

Review Report

To

The Board of Directors
ARSS Infrastructure Projects Limited

Introduction

We have reviewed Part I - Standalone Unaudited Financial Results for the Quarter ended 31/03/2014 of the accompanying Statement of Unaudited Financial Results ("Part I of the Statement") of ARSS Infrastructure Projects Limited, which has been approved by the Board of Directors. Management is responsible for the preparation and presentation of the said Part I of the Statement in accordance with applicable Accounting Standards and other recognised accounting practices and policies. Our responsibility is to express a conclusion on the said Part I of the Statement based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above and subject to para a to k stated below, nothing has come to our attention that causes us to believe that the said Part I of the Statement is not prepared, in all material respects, in accordance with applicable Accounting Standards and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed.

- a) *In absence of working papers on physical verification of inventories, discrepancies, if any, between book and physical inventories could not be ascertained including effect of the same in the financial statements of the company.*
- b) *Interest on delayed deposit of statutory dues excluding TDS has not been provided for, which has neither been quantified nor the effect of the same on the financial statements has been ascertained.*

No provision has been made against performance bank guarantees invoked amounting to Rs.89.83 Crores against the company and disputed by it.




- d) *No provision has been made against claims recoverable amounting to Rs. 734.44 Crores disputed by the parties and referred for arbitration.*
- e) *Revenue for the quarter includes Rs. 110.44 Crores against claims raised on different parties, which has neither been acknowledged nor recoverability of which is ascertainable.*
- f) *The Company has not given effect to the loss of Fixed Assets in fire with a gross value of Rs. 3.78 Crores resulting charging of higher depreciation by Rs. 0.17 Crores and reduction in profit by the same amount. The gross value of fixed assets has remained higher by Rs. 3.78 crores.*
- g) *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.*
- h) *In absence of details of potential equity shares, diluted earning per share has not been ascertained in compliance with AS-20- "Earning per Share" issued by the Institute of Chartered Accountants of India.*
- i) *Cost of leasehold Land has not been amortized which is not in conformity with the with AS-19- "Accounting for Leases" issued by the Institute of Chartered Accountants of India. Amount of amortisation not ascertained.*
- j) *Interest amounting to Rs. 1.59 Crores on inter corporate deposits received has not been charged to the Profit & Loss account resulting in overstatement of profit to that extent.*
- k) *In the absence of accounts of ARSS Balajee JV, HCIL-Adhikarya-ARSS JV, HCIL-ARSSPL JV, HCIL-ARSS-Kalindee JV, ARSS-MVPL JV and HCIL-ARSSPL-Triveni JV, discrepancies, if any, between the said accounts with that of the Company is not ascertainable.*

Report on Legal and Other Regulatory Requirements

We also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreement and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter ended 31/03/2014 of the Statement, from the details furnished by the Management / Registrars.

For P. A. & Associates
Chartered Accountants


(CA. B N Dash)
Partner

Membership No. 062142



Date : The 30th day of April, 2014

Place : Bhubaneswar