Notes on accounts forming part of the reviewed unaudited financial results for the quarter ended 31st March, 2012

1. The above results have been reviewed bv the Audit Committee and taken on record by the Board of Directors at their meeting held on 14th May, 2012. The same were also subjected to limited review by the Statutory Auditors in terms of clause 41 of the Listing Agreement.

2. The Company is following the same accounting policies in preparation of these financial results as were followed in the annual financial statements for the year ended 31st March, 2011.

3. The Company has a single segment namely "Civil Construction". Therefore, the company's business does not fall under different business segments as defined by Accounting Standard-17, "Segment Reporting" issued by the Institute of Chartered Accountants of India.

   a. During the quarter, the company is continuing its policy of foreclosing certain non remunerating sites, which resulted in some reduction of revenue and increased the loss because of penalties and other related costs of the closure.

   b. The company is continuing its process of site-wise rationalisation of the inventories and relocated the same to different sites. During this process, the company had to write of the unrecoverable and embedded stock. Further, the Company has incurred higher amount on interest, idle staff salary, transportation cost and other fixed expenses attributable to plant and machineries against which matching revenue could not be generated which has resulted in loss.

   c. The nature of Company's business required substantial investment in various contracts at the initial stage which slowly gets recovered and also a portion remains recoverable later, necessitating need of higher working capital. Further some projects get delayed because of various reasons attributable to the contractees resulting in higher blockage of working capital. The above situation coupled with non enhancement of existing loan facilities by the banks have resulted in default in servicing of bank loans. The Company has gone for CDR. and submitted a flash report through State Bank of India which was approved in the 156th meeting of the Board of Directors held on 22.12.2011 and admitted by CDR EG on 30.01.2012.The Techno Economic Viability (TEV) report has been completed and is expected to be placed with CDR EG within 30th May 2012.

   d. No provision has been made against invoking performance Bank Guarantees amounting to Rs. 29.17 Crores wrongfully done by clients and disputed by the company.

   e. Fixed assets worth gross value of Rs. 42.13 Crores were sold to Srei Equipment Finance Pvt. Ltd. during the year, the sale consideration of which was adjusted against overdue amount of loan availed from the above Company. The said transaction has resulted in a loss of Rs. 1.56 Crores .

   f. As at the Balance sheet date, Interest and principal amounting to Rs. 26.63 crores of term loan due to the financial institutions and banks have not been paid by the company. Accordingly, the loan accounts with State Bank of India, and State Bank of Bikaner and Jaipur have been declared as Non Performing Assets.

   g. Revenue includes Rs. 230.80 Crores against bills raised on account of various supplies / services provided in earlier quarters including claims in line with similar billing / claims made by the JVs on the contractees.

   h. The figures for the corresponding quarter of the previous year are regrouped / reclassified wherever necessary to make them comparable with that of current quarter.

For ARSS Infrastructure Projects Ltd.

Sd/-

Date: 14th Day of May, 2012

Place: Bhubaneswar

Rajesh Agarwal

(Managing Director)