	-
Preliminary expenditure	-	(85,862,623)
Investment	(327,411,001)	3,772,049
Net cash from Investing Activities	(2,766,835,200)	(1,335,582,760)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital & Premium	-	1,030,153,500
Dividend Paid	-	(29,686,460)
Interest paid	(990,312,007)	(530,739,774)
Unsecured Loan accepted	86,929,751	(28,835,107)
Borrowings availed including repayment	4,841,313,125	2,275,470,681
Net cash from Financing activities	3,937,930,868	2,716,362,840
D Increase/Decrease in cash and cash equivalent	412,661,100	377,875,594
E Cash and cash equivalent as at beginning	1,095,090,536	717,214,942
F Cash and cash equivalent as at closing	1,507,751,636	1,095,090,536

As per our separate report of even date

For P. A. & Associates
Chartered Accountants

Firm Regn. No. 313085E

(CA. P. S. Panda)

Partner
M. No. 51092

Bhubaneswar

The 11th day of May, 2011

For and on behalf of the Board

(S.K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Mg. Director

(B.B. Sahoo)
Company Secretary





SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH

	2011 <u>Rupees</u>	2010 <u>Rupees</u>
<i>Schedule-1: Share Capital</i>		
Authorised : 2,00,00,000 equity shares of Rs.10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued , Subscribed & Paid up 1,48,43,230 equity shares of Rs.10/- each fully paid up	<u>148,432,300</u>	<u>148,432,300</u>
	<u>148,432,300</u>	<u>148,432,300</u>
<i>Schedule -2: Reserve and Surplus</i>		
Share Premium Account	1,473,634,700	1,473,634,700
General reserve	72,711,444	57,868,214
Profit & Loss Account	2,789,290,520	1,699,732,913
	<u>4,335,636,664</u>	<u>3,231,235,827</u>
<i>Schedule -3 : Secured Loans</i>		
Term Loan	1,684,103,776	1,096,342,957
Working Capital Loan (The above loans are secured by way of mortgage of Land & building and hypothecation of Plant & Machinery, stock & book debts.)	5,589,698,878	2,885,494,519
Loan from NBFCs (Against hypothecation of fixed assets acquired out of the Loan)	2,025,174,953	475,827,006
	<u>9,298,977,607</u>	<u>4,457,664,482</u>
<i>Schedule - 4 : Unsecured Loans</i>		
From Banks	99,156,117	12,226,366
	<u>99,156,117</u>	<u>12,226,366</u>
<i>Schedule - 5 : Deferred Tax Liability</i>		
Opening Balance	120,410,804	63,626,322
Add : addition during the year	95,732,246	56,784,482
	<u>216,143,050</u>	<u>120,410,804</u>



Schedule -6 : Fixed Assets

SL NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
		As at 1st April 2,010	Addition during the year	Deletion during the year	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
1	Land								
	a) Free Hold	70,384,584	8,200,000	-	78,584,584	-	78,584,584	70,384,584	
	b) Lease Hold	3,978,325	-	-	3,978,325	-	3,978,325	3,978,325	
2	Building								
	a) Factory	298,976	-	-	298,976	106,425	192,551	202,564	
	b) Non-Factory	32,403,215	1,994,000	-	34,397,215	1,007,442	33,389,772	31,949,791	
3	Plant & Machinery	2,583,208,996	2,375,387,085	7,207,934	4,951,388,147	524,094,125	4,427,294,022	2,318,415,773	
4	Furniture & Fixtures	11,302,487	2,666,139	-	13,968,626	1,960,841	12,007,785	10,110,009	
5	Vehicles	147,489,548	48,022,799	1,003,527	194,508,820	40,894,443	153,614,377	122,394,275	
6	Computer	16,815,642	7,791,059	-	24,606,701	7,007,078	17,599,623	13,135,147	
		<u>2,855,881,773</u>	<u>2,444,061,082</u>	<u>8,211,461</u>	<u>5,301,731,394</u>	<u>575,070,355</u>	<u>4,726,661,039</u>	<u>2,570,570,468</u>	
7	CAPITAL WIP	13,170,033	-	-	13,170,033	-	13,170,033	13,170,033	
		<u>2,879,051,806</u>	<u>2,444,061,082</u>	<u>8,211,461</u>	<u>5,314,901,427</u>	<u>575,070,355</u>	<u>4,739,831,072</u>	<u>2,583,740,501</u>	
	PREVIOUS YEAR	<u>1,626,196,379</u>	<u>1,274,289,027</u>	<u>21,433,601</u>	<u>2,879,051,805</u>	<u>295,311,305</u>	<u>2,583,740,500</u>		





SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH

	<u>2011</u> Rupees	<u>2010</u> Rupees
Schedule - 7 : Investment		
(Unquoted, at cost)		
NSC including interest accrued	1,483,778	3,145,478
In Capital of Joint Ventures	43,423,470	30,487,394
In Shares of Companies	311,944,625	808,000
Others	5,000,000	-
	<u>361,851,873</u>	<u>34,440,872</u>
Schedule -8 : Inventories		
(As certified by the management)		
At cost being lower of N.R.V.		
Raw Materials	681,752,350	464,589,560
Stores & Spares	78,465,210	61,354,880
Finished Goods	1,267,845,320	651,456,230
At completion contract method		
Work in Progress	5,742,925,248	2,523,687,458
	<u>7,770,988,128</u>	<u>3,701,088,128</u>
Schedule -9 : Sundry Debtors		
(Unsecured, considered good)		
Outstanding for a period more than six months	49,424,308	39,541,394
Others	662,815,941	746,581,507
	<u>712,240,249</u>	<u>786,122,901</u>
Schedule -10 : Cash and Bank Balances		
Cash in hand	24,934,426	5,412,022
(As certified by the management)		
Balance with Scheduled Banks		
In Current Accounts	122,117,687	200,644,454
In Fixed Deposit Accounts	1,079,408,609	562,163,689
Interest Accrued on above	80,479,373	51,542,840
Cheques in Hand	200,811,541	275,327,532
	<u>1,507,751,636</u>	<u>1,095,090,537</u>
Schedule 11: Loans and Advances		
(Unsecured considered good)		
Advance Recoverable in cash or in kind for value to be received	1,424,508,777	1,284,026,499
Deposits	625,528,302	83,248,255
Repaid Expenditure	135,028,993	38,668,903
Loans & Advances to Employee	1,068,434	537,280
	<u>2,186,134,506</u>	<u>1,406,480,937</u>





SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH

	2011 <u>Rupees</u>	2010 <u>Rupees</u>
<i>Schedule 12 : Current Liabilities</i>		
Sundry Creditors	2,912,507,815	1,447,454,152
	<u>2,912,507,815</u>	<u>1,447,454,152</u>
<i>Schedule -13 : Provisions</i>		
Provision for Taxation	302,312,813	253,334,829
Provision for proposed dividend	14,843,230	-
Tax on proposed Dividend	2,407,943	5,045,214
	<u>319,563,986</u>	<u>258,380,043</u>
<i>Schedule -14 : Miscellaneous Expenditure</i> (to the extent not written off or adjusted)		
Preliminary Expenses	51,620,074	68,840,098
	<u>51,620,074</u>	<u>68,840,098</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH

Schedule - 15: Direct Expenses

Material Purchased including subcontracting charges	10,983,564,677	8,153,221,421
Wages	236,385,595	166,901,012
Power & Fuel	1,098,523,125	662,183,763
Royalty	128,024,331	83,657,387
Repair & Maintenance (Plant & Vehicle)	437,639,480	295,375,462
Hire Charges	101,220,042	82,452,227
	<u>12,985,357,251</u>	<u>9,443,791,272</u>
Increase / (Decrease) in Stock		
Opening Stock		
Construction Materials, stores & spare parts	1,177,400,670	370,659,280
Project work-in-progress	2,523,687,458	1,512,045,660
Closing Stock		
Construction Materials, stores & spare parts	2,028,062,880	1,177,400,670
Project work-in-progress	5,742,925,248	2,523,687,458
	<u>8,915,457,251</u>	<u>7,625,408,084</u>





SCHEDULES TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH

	2011 <u>Rupees</u>	2010 <u>Rupees</u>
<i>Schedule -16: Personnel Expenses</i>		
Salary, Wages & Bonus	405,366,930	250,331,994
Contribution to provident fund & other fund	5,470,650	4,567,613
Staff Welfare	8,390,945	7,465,255
	<u>419,228,525</u>	<u>262,364,862</u>

Schedule -17: Administrative Expenses

Insurance	21,080,947	14,662,565
Fuel & Lubricants	9,067,969	4,987,759
Repair & Maintenance (O)	4,732,857	2,819,506
Rent, Rates & Taxes	35,085,595	20,567,083
Managerial Remuneration	27,300,000	20,700,000
General Expenses	116,998,177	76,206,244
Telephone Expenses	11,675,021	8,378,238
Travelling & Conveyance	26,164,282	17,887,751
Electricity Charges	7,786,564	3,547,783
Payment to Auditors		
As Audit Fees	2,867,800	2,095,700
Internal Audit Fees	661,800	463,260
	<u>263,421,011</u>	<u>172,315,889</u>

Schedule -18 : Selling Expenses

Business Promotion	8,099,478	5,026,586
Advertisement	4,770,196	2,891,898
Tender Document	6,738,940	3,209,783
VAT	151,550,053	123,026,691
Service Tax	13,153,932	59,596,670
	<u>184,312,599</u>	<u>193,751,628</u>

Schedule -19 : Interest & Financial Charges

Bank Commission & Other charges	96,619,637	66,875,557
Interest	893,692,370	463,864,217
	<u>990,312,007</u>	<u>530,739,774</u>



SCHEDULE – 20: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO 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. Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumption that affect the reported amounts of assets and liabilities as at the date of the financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period the same is determined.

3. 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.

4. Depreciation

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

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

5. 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.

6. Investments

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



7. 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.

8. 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 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.

9. 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.

10. 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.



11. Employee Benefits

i) Defined contribution plans

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

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

ii) Defined benefit plan

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

iii) Short term employee benefits

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

12. 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..

13. 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.



14. Overdue Charges in Respect of Loans

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

B. NOTES TO ACCOUNTS

1. Materials are purchased indigenously.
2. 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.

3. The deferred tax liability comprise of the following:

Sl. No.	Particulars	As at 31 st March 2011	As at 31 st March, 2010
a)	Deferred Tax Liability Relating to fixed assets	216,143,050	120,410,804
b)	Deferred Tax Asset Disallowance u/s 36(v) of the Income Tax Act, 1961	-	-
c)	Provision for deferred tax	216,143,050	120,410,804

4. Details of contingent liabilities not provided for in books of accounts

Name of the statute to which the liability relates	Amount (Rs. in lakhs)
a) Orissa Sales Tax Act	106.29
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:	
i) ARSS Biofuel (P) Ltd.	260.00
ii) Anil Contractors (P) Ltd	600.00
f) Income Tax Act	
i) CIT(Appeal)	151.07
g) Performance Bank Guarantee	62,022.96
Total	64,013.08



5. Earning Per Share (Equity of Rs.10 each)

Particulars	E P S	
	Basic	Diluted
	Rs.	Rs.
1. Net Profit After Taxation	1,12,16,52,010	1,12,16,52,010
2. Number of equity shares		
a. At the beginning of the period	1,48,43,230	1,48,43,230
b. Issued during the period	NIL	NIL
c. At the end of the period	1,48,43,230	1,48,43,230
d. Weighted Equity shares at the end of the period	1,48,43,230	1,48,43,230
3. Basic /Diluted EPS	75.57	75.57

6. Sundry debtors exceeding six months include Rs. 350.67 lacs due from joint ventures in which the company is a partner. As the recoverability of such sundry debtors is dependant on the release of security deposit and withheld amount, the company treats the debtors as good and has not made any provision against the same.
7. As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.
8. Other particulars required pursuant to para 4 of part II of Schedule – VI:

a. Foreign Currency Transactions

Sr. No	Particulars	(Rs in Lacs)	
		31.03.2011	31.03.2010
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.

(Excluding provision for gratuity)

(Rs. in lacs.)

Particulars	31.03.2011	31.03.2010
1. Salaries	273.00	207.00
2. Commission	Nil	Nil



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

Particulars	(Rs. in lacs)	
	31.03.2011	31.03.2010
1. Profit before Taxation	15,194.76	12,108.51
2. Add : Managerial Remuneration	273.00	207.00
3. Profit for the year as per section 349	15,467.76	12,315.51

d. Depreciation is provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act 1956. During the year, Rs. 2,822.31 lacs (Previous year Rs. 1,354.23 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)	5.54
3.	Plant & Machinery	2614.95
4.	Furniture & Fixtures	7.68
5.	Vehicle	160.76
6.	Computer	33.27
	Total	2,822.31

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

Sl. No.	Name & Nature of Relationship	Nature of Transaction	(Rs. in lacs)	
			Amount	Reflected in Schedule
1	Subash Agrawal, Chairman	Remuneration	150.00	Administrative Expenses
2	Rajesh Agarwal, Mg. Director	Remuneration	90.00	Administrative Expenses
3	S. K. Pattanaik, Director Finance	Remuneration	18.00	Administrative Expenses
4	S.S. Chakrabroty, Director Technical	Remuneration	15.00	Administrative Expenses
5	Sunil Agrawal, President & CEO	Remuneration	34.80	Personnel Expenses
6	Anil Agrawal, Sr. Vice President & COO	Remuneration	34.80	Personnel Expenses
7	S.K.Singla, Vice President & Project Head	Remuneration	42.00	Personnel Expenses





b Other Transactions

Sl No.	Name & Nature of Relationship	Nature of Transaction	Amount	(Rs. in lacs) Refer Schedule
1	S.K Singla, Relative	Sub Contract	1298.22	Direct Contract Expenses
2	HCIL-ARSSPL-Adhikaria-JV	Sub Contract	5355.68	Contract Revenue
3	Niraj-ARSS-JV	Sub Contract	4393.27	Contract Revenue
4	ARSS-HCIL-Consortium.	Sub Contract	1480.51	Contract Revenue
5	ARSS- ANPR JV	Sub Contract	666.37	Contract Revenue
6	ARSS - Triveni JV	Sub Contract	237.54	Contract Revenue
7	Back Bone ARSS-JV	Sub Contract	1064.44	Contract Revenue
8	Atlanta ARSS JV	Sub Contract	2628.43	Contract Revenue
9	Patel ARSS JV	Sub Contract	3578.95	Contract Revenue
10	Anil Contractors pvt. Ltd.	Sub Contract	1862.31	Contract Revenue
11	ARSS Atlanta JV	Sub Contract	1075.76	Contract Revenue
12	Somadatta ARSS JV	Sub Contract	1014.66	Contract Revenue
13	ARSS Developers Limited	Equity Investment	1,000.00	Investment
14	ARSS Developers Limited	Unsecured Loan	2,497.30	Loans & Advances
15	ARSS Steel & Power Ltd.	Unsecured Loan	10.00	Loans & Advances
16	ARSS Bus Terminal (P) Ltd	Equity Investment	2,103.92	Investment
17	ARSS ETOE Rail (P) Ltd.	Equity Investment	1.14	Investment

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. A search and seizure operation was conducted by the income Tax Authorities in the premises of the Company on 6th October, 2010. During the course of search some documents of the Company were seized. Accounts have been prepared based on certified photocopies of such seized documents.
12. Paise has been rounded off to nearest rupee
13. Previous year figures have been rearranged and regrouped wherever considered necessary.

As per our separate report of even date

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

For & on behalf of the Board.

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

(S. K. Pattanaik)
Director Finance

(Rajesh Agarwal)
Managing Director

(B. B. Sahoo)
Company Secretary

Bhubaneswar
The 11th day of May, 2011

