

## **C O R P O R A T E   S T R U C T U R E**

### **BOARD OF DIRECTORS**

Mr. Kamal Lunawath	Managing Director
Mr. Vimal Lunawath	Whole time Director
Mr. Col. A.L Jayabhanu	Whole time Director
Mr. A Damodaran	Director
Mr. Harisharanlal Trivedi	Director
Mr. G Dilip Surana	Director
Mr. Ravikant M Choudhary	Director
Mr. Bharat M Jain	Director

Mr. Kishore Kumar Sahoo      Company Secretary

### **BANKERS / FI's**

Kotak Mahindra Prime Limited  
LIC Housing Finance Limited  
ICICI Home Finance Company Limited  
Indian Overseas Bank  
Kotak Mahindra Bank  
Vijaya Bank

### **AUDITORS**

M/s. B.P Jain & Co.,  
Chartered Accountants  
No.2, Gee Gee Minar, 23 College Road,  
Chennai-600006

### **LEGAL ADVISOR**

K. Venkatasubramanian  
25, Singarachariar Street  
Triplicane, Chennai- 600005

### **REGISTERED OFFICE**

271 (Old 182), Poonamallee High Road  
"Ankur Manor", 1<sup>st</sup> Floor,  
Off. McNichols Road  
Kilpauk, Chennai- 600010.

### **CORPORATE OFFICE**

3, Ganapathy Colony, 3<sup>rd</sup> St  
Off. Cenotaph Road,  
Teynampet  
Chennai- 600018

### **REGISTRAR AND SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Limited.,  
V<sup>th</sup> Floor, Subramanian Building, No.1, Club House Road  
Anna Salai, Chennai- 600002.

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Dear Shareholders,

The year 2008-09 witnessed unprecedented and massive financial crisis across the world mainly on account of general slow down of major economies of the world affecting almost all the industries. Reflecting a depression in the economies, the world over, the real estate sector underwent many difficulties and challenges.

In the backdrop of the above, the working of the Company during 2nd and 3rd quarter of the year 2008-09 was also impacted adversely. However your Company has quickly reviewed the situation and focused pertinently on budget and affordable housing segments and taken step to make changes to its existing projects and approach new projects with an intention to target Rs. 25 lakhs to Rs.40 Lakhs apartment segments.

On the domestic front, liquidity dried, leading to non availability of funds and increase in interest rates caused concern, but your company managed to overcome the above without getting hurt. However, the Central Government has started projects in infrastructure development like Port, Power, Railways, Highways thus giving a boost to Real Estate sector.

With the revival of economy in US & Western Countries, IT companies in India are vigorously in hiring mode, leading to space absorption in IT Buildings and Residential complexes. In the last few months the real estate market has undergone major positive changes. The slowdown that migrated from the US has got corrected in India now. The prices have got corrected. And whatever pent up demand was there in the market has started getting converted into business.

CREDAI has suggested the centre to consider the extension of dateline to March 2012 for providing tax holidays to projects irrespective of the date of approval. This will be of greater benefit to the sector and encourage developers to take up new projects and expedite ongoing projects as well.

In view of this the Company foresees a sustainable growth and to maximize the wealth of its shareholders.

Your Directors wish to place on record its sincere thanks to Chennai Metro Development Authority and Corporation of Chennai and related departments of Tamil Nadu Government, Indian Overseas Bank, ICICI Bank Ltd, Bank of India, Kotak Mahindra Bank, ICICI Home Finance Company Ltd, LIC Housing Finance Company Ltd and India Bulls Financial Services Limited, for having supported us on all our efforts and endeavors.

The Board also expresses its sincere appreciation to the dedicated and committed team of employees.

Thank You



(Kamal Lunawath)  
Managing Director

## **NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Friday the 26th day of March, 2010 at "Arihant Escapade", Devraj Nagar, No-48, Okkium Thoraipakkam village, Chennai- 600097 at 10.00 A.M. to transact with or without modifications, as may be permissible the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited balance sheet as at 30th September, 2009 and Audited profit and loss account for the period from 01.10.2008 to 30.09.2009, together with the Directors' Report and the Auditors' Report.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Harisharanlal Trivedi, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. A Damodaran, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint a Director in place of Mr. Dilip Surana, who retires by rotation and being eligible, offer himself for re-appointment.
6. To Appoint Auditors and fix their remuneration to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting. The retiring Auditors M/s. B.P. Jain & Co., being eligible, offer themselves for reappointment.

### **SPECIAL BUSINESS**

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT In accordance with the Provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 or any statutory modification(s) or re enactment thereof , approval of the Company be and is hereby accorded to the appointment of Mr. Bharat Jain as Whole time Director of the Company at a remuneration of Rs.100000/- per month with effect from 17.02.2010 and that the Board of Directors (herein after referred to as "the Board") authorised to alter and vary remuneration, subject to the same not exceeding the limits specified under Schedule – XIII to the Companies Act, 1956 or any statutory modification(s) or re enactment thereof."

By Order of the Board  
**For Arihant Foundations & Housing Limited**

Sd/-  
**(Kishore Kumar Sahoo)**  
Company Secretary

Place: Chennai  
Date: 17.02.2010

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19.03.2010 to 26.03.2010 (Both days inclusive).
4. The dividend on equity shares, if declared at the Meeting, will be payable to those shareholders, whose names appear on the Company's Register of Members at the close of business hours on 18.03.2010. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the close of business hours on 18.03.2010.
5. Members are requested to notify immediately the changes in their address, if any.
6. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of meeting.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's share department enclosing their share certificates, to enable the Company to consolidate their holdings in one folio.
9. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**Item no. 7**

Mr. Bharat Jain, Non executive Director possesses rich experience in project execution and strategic management. Keeping in view his contribution and to have benefits of his experience and expertise, Board is willing to retain him as a whole time Director of the Company on the terms and conditions mentioned below:

Terms of appointment : 5 years with effect  
from 17.02.2010  
Remuneration : Rs.1,00,000/- per month

The above statement may also be treated as an abstract under Section 302 of the Companies Act, 1956.

*Memorandum of Interest*

Save and except Mr. Bharat Jain, none of the other Directors of the Company is, in any way, concerned or interested in the resolution set out at item no.7 of the notice.

By Order of the Board  
**For Arihant Foundations & Housing Limited**

Sd/-  
**(Kishore Kumar Sahoo)**  
Company Secretary

Place: Chennai  
Date: 17.02.2010

## DIRECTORS' REPORT

Your Directors take pleasure in presenting the 17th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September 2009.

## FINANCIALS

PARTICULARS	2008-09	2007-08
	(Rs. in Lakhs)	
Total Income	<b>16014.66</b>	21977.75
Total Expenditure	<b>14972.75</b>	17836.63
Profit before Interest and Depreciation		
Depreciation	<b>1041.91</b>	4141.12
Interest	<b>647.42</b>	697.07
Depreciation	<b>58.85</b>	55.96
Profit before Tax	<b>335.64</b>	3388.09
Provision for tax	<b>57.35</b>	461.59
Profit after Tax	<b>278.29</b>	2926.50
<b>APPROPRIATIONS</b>		
Transfer to General reserve	<b>27.83</b>	292.65
Proposed Dividend	<b>70.50</b>	70.50
Balance profit carried forward	<b>179.96</b>	2563.35

## PERFORMANCE

The Company's Total Income is Rs. 160 crores during the financial year 2008-09 as against Rs.220 crores in the previous year 2007-08. The Profit for the financial year is Rs. 2.8 crores compared to previous year profit of Rs.29 crores. Despite various difficulties, the Company was able to make a profit of Rs.2.8 crores. There are certain projects viz., residential apartments and Township in the pipeline, which will entail good profits for the Company in future years.

A more detailed discussion and analysis on the performance of the Company in retrospect as well as the outlook is detailed in the Management Discussion and Analysis Report.

## DIVIDEND

Your directors are pleased to recommend dividend @ 10% i.e. Rs.1.00 per equity share on 7050000 equity shares of Rs.10 each for the financial year ended 30th September 2009, which if approved at the ensuing Annual General Meeting, will be paid to:

- All those shareholders whose name appears in the Register of Members as on 18th March 2010 and;
- All those whose name appears on that date as beneficial owners as furnished by National Securities Depository Limited and Central Depository Services Limited.

## DEPOSITS

The Company has outstanding fixed deposits of Rs.60,93,410 as on 30.09.2009, which is 0.42 % of aggregate of paid up capital and free reserves of the Company.

## PROJECTS

The Company recognises that conceiving, developing and implementing projects aimed at growth and meeting market requirements, in a cost effective and time bound manner, will always remain a key business policy of the Company. The Company's Project managers are guided by this policy and principle in the successful implementation and completion of various projects.

### *Project details:*

## ONGOING PROJECTS

Project name	Location	Area (Sqft)
<b>ARIHANT HEIRLOOM</b> Residential Complex	Thazambur, Chennai	3,58,000
<b>Villa Viviana</b> Township Project In association with J P Morgan India Property Fund	GST Road, Chennai	13,00,000
<b>ARIHANT AMARA</b> Residential Complex	Poonamallee High Road, Chennai	1,45,000
<b>ARIHANT INSIGHT II</b> IT Park	VSI Estate Tharamani Chennai	1,20,000

**NEW PROJECT INITIATIVES**

Project name	Location	Area (Sqft)
<b>NORTH TOWN ESTATES</b> Township Project In association with PVP Ventures Private Ltd and Unitech Ltd.	Perambur, Chennai	21,26,880
<b>ARIHANT - FRANGIPANI</b> Residential Complex	Pudupakkam, Chennai	1,80,297
<b>ARIHANT - PANACHE</b> Residential Complex	Arumbakkam, Chennai	98,800

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN -EXCHANGE EARNINGS AND OUTGO.**

The provisions of Section 217 (1) (e) of the Companies Act, 1956 are not applicable to the Company.  
 Conservation of Energy: Not applicable  
 Technology Absorption: Not applicable.  
 Foreign Exchange Earnings: Nil  
 Outgo: Nil

**PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

During the period under review, no employee was in receipt of remuneration in excess of the limits laid down in Subsection (2A) of Section 217 of the Companies Act, 1956.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- The Directors have 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 affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- Proper and sufficient care have been taken to maintain

adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

- The annual accounts have been prepared on a going concern basis.

**DIRECTORS**

In accordance with the relevant provisions of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company, Mr. A Damodaran , Mr. Harisharanlal Trivedi and Mr. Dilip Surana, Directors are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. The brief resume of directors, who are to be re-appointed as stipulated under clause 49(IV) of the Listing Agreement, are furnished in the Corporate Governance Report forming part of the Annual Report.

**AUDITORS**

M/s B.P Jain & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that they offer themselves for reappointment and if appointed, it would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

**INVESTOR RELATIONS**

Your Company always endeavors to keep the time of response to shareholders' requests/ grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a suitable reply at the earliest possible time. The Shareholders' and Investors' Grievance Committee of the Board met periodically and reviewed the status of redressed investors grievances. The shares of your Company are continued to be traded in Electronic Form and the dematerialisation arrangement exists with both the depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 30th September, 2009, 5627623 (Fifty Six Lakhs Twenty Seven Thousands Six Hundred and Twenty Three only) shares have been dematerialised, representing 79.83% of the subscribed capital.

**LISTING**

The shares of your Company are listed in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for the Financial Year 2009-2010 to the Stock Exchanges where its securities are listed except



Madras Stock Exchange Limited, where the Company has made a request for voluntary delisting of its Securities (70,00,000 equity shares of Rs. 10/- each) after obtaining approval of the Shareholders at the 15th Annual General Meeting held on 28.03.2008. The reason for delisting being, non trading in MSE from past 8 years. Since the Company's Securities are listed in NSE and BSE having Nation wide trading terminals and actively trading in these stock exchanges, the share holders will not get affected in trading the equity shares of the company due to delisting from MSE. Hence the Board of Directors has recommended the delisting of the aforementioned securities voluntarily from MSE.

The Company has also complied with the amendments in listing agreement from time to time.

#### **TRANSFER OF UNPAID DIVIDEND TO IEPF (INVESTOR EDUCATION AND PROTECTION FUND)**

Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, the amount transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education Protection Fund established under Sub- section (1) of Section 205C of the Companies Act, 1956.

Details of unclaimed Dividend:

Financial Year	Date of Payment	Unpaid Dividend amount.(Rs.)	Due date for transfer to IEPF.
2002-03	15-04-2004	60,760.00	14-05-2011
2004-05	13-04-2006	1,10,565.20	12-04-2013
2005-06	28-03-2007	91,668.00	27-04-2014
2006-07	25-04-2008	1,94,344.00	25-05-2015
2007-08	30-03-2009	66,042.00	30-04-2016

The Shareholders are requested to claim their unclaimed dividends before the aforementioned due dates. The unpaid dividend transferred to IEPF, can not be claimed by the Shareholders.

#### **PERSONNEL**

The Board wishes to place on record its appreciation of all employees of the Company, for their wholehearted efforts and impressive contribution to the high level of performance and growth of the Company during the Year.

#### **ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude for the support and co- operation received from CMDA, Corporation of Chennai, ELCOT, Banks and Financial Institutions, Customers, Suppliers and Shareholders and for their continued support. The Board also wish to place its sincere appreciation to the dedicated and committed team of employees.

For and on behalf of the Board of Directors  
**Arihant Foundations & Housing Limited**  
Sd/

(KAMAL LUNAWATH)  
Managing Director

(VIMAL LUNAWATH)  
Director

Place: Chennai  
Date: 28.12.2009

#### **ANNEXURE TO DIRECTOR'S REPORT**

Board of Directors explanation for the observations made in the auditors report pursuant to provision of Sec 217 (3) of the Companies Act, 1956.

- i) To point no. 4 (iv), The Company has not made provision in accordance to AS- 15 as it is being disallowed as per Income Tax Act, 1961. Gratuity is not accrued as per the Accounting Standard. However as per the Company's Policy, the gratuity will be paid as and when it falls due. Deferred Tax is not recognised in consideration of prudence.
- ii) To Point no.6, The Company is yet to file the return of deposit as on 31.03.2009.
- iii) To point no.9, On 29th January, 2009 a circular emanated from Central Board of Excise and Customs about payment of service tax on residential buildings. It was interpreted by CREDAI (Confederation of Real Estate Developers Associations of India) that Service tax is not payable on construction of residential flats. The Company being a member of CREDAI, has followed the direction of the Association and has not collected nor paid the service tax from January, 2009. The Company has also received a letter from Service Tax department dated 22.10.09 stating that the circular is not binding. The Company has sought expert opinion on the same. Similar stance has been taken by other member of the association.



**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company endeavour to achieve highest level of transparency, accountability towards its shareholders. The objective of the Company is to sustain growth in order to enhance the wealth of the shareholders, who are the real owners of the Company.

**2. BOARD OF DIRECTORS****(I) COMPOSITION OF BOARD**

The Board of Directors of Arihant Foundations & Housing Limited consists of Eight Directors as on 30.09.2009. The break up of the total composition of the Board as on 30.09.2009 is as follows:

Sl. No.	Name of the Directors	Designation	Executive/ Nonexecutive/ Independent
1.	Mr. Kamal Lunawath *	Managing Director	Executive
2.	Mr. Vimal Lunawath*	Whole time Director	Executive
3.	Sri. Col. A.L. Jayabhanu	Whole time Director	Executive
4.	Mr. Bharat M Jain	Director	Non -Executive
5.	Sri. A. Damodaran	Director	Non-Executive & Independent
6.	Sri. Harisharanlal Trivedi	Director	Non-Executive & Independent
7.	Mr.Ravikant M Choudhary	Director	Non-Executive & Independent
8.	Mr. Dilip G Surana	Director	Non-Executive & Independent

\* Represents Promoter Group;

The Company has complied with clause 49 (1A) of the Listing Agreement having maximum number of Non- Executive Directors with a maximum of fifty percentage.

**(II) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST AGM AND DETAILS OF OTHER DIRECTORSHIPS AS ON 30.09.2009**

Sl. No	Name of the Directors	No. of Directorship held in other Public Limited Companies	No. of Membership / Chairmanship of Board, Committee of other Public Limited Companies	No. of Board Meetings Attended	Whether Attended last A.G.M
1.	Kamal Lunawath	5	3	8	Yes
2.	Vimal Lunawath	5	1	8	No
3.	Col. A.L Jayabhanu	—	—	9	Yes
4.	A .Damodaran	1	—	9	Yes
5.	Harisharanlal Trivedi	—	—	2	No
6.	Dilip Surana	1	1	4	No
7.	Ravikant M Choudhary	3	3	9	No
8.	Bharat M Jain	—	—	9	Yes

**(III) NUMBER OF BOARD MEETINGS HELD, DATES ON WHICH HELD**

During the Financial Year 2008 to 2009 (from 01.10.2008 to 30.09.2009) 9 Board meetings were held on 24.11.2008, 26.12.2008, 27.01.2009, 16.02.2009, 01.04.2009, 27.04.2009, 25.05.2009, 28.07.2009 and 05.08.2009.

### 3. AUDIT COMMITTEE

(I) Composition, name of members and Chairman

The Committee presently consists of 4 members viz, Mr.Ravikant Choudhary, Mr. A Damodaran, Mr.Dilip Surana and Mr. Harisharanlal Trivedi who are Non-executive Independent Directors of the Company. The Chairman of the Committee is Mr. Ravikant Choudhary.

(II) No. of meetings and attendance

There were six meetings held during the year 2008-09 (from 01.10.2008 to 30.09.2009) on 26.12.2008, 27.01.2009, 16.02.2009, 27.04.2009, 25.05.2009 and 28.07.2009. All six meetings were attended by the members except Mr. Harisharanlal Trivedi, who have attended only two meetings and Mr. Dilip Surana attended four meetings due to some unavoidable circumstances.

(III) Brief description of terms of reference:

The Committee's terms of reference, authority and powers are in conformity with the requirement of the Companies Act, 1956 and the Listing Agreement.

### 4. REMUNERATION COMMITTEE

The Company has not constituted Remuneration Committee as it is a non mandatory requirement.

The Remuneration Policy has been followed by the Company pursuant to Section 198, 269 & 309 of the Companies Act, 1956 and in compliance of limits laid down under Section I, Part II of Schedule XIII to the Companies Act, 1956. The details of remuneration paid to all the directors are given below:

• **Executive Directors (Managing/ Whole-time Directors)**

The remuneration of the Managing Director/ whole- time Directors include basic salary, allowance and perquisites as determined by the Board. The gross value of the fixed components of the remuneration, as explained above, paid to the whole time functional Directors, during the financial year 2008-09 is given below :

Name of the Directors	Salaries and Allowances	Other Benefits.
Mr. Kamal Lunawath Managing Director	Rs.75,000/- pm + 3% commission	Company Car.
Mr. Vimal Lunawath Whole time Director	Rs.75000/- pm	Company Car
Col. A.L Jayabhanu Whole time Director	Rs.75,000/- pm	Company Car

• **Non- Executive Directors**

The details of Professional fees / Sitting fees paid to non executive directors during the financial year 2008-09 are as under:

Name of the Director	Designation	Professional fees / Sitting fees paid (Rs.)	No. of equity shares of Rs.10/- each held
Mr. Bharat Jain	Director	6,60,000 #	11750
Mr. Ravikant M Choudhary	Director	26,000	—
Mr. Harisharanlal Trivedi	Director	4,000	—
Mr. A Damodaran	Director	18,000	—
Mr. Dilip Surana	Director	12,000	—

# Fees paid towards professional services rendered.

Notes: (i) There are no stock options and severance fees.  
(ii) No Notice period is specified for Directors resignation / termination.

### 5. SHARE TRANSFER AND SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE

The Committee presently consists of 3 members viz., Mr. Ravikant Choudhary, Mr. Kamal Lunawath and Mr. Harisharanlal Trivedi. The Chairman of the Committee is Mr. Ravikant Choudhary.

During the financial year (01.10.2008 to 30.09.2009), Four meetings of Share transfer and Shareholders./ Investors Grievance Committee were held on 15.10.2008, 14.02.2009, 30.04.2009 and 31.08.2009. All four meetings were attended by all members except Mr. Harisharanlal Trivedi, who have not attended any meeting due to some unavoidable circumstances.

- a) Mr. Kishore Kumar Sahoo, Company Secretary is the Compliance Officer w.e.f 21.10.2009.
- b) No. of shareholders' complaints received during the period 01-10-2008 to 30-09-2009 Nil
- c) No. of complaints not solved to the satisfaction of the Shareholders Nil
- d) No. of pending complaints as on 30.09.2009 Nil

**SUBSIDIARY COMPANIES**

The Company does not have any material non-listed Indian Subsidiary Company and hence it is not required to have an Independent Director of the Company on the Board of such Subsidiary Company. However the Company has four non listed Indian Subsidiary Company and compliance required under clause 49 (III) of the Listing Agreement has been duly complied with.

**6. GENERAL BODY MEETINGS**

a) Location and time where last three Annual General Meeting (AGMs) were held:

A.G.M	Date	Time	Venue
14th A.G.M	23.03.2007	10.00 A.M	"The Residency Towers' Sir Thyagaraya Road T Nagar, Chennai – 600017
15th AGM	28.03.2008	10.30 A.M	Days Inn, Deccan Plaza Door no.36, Royapettah High Road, Royapettah, Chennai-14.
16th AGM	20.03.2009	10.00 A.M	Arihant Escapade Devaraj Nagar 48, Okkium Thoraipakkam Chennai – 600097.

- b) Whether any special resolutions passed in the last AGM : No
- c) Whether any special Resolutions passed last year through postal ballot : No
- d) A Special resolution was passed at the Extra Ordinary General Meeting held on 22nd day of June, 2009 to obtain the approval of Shareholders for the preferential issue of 15,50,000 convertible warrants to persons forming part of Promoter Group and Body Corporate.
- e) No resolution was passed by postal ballot during last three financial year and nor any resolution is proposed to be conducted through postal ballot.

**7. DISCLOSURES**

- a) There are related party transactions i.e. transactions of the Company with its Key Management Personnel and their relatives, Subsidiary Companies, Partnership Firms, Joint Venture and Associates.

**Key Management Personnel**

1. Mr.Kamal Lunawath
2. Mr.Vimal Lunawath
3. Mr. A L Jayabhanu

**Relatives of above mentioned Key Management Personnel****Group / Associated entities**

1. Vaikunt Housing Ltd
2. Arihant Griha Ltd
3. Varenya Constructions Ltd
4. Transperent Heights Real Estate Ltd
5. Arihant Unitech Realty Projects Limited
6. Escapade Real Estate Private Limited
7. Arihant Hospitality (Chennai) Private Limited
8. North Town Estates Private Limited
9. Arihant Indo African Infra Developers and Builders Private Limited
10. Hills and Vales Real Estate Private Limited
11. Heirloom Real Estate Private Limited
12. Arihant Foundations
13. Arihant Foundations & Housing
14. Arihant Heirloom

**Summary of significant related parties transactions carried out in ordinary course of business are as under:**

Sl No.	Description	100% Subsidiaries	Associates Joint Ventures	Key management personnel	Entities, relatives of key management personnel and individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise and relatives of any such individual
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
1	Purchase Of Goods	Nil	Nil	Nil	Nil
2	Sale of Goods	Nil	Nil	Nil	Nil
3	Purchase of fixed assets	Nil	Nil	Nil	Nil
4	Sale of fixed assets	Nil	Nil	Nil	Nil
5	Rendering of Services	Nil	Nil	3821558.00	Nil
6	Receiving of Services	Nil	Nil	Nil	Nil
7	Agency arrangements	Nil	Nil	Nil	Nil
8	Leasing or Hire purchase arrangements	Nil	Nil	Nil	Nil
9	Transfer of Research & Development	Nil	Nil	Nil	Nil
10	Licence agreements	Nil	Nil	Nil	Nil
11	a) Funds received	Nil	22724968.00	83858729.60	5713373.00
	b) Funds granted	346769261.00	276031228.10	Nil	Nil
12	Guarantees & Collaterals received	135000000.00	250000000.00	Nil	Nil
13	Management contracts including for deputation of employees	Nil	Nil	Nil	Nil

a) The related party transactions are entered into based on consideration of various business exigencies such as legal requirement, synergy in operation and capital resources of subsidiaries and associates. All related party transactions are intended to further the business interest of the Company.

b) There were no instances of material non compliance and no penalties or strictures on the Company imposed by Stock Exchanges, SEBI or statutory authorities on any matter related to Capital Market during last three years / period.

c) Pursuant to requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct' for 'prevention of Insider Trading' (The Code). The code is applicable to all Directors

and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company. Mr. Kishore Kumar Sahoo, Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

d) The Company has complied with all the mandatory aspects of Corporate Governance and compliance of non mandatory requirements given as an annexure to this Report and Marked as Annexure- 2.

**8. MEANS OF COMMUNICATION**

- a) The Board of Directors of the Company takes on record the un-audited financial Results in the prescribed form within one month of the close of every quarter and announces the results to all the Listed Stock Exchanges soon after their approval in conformity with Clause 49 of the Listing Agreement.
- b) The quarterly financial results are also published in the news papers and details and date of publications are as under:

Quarter / Year Ended	Name of English daily and date of publication	Name of Regional daily and date of publication
30.09.2008 Audited results	NEWS TODAY 27.12.2008	Maalai Sudar (TAMIL) 27.12.2008
31.12.2008	NEWS TODAY 28.01.2009	Maalai Sudar (TAMIL) 28.01.2009
31.03.2009	NEWS TODAY 28.04.2009	Maalai Sudar (TAMIL) 28.04.2009
30.06.2009	The Financial Express 02.08.2009	Maalai Sudar (TAMIL) 29.07.2009

- c) The Quarterly un-audited financial results and audited Annual results are also posted on the Company's web site at: [www. arihantfoundations.com](http://www.arihantfoundations.com), investors section.
- d) No presentation is made to institutional investors or to the analyst.

**Management Discussion and Analysis Report** forms part of the Annual report for year 2008-09, given as Annexure I to the Director's Report 2008-09.

**9. GENERAL SHAREHOLDER INFORMATION**

- i. Number of Annual General Meeting : 17th Annual General Meeting

Date & Time : 26th March 2010, 10 a.m.

Venue : Arihant Escapade, Devaraj Nagar, No. 48, Okkium Thoraipakkam Village, Chennai - 600 097.

- ii. The particulars of Directors as required under Clause 49 IV (G) (i) of the Listing Agreement are as under:

Name of Directors	Date of Birth	Date of Appointment	Experience in specific functional areas	Qualifications	List of other Public Limited Companies in which Directorship held as on 30.09.09	Chairman/ member of the Committee of Board of other Public Ltd Companies on which he was a director as on 30.09.09	Shares held
Mr. A Damodaran	29.06.1936	12.06.1995	Town and Country Planning	B.E (Civil) M. SC. (Eng.)	Ind Bank Housing Ltd, Honorary Director	1	Nil
Mr. Dilip Surana	18.01.1966	30.12.2005	Industrial and Strategic management Corporate Planning	Commerce Graduate	Micro Labs Ltd., Managing Director	1	Nil
Mr. Harisharanlal Trivedi	10.02.1949	31.03.2005	Financing and Liaison	Law Graduate	Nil	Nil	Nil

- iii. Financial Calendar : October to September
- iv. Book Closure date : 19.03.2010 to 26.03.2010  
(both the days inclusive)
- v. Dividend Despatch Date : within a maximum of 30 days
- vi. Listing on Stock Exchanges : The Madras Stock Exchange Ltd  
"Exchange Building"  
30, Second Line Beach, Chennai-1  
Mail to :- mseed. @ md3.vsnl.net.in.

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400001  
Website:- www.bseindia.com

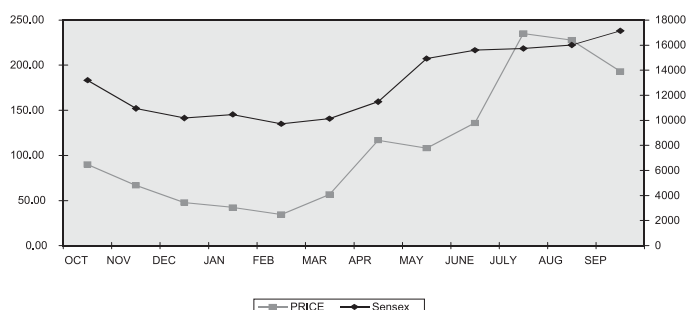
National Stock exchange of India Ltd.  
Exchange Plaza,  
Bandra Kurla Complex  
Bandra (E), Mumbai- 400051  
Website: www.nseindia.com

- vii. Stock code/ Symbol : 531381  
Bombay Stock Exchange Limited : Arihant Found  
Madras Stock Exchange Limited : AFD  
National Stock Exchange of India Ltd : ARIHANT  
ISIN for dematerialised shares : INE413D01011

- viii. Market price data – High/Low during each month of the financial year 2008-09 (from 01.10.2008 to 30.09.2009) and performance in comparison to Broad based BSE SENSEX index during the said financial year as downloaded from BSE website:

Month	Bombay Stock Exchange Ltd		BSE Sensex	
	High	Low	High	Low
October 2008	90.00	40.00	17142.52	15,356.72
November 2008	66.80	27.20	16,002.46	14,684.45
December 2008	47.95	22.00	15,732.81	13,219.99
January 2009	42.45	27.50	15,600.30	14,016.95
February 2009	34.45	26.05	14,930.54	11,621.30
March 2009	56.75	27.45	11,492.10	9,546.29
April 2009	116.90	54.00	10,127.09	8,047.17
May 2009	108.00	78.10	9,724.87	8,619.22
June 2009	136.05	89.15	10,469.72	8,631.60
July 2009	235.00	110.00	10,188.54	8,467.43
August 2009	227.75	163.50	10,945.41	8,316.39
September 2009	193.00	165.00	13,203.86	7,697.39

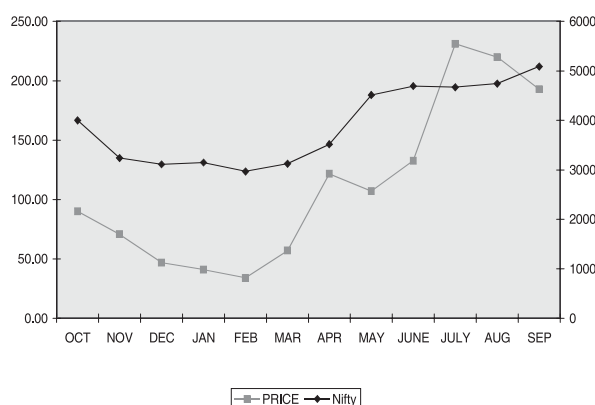
### Stock Performance of the Company in comparison with BSE Sensex for the Financial Year 2008- 09:



Market price data – High/Low during each month of the financial year 2008-09 (from 01.10.2008 to 30.09.2009) and performance in comparison to NSE Nifty index during the said financial year as downloaded from NSE website:

Month	National Stock Exchange of India		NSE Nifty Index	
	High	Low	High	Low
October 2008	92.70	40.75	4000.50	2252.75
November 2008	70.80	28.00	3240.55	2502.90
December 2008	46.85	22.80	3110.45	2570.70
January 2009	41.00	27.10	3147.20	2661.65
February 2009	34.00	27.00	2969.75	2677.55
March 2009	57.00	27.50	3123.35	2539.45
April 2009	121.60	55.00	3517.25	2965.70
May 2009	107.00	79.00	4509.40	3478.70
June 2009	132.75	93.95	4693.20	4143.25
July 2009	231.00	110.05	4669.75	3918.75
August 2009	220.00	162.10	4743.75	4353.45
September 2009	193.00	160.00	5087.60	4576.60

### Stock Performance of the Company in comparison with NSE Nifty for the Financial Year 2008- 09:





**ix. Registrar and Share transfer Agent:-**

Cameo Corporate Services Limited.  
Subramanian Building, No.1 Club House Road,  
Anna Salai, Chennai-2.  
Ph: 28460390.

M/s. Cameo Corporate Services Limited., Registrar and Share Transfer Agent, processes the share registry work in terms of both physical and electronic (Dematerialisation of shares). Accordingly, the shareholders are required to approach M/s. Cameo Corporate Services Limited. for all work relating to the Company's shares including transfer and transmission of shares, issue of duplicate share certificates, splitting, consolidation and replacement of share certificates as well as for dematerialization of shares held in the Company. The shareholders are also requested to send all correspondence relating to Company's shares to M/s. Cameo Corporate Services Limited.

**x. Share Transfer system**

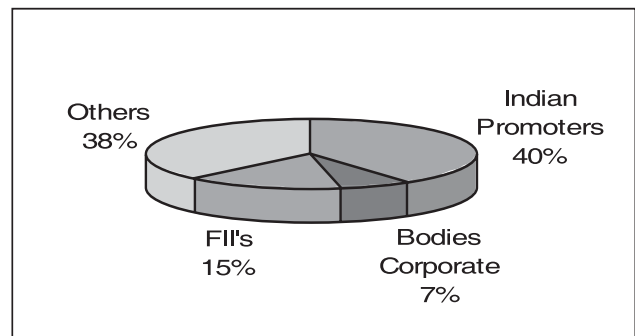
All valid transfer deeds received from the shareholders/ investors are registered with the approval of the share transfer and Shareholders/Investors Grievance Committee constituted by the Board of Directors of the Company and the share certificates after endorsement are generally returned by registered post within 30 days from date of lodgment of transfer deeds. The deficient transfer documents are returned to the sender with objection memos for making good the shortcomings.

**xi . Distribution of Shareholding as on 30.9.2009**

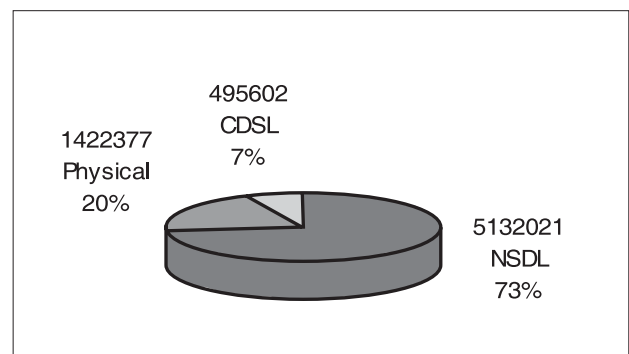
Range of Shares	No. of Share holders	%	No. of Shares	%
1 to 100	1287	63.9662	68870	0.9768
101 to 500	398	19.7813	107655	1.5270
501 to 1000	81	4.0258	65995	0.9360
1001 to 2000	65	3.2306	100740	1.4289
2001 to 3000	44	2.1868	112976	1.6024
3001 to 4000	16	0.7952	57214	0.8115
4001 to 5000	24	1.1928	116624	1.6542
5001 to 10000	35	1.7395	300346	4.2602
10001 and above	62	3.0815	6119580	86.8025
<b>Total</b>	<b>2012</b>	<b>100.0000</b>	<b>7050000</b>	<b>100.0000</b>

**xii. Shareholding pattern as on 30.9.2009.**

Sl. No.	Category	No. of Shares	% of Paid up Capital
1.	Indian Promoter's (including Person acting in concert).	28,16,700	39.95
2.	Bodies Corporate	4,95,883	07.03
3.	FII's	10,65,448	15.12
4.	Others	26,71,969	37.90
TOTAL		70,50,000	100.00

**xiii. Dematerialisation of Shares and liquidity.**

The dematerialisation facility exists with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the convenience of shareholders. As on 30.09.2009, 56,27,623 shares have been dematerialised, representing 79.83% of the Subscribed capital.

**Demat / Physical status of Shares (% to paid up capital) as on 30.09.2009**



## Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial 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 listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, *inter alia*, confirms that the total 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, CDSL and total number of shares in physical form.

### xiv. Outstanding GDR s / ADR s/ warrants or any convertible instruments, conversion date and likely impact on equity.

The Company had earlier allotted 10,00,000 convertible warrants to person forming part of Promoter group, body corporate and others on a preferential basis on 27th November, 2007 at a price of Rs.460/- (including premium of Rs.450/-). Out of the total 10,00,000 convertible warrants, 50000 warrants were converted into one equity share each at Rs.460/- by persons forming part of promoter group on 21st March, 2008. These additional 50,000 equity shares were listed with NSE & BSE on 03rd December, 2008 and 5th December, 2008 respectively. The cut off date for conversion of outstanding 9,50,000 convertible warrants was on or before 27th May, 2009. As no option for conversion was exercised on these warrants, the same stood lapsed as per provisions contained in Chapter XIII of SEBI (DIP) Guidelines in this regard. The entire up-front money (10% of the total exercise price for 9,50,000 convertible warrants) paid by the warrant holders to the above stated lapsed warrants amounting to Rs.437 lakhs was forfeited in terms of SEBI Guidelines in this regard and the same has been transferred to Reserve and Surplus during the financial year under consideration.

During the Financial Year 2008-09, the Company has allotted 15,50,000 convertible warrants on preferential basis to persons forming part of Promoter group and Body Corporate at a total exercise price of Rs.89/- (including premium of Rs.79/-). These warrants were allotted on 5th August, 2009. The cut-off date for conversion of these warrants in to fully paid up equity is 5th February, 2011. Upon conversion of 15,50,000 convertible warrants in to fully paid up equity, the equity base will be enhanced from 70,50,000 equity shares to 86,00,000 equity shares.

### xv. Plant Locations.

Since the nature of business of the Company is construction; the Company has sites and projects at various places in urban and sub-urban areas.

### xvi. Address for correspondence

For matters relating to Company's shares:

Cameo Corporate Services Limited.  
Subramanian Building, No.1 Club House Road,  
Anna Salai, Chennai-2. Ph: 28460390.

For other matters:

Registered office:  
271 (Old 182), Poonamallee High Road, "Ankur Manor"  
1st Floor, Off McNichols Road, Kilpauk, Chennai-10.  
Website:- [www.arihantfoundations.com](http://www.arihantfoundations.com)

Corporate Office:  
New No.3 (Old No.25), Ganapathy Colony, 3rd Street  
Off. Cenotaph Road, Teynampet, Chennai- 600018  
Email: [info@arihants.co.in](mailto:info@arihants.co.in) , [investors@arihants.co.in](mailto:investors@arihants.co.in)

### CODE OF CONDUCT

Effective from 31st December, 2005, the Company adopted formal code of conduct. The same has been posted on Company's website at [www.arihantfoundations.com](http://www.arihantfoundations.com). The members of the Board and senior management of the Company have submitted their affirmation to the compliance with the code of conduct for the effective period. The declaration by the Managing Director to that effect forms part of this report.

### CEO/ CFO CERTIFICATION

As required by Clause 49 of the listing agreement, the Certificate duly signed by Mr. Kamal Lunawath., Managing Director, was placed before the Board of Directors at its meeting held on 28th December, 2009.

### DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with Clause 49 sub clause (ID) of the Listing Agreement with Stock Exchanges, I hereby confirm that, all the Directors and Senior management Personnel of the Company have affirmed compliance to their respective codes of Conduct as applicable to them for the financial year ended 28.12.2009.

For **ARIHANT FOUNDATIONS & HOUSING LTD**  
Sd/-

(Kamal Lunawath)  
Managing Director

## ANNEXURE - 1

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry Structure & Development

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). Almost 5 per cent of the country's GDP is contributed to by the housing sector. In the next five years, this contribution to the GDP is expected to rise to 6 per cent. The IT and ITES sector alone is estimated to require 150 million sq ft of office space across urban India by 2010. Organised retail is also responsible for the growth in commercial office space requirement. The organised retail industry is likely to require an additional 220 million sq ft. by 2010. Moreover, growth is not restricted to a few towns and cities but is pan-India, covering nearly all tier-I and tier-II cities. Almost 80 per cent of real estate developed in India is residential space, the rest comprising of offices, shopping malls, hotels and hospitals. According to the Tenth Five-Year-Plan, there is a shortage of 22.4 million dwelling units. Thus, over the next 10 to 15 years, 80 to 90 million housing dwelling units will have to be constructed with a majority of them catering to middle and lower-income groups.

#### Opportunities

The Asian market has started showing signs of stability in the second quarter of 2009 but companies remain focused on reducing costs and tightening their real estate expenditure. Real estate developers in India are to get tax breaks if they complete projects by March 2012 as part of a major stimulus drive by the government to boost the country's recovering economy.

The real estate sector is also likely to get a boost from Real Estate Mutual Funds (REMFs) and Real Estate Investment Trusts (REITs). In fact, according to a CRISIL paper, the REITs would have the potential to hold at least 5 per cent share of the total global real estate market by 2012, the size of which would turn to US\$ 1,400 billion in the next 3 years.

#### Threats

High interest rates and the general economic slowdown have kept buyers away and funding from investors has dried up. Despite a cautious revival in demand for homes, the sales taking place now are not spread evenly despite prices falling by 40% from their peak for under-construction houses mainly in southern and northern India.

#### Outlook

Demand in the real estate market is expected to turn positive in 2010 due to improvement in affordability, steady economic growth and greater liquidity.

'Accelerated growth in the Indian economy, the recovery of the global economy, improved liquidity and an expected fall in interest rates are key factors that will signal demand revival in the residential segment. This segment is likely to see a much faster revival due to a strong underlying demand for housing and supply coming at attractive price points.

#### Risks and Concern

- Persistent demand-supply gap has led to spiraling property prices.
- Capital values risen by more than 100 per cent in all key markets.
- Oversupply expected in few product classes – IT SEZs, Luxury end residential.
- Rising interest rates may cause higher loan defaults in absence of REITs.
- REITs are a significant source of capital and liquidity for real estate industry globally.
- Absence of REITs in India has restricted retail investor participation and limited capital flows.
- Stamp duty rates are still high resulting in high transaction costs.
- Approvals required from multiple agencies, and time consuming and circuitous procedures leads to project delays and affects marketability of projects.

#### Financial performance with respect to operational performance

The year 2008-09 witnessed the deepest recession mainly on account of general slowdown of major economies of the

world. This has affected adversely all most all the industries. Lack of liquidity, higher interest rate, Poor funding from Banks and Financial Institutions to the real estate sectors were the adverse factors which had lowered down the sales substantially and also postponement of development of various projects. Working of the Company was also impacted due to these adverse factors. The Company's Total Income is Rs. 160 crores during the financial year 2008-09 as against Rs.220 crores in the previous year 2007-08. The Profit for the financial year is Rs. 2.8 crores compared to previous year profit of Rs.29 crores. Despite various difficulties, the Company was able to make a profit of Rs.2.8 crores. There are certain projects viz, residential apartments, Township in the pipeline which will entail good profits for the Company in future years.

#### **Internal Control System and their Adequacy**

The internal control systems are supplemented by periodic review by the Management. The Audit Committee of Directors also provides necessary guidance for internal control and checking mechanism and reviews the quarterly and annual accounts of the Company before they are submitted to the Board for their approval and adoption so as to ensure adequate internal control system.

#### **Human Resources**

Arihant is continuing to maintain a positive, cordial and healthy corporate and employee relationships.

#### **Cautionary Statement**

Statements in this Management Discussion and Analysis Report are based upon data available with the Company and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.

## **ANNEXURE 2**

### **Non -Mandatory Requirements**

Compliance of non- mandatory requirements

#### **(I) Non Executive Chairman:**

The Company has been maintaining executive Chairman. Hence this provision is not applicable.

#### **(II) Tenure of Independent Directors**

No Maximum tenure has been specifically determined for the Independent Directors

#### **(III) Remuneration Committee**

The Company has not constituted Remuneration Committee Reason: Remuneration is paid to Managing Director and Whole time Directors in compliance with Section I of Part II of Schedule XIII to the Companies Act, 1956. Since the approval of Remuneration Committee is not required, Remuneration Committee has not been constituted. Non Executive Directors are not entitled to any remuneration except sitting fees.

#### **(IV) Shareholders Rights:**

The company has published the quarterly un audited financial results and yearly audited financial results in English and regional language newspaper for circulation in the district in which registered office of the Company situated. The Company has also posted the same in the Company's website [www.arihantfoundations.com](http://www.arihantfoundations.com). Annual report containing Balance Sheet and Profit and Loss account is also sent to Individual shareholders of the Company.

#### **(V) Postal Ballot:**

There was no such transaction of business which fall under the purview of Section 192A of the Companies Act, 1956, which require passing of the resolution by postal ballot

#### **(VI) Audit Qualifications**

The Company always strives to present an unqualified financial statement. The remarks/ comments of the Auditors

on the financial statements, if any, has/ have been suitably clarified/ explained in the Notes to the Accounts/ Directors, Report.

**(VII) Training of Board Members**

The Board of Directors of the Company is continuously briefed, by the Managing Director of the Company with respect to developments and performance of the Company so as to update them and to seek their suggestions in the relevant areas.

**(VIII) Mechanism of Evaluation of Non Executive Directors**

The Board evaluates its Non- Executive Directors on the basis of their individual contribution towards achievement of goal of the Organization.

**(IX) Whistle Blower Policy**

The Company has not implemented whistle blower policy as it is a non mandatory requirement. However it has a policy for employees to have an open access to the respective functional heads, Head- HRD, Managing Director and other Key management personnel to report about violation of any law to the Managing Director

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Shareholders of Arihant Foundations & Housing Limited.

We have examined the compliance of conditions of Corporate Governance by Arihant Foundations & Housing Limited for the year ended on 30th September 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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.

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. We state that no investor complaints were pending for a period exceeding one month against the Company as certified by the Registrars and Share Transfer Agents of the Company based on the records maintained by them.

**For B. P Jain & Co.,**  
Chartered Accountants  
Devendra Kumar Bhandari  
Partner  
Membership no. 208862

Place: Chennai  
Date: 28.12.2009

## AUDITOR'S REPORT

### TO THE MEMBERS OF ARIHANT FOUNDATIONS AND HOUSING LIMITED

1. We have audited the attached balance sheet of **M/S Arihant Foundations and Housing Limited, Chennai** as at **30th September 2009**, the Profit and Loss Account for the year ended on that date 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 (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India under sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, 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 referred to in paragraph 3 above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. The Company does not have any branches. Hence Branch audit and Branch audit report is not applicable;
  - iii) The balance sheet and profit and loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account and the company has no branches;
  - iv) In our opinion, the balance sheet, and profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable **except AS-15 and AS-22.**
  - v) On the basis of written representations received from the directors, as on 30th September 2009, and taken on record by the Board of Directors, Wherever applicable we report that none of the directors is disqualified as on 30th September 2009 from being appointed as a director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the note thereon and the Schedules attached thereto, 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.
    - 1) in the case of Balance Sheet, of the state of affairs of the Company as at 30th September 2009 and
    - 2) in the case of Profit and Loss account, of the profit of the company for the year ended on that date.
    - 3) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

Sd/-

**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.208862

Place: **Chennai**  
Date : 28/12/2009



**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to Paragraph (3) of our report of even date)

On the basis of such checks we considered appropriate and according to the information and explanations given to us during the course of audit, we state that;

- (1) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. None of the assets have been revalued during the year.  
  
(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
  
(c) The company has not disposed of a substantial part of its fixed assets during the year so as to affect its going concern status.
- (2) (a) The Stock of construction materials have been physically verified at periodic intervals and no significant discrepancies have been noticed on such verification during the year.  
  
(b) The procedure of physical verification of stocks of building material, followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.  
  
(c) The company does not maintain stock records of raw materials. We are of the opinion that the valuation of the stock of building is as per normally accepted accounting principles. The company has not identified slow moving building materials separately.
- (3) (a) The Company has granted during the year loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956, and the details are as follows.  
(i) No. of Parties : (9)  
(ii) Amount involved in the transaction: Rs.60.36 Crore  
  
(b) The rate of interest and other terms and conditions of loans given by the company, secured and unsecured, are not prima facie prejudicial to the interest of the Company.  
  
(c) The receipt of the principal amount and interest are also regular from parties.  
  
(d) Where the overdue amount is more than Rs.1 lakh, reasonable steps have been taken by the company for recovery of principal and interest.
- (e) The company has taken loans secured or unsecured from the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and the details are as follows.  
(i) No of Parties : (10)  
(ii) Amount involved in the transaction: Rs.30.16 Crores
- (f) The rate of interest and other terms and conditions of loan taken by the Company, secured and unsecured are not prima facie, prejudicial to the interest of the company.
- (g) The payment of principal amount and the interest are also regular to the parties.
- (4) The company has an adequate internal control procedure commensurate with the size and the nature of the business for the purchase of stores and raw materials, plant and machinery equipment and other assets and for the sale of finished stock.
- (5) (a) In our opinion and according to the information and explanations given by the management, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.  
  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (6) The Company has accepted fixed deposits and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable, have been duly complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. However the company is yet to file annual return of deposits for the year 2009.
- (7) In our opinion, the company has an internal audit system commensurate with its size and nature of its business

(8) We are informed that the maintenance of Cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.

(9) According to the information and explanations given to us and records of the Company examined by us, in our opinion,

(a) The Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service tax, Wealth Tax, Investor Education and Protection Fund, Cess, VAT, and any other material statutory dues with the appropriate authorities during the year. Except in case of the following:

(i) The company has stopped collecting service tax from the receipt of Circular from 29/01/09.

(ii) According to the information and explanations given to us there are dues in respect of Income tax, which is as under.

Income tax A.Y.	Nature of Due	Amount	Pending before which authority
2004-05	Regular Regular	13,71,638 1,96,01,764	CIT Appeals Appellate Tribunal
2005-06	Regular Regular	53,23,956 1,13,75,018	CIT Appeals Appellate Tribunal
2006-07	Regular	9,20,226	CIT Appeals

(10) The Company has no accumulated losses as at September 30, 2009 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

(11) According to the records of the Company examined by us and the information and explanation given to us, The company has not defaulted in repayment of dues to any financial Institution or Bank or debenture holders as at the balance sheet date. (Except in case of HUDCO, where in the company is disputing the amount of interest payment / principal payment and rate of interest due to non release of NOC in favour of the prospective buyers vide Court case No. Q.A.No.78 of 2004. The Company has filed contempt of Court petition vide Petition 384/2004 against HUDCO for not following the order of High Court. HUDCO has filed a suit in the Debt Recovery Tribunal).

(12) According to the information and explanations given to us, The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(13) The provisions of any special Statute applicable to a chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

(14) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.

(15) In our opinion and according to the information and explanations given to us, the company has not given/extended corporate guarantee during the financial year.

(16) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have not been used for long term investments and vice versa.

(18) The Company has made allotment of convertible share warrants on preferential basis to the person forming part of Promoter Group and Body Corporate covered in the register maintained under section 301 of the Companies Act 1956, during the year.

(19) The company has not issued any secured debentures during the year accordingly, paragraph 4(xix) of the order is not applicable.

(20) The company has not raised any money by public issue during the year.

(21) No fraud on or by the company, have been noticed or reported during the year.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS  
Sd/-

**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.208862

Place: Chennai  
Date : 28/12/2009



**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**BALANCE SHEET AS AT 30TH SEPTEMBER 2009**

	SCHEDULE NO	AMOUNT AS ON 30.09.2009 (Rs.)		AMOUNT AS ON 30.09.2008 (Rs.)	
<b>I SOURCES OF FUNDS</b>					
<b>(1) SHARE HOLDER'S FUNDS</b>					
(A) SHARE CAPITAL	I	70500000.00		70500000.00	
(B) RESERVES & SURPLUS	II	1409408700.05		1354142686.40	
			<b>1479908700.05</b>		<b>1424642686.40</b>
<b>(2) LOAN FUNDS</b>					
(A) SECURED LOANS	III	545468954.86		715154299.24	
(B) UNSECURED LOANS	IV	453332853.60		468354981.87	
			<b>998801808.46</b>		<b>1183509281.11</b>
<b>TOTAL</b>			<b>2478710508.51</b>		<b>2608151967.51</b>
<b>II APPLICATION OF FUNDS</b>					
<b>(1) FIXED ASSETS</b>					
a) GROSS BLOCK	V	173879205.60		169035372.60	
Less: DEPRECIATION		26754369.69		22368370.93	
<b>Net Block</b>			<b>147124835.91</b>		<b>146667001.67</b>
<b>(2) INVESTMENTS</b>	VI		<b>60038023.00</b>		<b>21115923.00</b>
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>(i) CURRENT ASSETS</b>					
a) INVENTORIES	VII	606425423.85		1119272141.05	
b) SUNDRY DEBTORS	VIII	761519959.26		592121013.23	
c) CASH & BANK BALANCE	IX	37195362.42		27208641.90	
<b>(ii) LOANS &amp; ADVANCES</b>	X	1623734513.14		1214039097.87	
		<b>3028875258.67</b>		<b>2952640894.05</b>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
a) CURRENT LIABILITIES	XI	740173460.65		475441638.79	
b) PROVISIONS	XII	17205148.42		36906712.42	
		<b>757378609.07</b>	<b>2271496649.60</b>	<b>512348351.21</b>	<b>2440292542.85</b>
<b>(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF</b>	XIII		<b>51000.00</b>		<b>76500.00</b>
<b>TOTAL</b>			<b>2478710508.51</b>		<b>2608151967.51</b>
<b>Significant accounting policies and notes forming part of accounts</b>	XVIII				

As per our attached report of even date  
For **B.P. Jain & Co.**

**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

For and on behalf of board of directors  
For **Arihant Foundations & Housing Limited**

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**Kishore Kumar Sahoo**  
Company Secretary

CHENNAI  
28.12.2009

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30.9.2009**

	SCHEDULE NO	AMOUNT AS ON 30.09.2009 (Rs.)	AMOUNT AS ON 30.09.2008 (Rs.)
<b>I. INCOME</b>			
(A) INCOME FROM OPERATIONS	XIV	1497525765.60	2174518400.43
(B) OTHER INCOME		103939896.80	23257172.82
<b>TOTAL</b>		<b>1601465662.40</b>	<b>2197775573.25</b>
<b>II. EXPENDITURE</b>			
(A) CONSTRUCTION EXPENSES	XV	1435353142.08	1641731120.28
COST OF FIXED ASSET SOLD		--	27307306.00
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	XVI	61921200.17	114625122.98
(C) INTEREST AND FINANCE CHARGES	XVII	64742242.86	69707137.72
(D) DEPRECIATION		5885365.64	5596357.66
		<b>1567901950.75</b>	<b>1858967044.64</b>
PROFIT AFTER DEPRECIATION		<b>33563711.65</b>	338808528.62
PROVISION FOR TAXATION		<b>5735198.00</b>	46159000.00
<b>PROFIT AFTER TAX</b>		<b>27828513.65</b>	<b>292649528.62</b>
PROPOSED DIVIDEND		<b>7050000.00</b>	7050000.00
TRANSFERRED TO GENERAL RESERVE		<b>2782851.37</b>	29264952.86
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>17995662.29</b>	<b>256334575.76</b>
<b>Significant accounting policies and notes forming part of accounts</b>	XVIII		

As per our attached report of even date  
For **B.P. Jain & Co.**  
sd/-

**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

CHENNAI  
28.12.2009

For and on behalf of board of directors  
For **Arihant Foundations & Housing Limited**

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**Kishore Kumar Sahoo**  
Company Secretary

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (Rs.)		AMOUNT AS ON 30.09.2008 (Rs.)	
<b>SCHEDULE - I</b>				
<b>SHARE CAPITAL AUTHORISED</b>				
1,00,00,000 EQUITY SHARES OF RS.10/- EACH		<b>100000000.00</b>		100000000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
70,50,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	<b>70500000.00</b>		70500000.00	
		<b>70500000.00</b>		70500000.00
<b>SCHEDULE - II</b>				
<b>RESERVES &amp; SURPLUS</b>				
BALANCE AS PER LAST BALANCE SHEET				
GENERAL RESERVE	<b>85525900.61</b>		56260947.75	
ADD : ADDITIONS DURING THE YEAR	<b>2782851.37</b>		29264952.86	
		<b>88308751.98</b>		85525900.61
PROFIT & LOSS ACCOUNT BALANCE	<b>820416785.79</b>		564082210.03	
ADD : ADDITIONS DURING THE YEAR	<b>17995662.29</b>		256334575.76	
		<b>838412448.08</b>		820416785.79
SECURITY PREMIUM OPENING BALANCE	<b>404500000.00</b>		382000000.00	
ADDITION DURING THE YEAR	--		22500000.00	
		<b>404500000.00</b>		404500000.00
1550000 CONVERTIBLE WARRANTS OF RS. 89/- EACH (RS.22.25 PAID UP)		<b>34487500.00</b>		--
950000 CONVERTIBLE WARRANTS PAID RS. 46/- PER WARRANT		--		43700000.00
TRANSFER OUT OF AMOUNT COLLECTED ON FORFEITED SHARE WARRANTS		<b>43700000.00</b>		--
		<b>1409408700.06</b>		1354142686.40
<b>SCHEDULE - III</b>				
<b>SECURED LOAN</b>				
BANKS	<b>132916713.65</b>		388700228.30	
OTHERS	<b>383004627.21</b>		295724050.94	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relevant projects and directors personal guarantee)	<b>29547614.00</b>		30730020.00	
		<b>545468954.86</b>		715154299.24
<b>SCHEDULE - IV</b>				
<b>UNSECURED LOANS</b>				
(A) FIXED DEPOSITS	<b>6093410.00</b>		7543410.00	
(B) DIRECTORS	<b>83858729.60</b>		32360075.87	
(C) INTERCORPORATE DEPOSITS	<b>116907853.00</b>		392954735.00	
(D) UNSECURED LOANS - OTHERS	<b>246472861.00</b>		35496761.00	
		<b>453332853.60</b>		468354981.87

SCHEDULE - V FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	BALANCE AS ON 01.10.08	ADDITIONS DURING 01.10.08 to 30.09.09	DELETIONS DURING 01.10.08 to 30.09.09	BALANCE AS AT 30.09.09	BALANCE AS ON 01.10.08	FOR THE PERIOD 01.10.08 to 30.09.09	DELETIONS DURING 01.10.08 to 30.09.09	TOTAL AS ON 30.09.09	AS ON 30.09.2008	AS ON 30.09.2009
LAND	17931721.00	--	--	17931721.00	--	--	--	--	17931721.00	17931721.00
BUILDINGS	96557477.00	--	--	96557477.00	7471929.87	1569626.50	--	9041556.37	89085547.13	87515920.63
VEHICLES	15664489.63	8292589.00	3810241.00	20146837.63	4031104.40	1770961.69	1499366.88	4302699.21	11633385.23	15844138.42
PLANT & MACHINERY	17825970.97	133993.00	--	17959963.97	5333885.43	1230920.86	--	6564806.29	12492085.54	11395157.68
FURNITURE & FIXTURES	20989445.00	227492.00	--	21216937.00	5465182.23	1313856.59	--	6779038.82	15524262.77	14437898.18
BOOKS	66269.00	--	--	66269.00	66269.00	--	--	66269.00	--	--
<b>TOTAL</b>	<b>169035372.60</b>	<b>8654074.00</b>	<b>3810241.00</b>	<b>173879205.60</b>	<b>22368370.93</b>	<b>5885365.64</b>	<b>1499366.88</b>	<b>26754369.69</b>	<b>146667001.67</b>	<b>147124835.91</b>

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

SCHEDULE - VI	AMOUNT AS ON 30.09.2009 (Rs.)		AMOUNT AS ON 30.09.2008 (Rs.)	
<b>INVESTMENTS</b>				
<b>LONG TERM INVESTMENTS</b>				
<b>TRADE INVESTMENTS</b>				
<b>SHARES IN COMPANIES - UNQUOTED</b>				
(i) <b>Arihant Unitech Reality Projects Ltd.</b> (500000 Equity Shares of Rs.10 each fully PaidUp)	<b>5000000.00</b>		5000000.00	
(ii) <b>Escapade Real Estate Pvt. Ltd</b> (1100000 Equity Shares of Rs.10/- each fully paid up)	<b>11000000.00</b>		11000000.00	
(iii) <b>Arihant Indo African Infra Developers &amp; Builders Pvt. Ltd.</b> (203274 Equity shares of Rs. 10/- each fully Paid up)	<b>2032740.00</b>		2032740.00	
(iv) <b>Heirloom Real Estate Pvt. Ltd.</b> (2500 Equity shares of Rs. 10/- each fully Paid up)	<b>25000.00</b>		--	
(v) <b>Hills &amp; Vales Real Estate Pvt. Ltd</b> (2500 Equity shares of Rs. 10/- each fully Paid up)	<b>25000.00</b>		--	
(vi) <b>North Town Estates Pvt. Ltd.</b> (25000 Equity shares of Rs. 10/- each fully Paid up)	<b>250000.00</b>		--	
<b>WHOLLY OWNED SUBSIDIARY COMPANIES</b>				
<b>INVESTMENTS IN SUBSIDIARY COMPANIES</b>				
<b>ARIHANT GRIHA LTD.</b> (50000 Equity shares of Rs. 10/- each fully Paid)	<b>500000.00</b>		500000.00	
<b>VARENYA CONSTRUCTIONS LTD.</b> (50000 Equity Shares of Rs. 10/- each fully paid)	<b>500000.00</b>		500000.00	
<b>TRANSPARENT HEIGHTS REAL ESTATE LTD.</b> (50000 Equity shares of Rs. 10/- each fully paid)	<b>500000.00</b>		500000.00	
<b>VAIKUNT HOUSING LTD.</b> (500000 Equity shares of Rs. 1/- each fully Paid)	<b>500000.00</b>		500000.00	
<b>DEBENTURES</b>				
<b>ARIHANT INDO AFRICAN INFRA DEVELOPERS &amp; BUILDERS PVT. LTD</b> (13%, 386221 Optionally Redeemable convertible debentures of Rs. 100/- each)	<b>38622100.00</b>			
<b>QUOTED (FULLY PAID AT COST)</b>				
Happy Homes Profin Ltd. (44800 equity shares of Rs. 10/- each Fully Paid Up)	<b>1.00</b>		1.00	
Indotech Transformers Ltd. (1391 equity shares of Rs. 130/- each Fully Paid up) (Market Value Rs. 432948.75)	<b>180830.00</b>		180830.00	
Tata Consultancy Services Ltd (3600 equity shares of Rs. 1/- each fully paid up) (Market Value Rs. 2235600)	<b>902352.00</b>		902352.00	
		<b>60038023.00</b>		<b>21115923.00</b>
Aggregate Amount of Quoted Investment		<b>1083183.00</b>		1083183.00
Un-Quoted Investment		<b>58954840.00</b>		20032740.00

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (Rs.)		AMOUNT AS ON 30.09.2008 (Rs.)	
<b>SCHEDULE VII</b> <b>INVENTORIES &amp; WORK IN PROGRESS</b> (At cost taken, valued and certified by the management ) STOCK OF CONSTRUCTION RAW MATERIAL FINISHED STOCK WORK IN PROGRESS	2527642.00 304486917.93 299410863.92	606425423.85	2388849.00 246583629.46 870299662.59	1119272141.05
<b>SCHEDULE VIII</b> <b>SUNDRY DEBTORS</b> (UNSECURED & CONSIDERED GOOD) DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS LESS THAN SIX MONTHS	304122530.84 457397428.42	761519959.26	91314824.83 500806188.40	592121013.23
<b>SCHEDULE IX</b> <b>CASH &amp; BANK BALANCE</b> (A) CASH BALANCE ON HAND (B) BALANCE WITH SCHEDULED BANKS (C) FIXED DEPOSITS WITH SCHEDULED BANK	5620456.63 20347916.85 11226988.94	37195362.42	5761776.45 13265494.45 8181371.00	27208641.90
<b>SCHEDULE X</b> <b>LOANS &amp; ADVANCES</b> UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND  (A) SECURITY DEPOSITS (B) ADVANCE FOR EXP./CONTRACTORS (C) OTHER DEPOSITS (D) PREPAID EXPENSES (E) ADVANCE FOR PURCHASE OF LAND (F) ADVANCE TAX	531916525.18 750072577.69 290237712.27 205569.00 25451565.00 25850564.00	1623734513.14	32169684.18 609318879.17 462320135.52 988834.00 59041565.00 50200000.00	1214039097.87
<b>SCHEDULE XI</b> <b>CURRENT LIABILITIES</b> (A) ADVANCE FROM CUSTOMERS & PROJECTS (B) BANK OVERDRAFT C.C. A/C (C) OUTSTANDING LIABILITIES (D) RENTAL DEPOSITS (E) SUNDRY CREDITORS FOR SUPPLIERS (F) INVESTOR EDUCATION PROTECTION FUND (G) OTHER LIABILITIES	167818528.98 -- 497658691.18 24507438.00 42790747.49 55010.00 7343045.00	740173460.65	64940015.07 698076.46 348316968.85 24507438.00 29634474.41 101621.00 7243045.00	475441638.79

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (Rs.)		AMOUNT AS ON 30.09.2008 (Rs.)	
<b>SCHEDULE - XII</b>				
<b>PROVISIONS</b>				
(A) PROVISION FOR TAXATION	8933346.73		28697584.73	
(B) PROVISION FOR DIVIDEND	8271801.69		8209127.69	
		17205148.42		36906712.42
<b>SCHEDULE - XIII</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(A) PRELIMINARY EXPENSES	36500.00		42000.00	
(B) DEFERRED REVENUE EXP	40000.00		60000.00	
	76500.00		102000.00	
LESS: WRITTEN OFF	25500.00		25500.00	
		51000.00		76500.00
<b>SCHEDULE - XIV</b>				
<b>INCOME FROM OPERATION</b>				
(A) SALES	891100341.75		1018183983.38	
(B) RENTAL RECEIPTS	--		37062276.00	
(C) CLOSING STOCK	2527642.00		2388849.00	
(D) FINISHED GOODS	304486917.93		246583629.46	
(E) WORK IN PROGRESS	299410863.92		870299662.59	
		1497525765.60		2174518400.43
<b>SCHEDULE - XV</b>				
(a) MATERIAL	226591272.20		296531502.60	
(b) LABOUR & SUB CONTRACT EXP.	163211394.54		167040477.00	
(c) OTHER EXPENSES	792943078.76		921149208.53	
		1182745745.46		1384721188.13
(B) LAND		252607396.62		257009932.15
		1435353142.08		1641731120.28



**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON		AMOUNT AS ON	
	30.09.2009 (Rs.)		30.09.2008 (Rs.)	
<b>SCHEDULE - XVI</b>				
<b>ADMINISTRATIVE AND ESTABLISHMENT EXPENSES</b>				
<b>A. ADMINISTRATIVE EXPENSES</b>				
AUDIT FEES	337080.00		337080.00	
BANK CHARGES	93624.17		277708.43	
DIRECTORS REMUNERATION	3821558.00		12925203.92	
DONATION	674195.00		896026.00	
ELECTRICITY CHARGES	445488.00		647299.00	
FILING, LEGAL & OTHER FEES	4349331.00		9143105.00	
MISCELLANEOUS EXPENSES	6590453.50		10450870.02	
INSURANCE	468980.00		127978.00	
OFFICE MAINTENANCE	214141.00		868036.50	
LOSS ON SALE OF ASSETS	570874.12		--	
PRINTING & STATIONERY	640893.00		1333212.00	
RENT	11582912.00		23255631.00	
REPAIRS & MAINTENANCE OF BUILDING	20977813.23		35512146.06	
SHARE REGISTRAR EXPENSES	32505.00		45824.00	
STAFF SALARY	4379179.00		5320617.00	
STAFF WELFARE	233568.50		456594.00	
SUBSCRIPTION & PERIODICALS	16886.00		32179.00	
TELEPHONE & POSTAGE	930106.65		1210633.05	
TRAVELLING, CONVEYANCE & FUEL	4019266.00		5195236.00	
		<b>60378854.17</b>		<b>108035378.98</b>
<b>B. SALES PROMOTION</b>				
ADVERTISEMENT EXPENSES	601569.00		3288381.00	
BUSINESS PROMOTION	915277.00		3275863.00	
		<b>1516846.00</b>		<b>6564244.00</b>
<b>C. DEFERED REVENUE EXPENDITURE</b>		<b>20000.00</b>		<b>20000.00</b>
<b>D. PRE-OPERATIVE EXPENSES</b>		<b>5500.00</b>		<b>5500.00</b>
		<b>61921200.17</b>		<b>114625122.98</b>
<b>SCHEDULE XVII</b>				
<b>INTEREST &amp; FINANCIAL CHARGES</b>				
INTEREST	64742242.86		69707137.72	
		<b>64742242.86</b>		<b>69707137.72</b>

**SCHEDULE - XVIII**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions except AS-15 and AS-22.

b) Accounting policies not specially referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles prescribed by the Institute of Chartered Accountants of India.

**2. FIXED ASSETS AND DEPRECIATION**

a) The fixed Assets are stated at cost of acquisition less depreciation, cost includes all the related expenses incurred upto the date the Asset is put to use.

b) Depreciation on Fixed Assets is provided on straight line method as per rate and in the manner prescribed in schedule XIV of the Companies Act, 1956. The depreciation has been provided at 100% on the Assets purchased during the year the cost of which is less than Rs.5000/-.

c) Fixed Assets acquired under hire purchase agreement are recorded at their cash values and finance charges thereon related to period are charged to revenue account. The Vendors have lien over these Assets.

**3. RECOGNITION OF INCOME**

The revenue is recognized on the "Percentage of Completion Method" of accounting of projects subject to percentage of confirmation of sales relating to each project.

**4. SUNDRY DEBTORS**

Represents value of sales less amount received

**5. VALUATION OF INVENTORIES**

(a) Work in Progress

Work in progress comprises direct cost of project and valued at cost less cost of sales. Sizeable interest free deposits paid to land owners have been treated as part of project cost.

(b) Finished stock

Finished stock consists of unsold stock in trade at the end of the financial year.

**6. INVESTMENTS**

The Long Term Investments are carried at cost. The decline other than temporary, will be reduced from carrying amount to recognize decline.

**7. EMPLOYEE BENEFITS**

a) Provident Fund Plan

The company does not fall with in the purview of Provident Fund Act.

b) Employees State Insurance/ Pension fund scheme:

The company does not fall with in the purview of Employees State Insurance/Pension fund scheme.

c) Defined Gratuity obligation:

Provision for Gratuity liability has not been made for the year as per the provisions of gratuity Act. The gratuity will be accounted as and when paid.

**8. TAXES ON INCOME**

The provision is made for taxation on proportionate period basis for the year ended 30.09.2009.

**9. FRINGE BENEFIT TAX**

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred upto 31.03.2009.

**10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

i) Sales Tax liability, if any on works contract carried out by the company is considered by management as not material but if any liability arises it will be recovered from customers.

ii) Service Tax Liability : The company has stopped collection of service tax on residential flats after issue of circular no. 108/02/2009 dated 29.01.2009 by CBEC. Any liability in respect of service tax if arises, the same will be recovered from the customers.

iii) Chennai Metropolitan Development Authority : The Company has built all properties in accordance to plan except minor deviations which are within permissible limits.

iv) Contingent assets are neither recognized, nor disclosed.

#### 11. BORROWING COST

As the company has borrowed funds for the projects, interest has been accordingly charged to respective projects for which borrowing was made

#### B. NOTES FORMING PART OF ACCOUNTS

##### 1. ISSUE OF SHARE WARRANTS

During the year, the company has issued and allotted 15,50,000 share warrants at Rs.89/- per share warrant (Including premium of Rs.79/-) to persons forming part of promoter group and body corporate.

#### 2. FORFEITURE OF SHARE WARRANTS

During the year, the company has forfeited 950000 convertible warrants @ Rs. 46/- (being 10% of total exercise price) amounting to Rs. 4.37 crores which was allotted on 27.11.2007, due to non exercise of option of conversion in to equity by the holder of warrants within the stipulated time.

#### 3. LIABILITIES AND ASSETS

Sundry Debtors, Sundry Creditors and Loans & advances are subject to confirmation.

#### 4. REMUNERATION TO AUDITORS

	<u>30.09.2009</u> ( Rs.)	<u>30.9.2008</u> ( Rs.)
Statutory Auditors		
i) Audit Fees		
As Auditors	1,68,540	1,68,540
ii) In other capacity		
Tax audit fees	1,12,360	1,12,360
Income Tax representation	56,180	56,180

#### 5. DIRECTORS REMUNERATION

(12 Months)  
(Rs. in Lakhs)

	Calculation of Net Profit for the purpose of Commission to Managing Director
Managing Director's remuneration (including Dearness and all other allowances)	16014.65
9.00	
Commission to Managing Director (3% of the Net Profit)	14353.53
11.22	
Other's Director's remuneration	1287.27
18.00	
Total	373.85
38.22	
	Net Profit for Calculation of Commission
	Commission @3% Rounded to
	11.22

**6. REPORT ON JOINT VENTURE & ASSOCIATES**

Name of Joint Venture and Associate	Purpose	Nature of Concern
1) Arihant Unitech Realty Projects Limited	Development of Residential Township	<b>Equity Participation 50:50</b> Investment in Equity Rs.50,00,000
2) Escapade Real Estate Private Limited	Development of Residential Township of 45 acres.	<b>Equity Participation 50:50</b> Investment in equity Rs.1,10,00,000
3) Arihant Indo African Infra developers and Builders Pvt Ltd	Development of Residential and Commercial Complexes	<b>Equity participation (26%)</b> i) Investment in Equity Rs. 20,32,740 ii)Optionally Redeemable Convertible Debentures. Rs.3,86,22,100
4) North Town Estates Private Limited	Development of Township	Details of Joint Venture: JV Partners: Stake on Gross receipts  Land Owner PVP Venture Ltd (Formerly SSI Ltd), 43%  Developer Unitech Limited, Arihant Foundations & Housing Ltd. 57%
5) Arihant Foundations, Partnership Firm	Residential Apartment	4%
6) Arihant Foundations & Housing, Partnership Firm	Residential Apartments	3%
7) Arihant Heirloom. Partnership Firm	Residential Apartment	49.39%

**7. UNCLAIMED DIVIDEND**

Financial Year	Date of Payment	Unpaid Dividend amount.(Rs.)	Due date for transfer to IEPF.
2002-03	15-04-2004	60,760.00	14-05-2011
2004-05	13-04-2006	1,10,565.20	12-04-2013
2005-06	28-03-2007	91,668.00	27-04-2014
2006-07	25-04-2008	1,94,344.00	25-05-2015
2007-08	30-03-2009	66,042.00	30-04-2016

There are no amounts due and outstanding to be credited to investor Education & Protection Fund as at 30th September 2009.

## 8. EARNINGS PER SHARE

### I) Basic Earnings Per Share

	<u>30.09.2009</u>	<u>30.9.2008</u>
a) Weighted average number of shares considered for calculation (In Lakhs)	70.50	70.50
b) Net profit after tax (In Lakhs)	278.29	2928.06
<b>c) Basic Earnings per Share (b/a) (Rs)</b>	<b>3.95</b>	<b>41.67</b>
d) Face Value per Share (Rs)	10.00	10.00

### II) Diluted Earnings Per Share

	<u>30.09.2009</u>	<u>30.9.2008</u>
a) Weighted average number of shares considered for calculation (In Lakhs)	70.50	80.00
b) Net profit after tax (In Lakhs)	278.29	2928.06
<b>c) Diluted Earnings per Share (b/a)(Rs)</b>	<b>3.95</b>	<b>36.60</b>
d) Face value per Share (Rs)	10.00	10.00

## 9. QUANTITATIVE INFORMATION

The provisions of clause 3(ii) of Schedule VI of part II of Companies Act, 1956, The Nature of the business in respect of property development activity carried on by the company, the furnishing of quantitative details relating to consumption / stock of building materials is not feasible.

## 10. DISCLOSURE AS PER CLAUSE 13.5A OF CHAPTER XIII OF SEBI (DIP) GUIDELINES

Utilisation of funds received by the Company through issue (by private placement basis) of share warrants:

During the financial year, the Company has issued 15,50,000 convertible warrants by way of private placement basis to Persons forming part of Promoter group and Body Corporate. The Convertible warrants were issued at a total exercise price of Rs.89/- (including premium of Rs.79/-). The said warrants were allotted on 05.08.2009 and amount of Rs.3,44,87,500/- (25% of the total exercise price @ Rs.22.25) received by the Company. The total fund amount of Rs.3,44,87,500/- has been utilised in Company's Project.

11. Previous years figures have been regrouped wherever necessary in balance sheet.

## 12. SCHEDULE TO ACCOUNTS

Schedule I to XVIII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

**CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2009**

	Rs.	Rs.
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items		33563711.65
Add: Adjustments for :		
Depreciation	5885365.64	
Loss on Sale of Fixed Assets	570874.12	
Miscellaneous Expenditure Writtenoff	25500.00	
Interest and Finance Charges	<u>64742242.86</u>	<u>71223982.62</u>
Operating Profit Before Working Capital Changes		104787694.27
Add: Adjustments for Working Capital Changes		
Increase In Trade and Other Receivables	(579094361.30)	
Decrease in Inventories	512846717.20	
Increase in Current Liabilities	<u>264731821.86</u>	<u>198484177.76</u>
<b>Cash from Operations before Extraordinary items</b>		<b>303271872.03</b>
Less : Income Tax Paid		<u>25083002.00</u>
<b>Cash from Operations before Extraordinary items Extraordinary items</b>		<b>278188870.03</b>
<b>Cash Flow from Operating Activities</b>		<b>278188870.03</b>
<b>B. CASHFLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(8654074.00)	
Sale of Fixed Assets	1323566.00	
Investment in the Shares & Debentures	<u>(38922100.00)</u>	
<b>Net Cash used in Investing Activities</b>		<b>(46252608.00)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Loans taken	(184707472.65)	
Proceeds from Issue of convertible Warrants	34487500.00	
Dividend paid	(6987326.00)	
Interest & Finance Charges	<u>(64742242.86)</u>	
<b>Net Cash From Financing Activities</b>		<b>(221949541.51)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>9986720.52</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>27208641.90</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>		<b>37195362.42</b>

For and on behalf of board of directors  
For **ARIHANT FOUNDATIONS & HOUSING LIMITED**

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Whole Time Director

sd/-  
**Kishore Kumar Sahoo**  
Company Secretary

Chennai  
28.12.2009

**AUDITOR'S CERTIFICATE**

We have examined the above cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September 2009. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with stock exchanges and is based on and in agreement with corresponding profit & loss account and Balance Sheet of the Company covered by our report of December 28, 2009 to the members of the Company

As per our report of even date  
for **B.P. Jain & Co.**

**Chartered Accountants**

sd/-

**Devendra Kumar Bhandari**

Partner

Membership No.: 208862

Date : 28.12.2009  
Place : Chennai

**ADDITIONAL INFORMATION AS REQUIRED UNDER  
PART IV SCHEDULE VI TO THE COMPANIES ACT, 1956**

Balance Sheet Abstract and company's General Business Profile

(Rs. in thousands)

I. Registration Details

Registration No.                      2 2 2 9 9

State Code             1 8

Balance Sheet Date                      3 0 . 0 9 . 2 0 0 9

II. Capital raised during this year (Rupees in thousands)

Public Issue

Rights Issue

N I L

N I L

Bonus Issue

Private Placement

N I L

3 4 4 8 7

III. Position of Mobilisation and Deployment of funds (Rupees in thousands)

Total Liabilities

Total Assets

2 4 7 8 7 1 1

2 4 7 8 7 1 1

Source of Funds

Paid up Capital

Reserves & Surplus

7 0 5 0 0

1 4 0 9 4 0 9

Secured Loan

Unsecured Loan

5 4 5 4 6 9

4 5 3 3 3 3

Application of Funds

Net Fixed Assets

Investments

1 4 7 1 2 5

6 0 0 3 8

Net Current Assets

Miscellaneous Exp.

2 2 7 1 4 9 7

5 1

Accumulated Losses

N I L

IV. Performance of the Company (Rupees in thousands)

Turnover

Total Expenditure

1 6 0 1 4 6 6

1 5 6 7 9 0 2

Profit Before Tax

Profit After Tax

3 3 5 6 4

2 7 8 2 9

Earnings Per Share (Rs.)

Divident Rates (%)

3 . 9 5

1 0

v. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No.

N I L

**Product Description**

1. Development of Property and Construction of Commercial Complex and Residential Flats.



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES**

S No.	Name of Subsidiary Company	Financial Year of the Subsidiary Company ended on	Interest of the Company in the Subsidiary Companies at the end of their respective financial years		Net aggregate of Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of Arihant Foundations & Housing Limited which are			
			Share holding (No. of shares)	Extent of holding(%)	Dealt with in the accounts of the Company amounted to (Rupees in Lacs)		Not dealt with in the accounts of the Company amounted to	
					For subsidiary's financial year ended	For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited	For subsidiary's financial year ended	For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited
1.	Varenya Constructions Limited	31.03.2009	50000	100%	Nil	Nil	(-) 4.03	(-)7.77
2.	Transperent Heights Real Estate Limited	31.03.2009	50000	100%	Nil	Nil	(-) 17.68	(-)18.39
3.	Arihant Griha Limited	31.03.2009	50000	100%	Nil	Nil	(-) 5.43	(-)5.20
4.	Vaikunt Housing Ltd	31.03.2009	500000	100%	Nil	Nil	(-) 1.91	(-)22.58

For and on behalf of the Board of Directors  
For **Arihant Foundations & Housing Limited**

**Sd/-**  
**Kamal Lunawath**  
**Managing Director**

**Sd/-**  
**Vimal Lunawath**  
**Director**

**Sd/-**  
**Kishore Kumar Sahoo**  
**Company Secretary**

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**VARENYA CONSTRUCTIONS LIMITED**

Regd Office: No.3, Ganapathy Colony, 3<sup>rd</sup> Street, Off  
Cenotaph Road, Teynampet, Chennai- 600018

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**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 3<sup>rd</sup> Annual Report to the Shareholders together with the Audited Accounts for the period ended 31<sup>st</sup> March, 2009.

**FINANCIAL**

For the financial year end 31.03.2009, your Company has incurred a net loss of Rs.4,03,297/-.

**DIVIDEND**

Your Directors have not recommended any dividend for the period ended 31.03.2009.

**DIRECTORS**

There is no change in the Directorship during the period. Mr. Kamal Lunawath, Mr. Vimal Lunawath and Mr. Abhishek Chandak, first Directors are continuing as Directors of the Company.

**STATUTORY AUDITORS**

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 3<sup>rd</sup> Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 3<sup>rd</sup> Annual General Meeting till the conclusion of next Annual General Meeting.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN -EXCHANGE EARNINGS AND OUTGO.**

There were no particulars to be furnished in this Report as required under Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption. There were no earnings in foreign currency during the year and also there were no expenditure in foreign currency.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

The Company has no employee of the category mentioned in sub-section (2A) of Section 217 of the Companies Act 1956.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;

ii. The Directors have 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 affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

iii. Proper and sufficient care have been taken to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

iv. The annual accounts have been prepared on a going concern basis.

**ANNEXURE TO DIRECTOR'S REPORT**

Board of Directors explanation for the observations made in the auditors report pursuant to provision of Sec 217 (3) of the Companies Act, 1956.

- i) To point no. 3 (iv), The Company has not made provision in accordance to AS- 15 as it is being disallowed as per Income Tax Act, 1961. Gratuity is not accrued as per the Accounting Standard. However as per the Company's Policy, the gratuity will be paid as and when it falls due.
- ii) Deferred Tax is not recognised in consideration of prudence.

For and on behalf of the Board of Directors  
**VARENYA CONSTRUCTIONS LIMITED**

Sd/-  
(Kamal Lunawath)  
Director

Sd/-  
(Vimal Lunawath)  
Director

Date: 20.08.2009  
Place: Chennai

## **AUDITOR'S REPORT**

**To**  
**The Members of Varenya Constructions Limited.**

1. We have audited the attached balance sheet of **M/s Varenya Constructions Limited** ("the Company") as at **31<sup>st</sup> March 2009**, the profit and loss account of the Company 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 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, 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.

Further to our comments above, we report that:

- i) 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;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable **except AS-15 and AS-22.**

v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:

(a) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009; and

(b) in the case of the profit and loss account, of the loss of the Company for the year ended 31<sup>st</sup> March 2009.

(c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

**For B.P.JAIN & CO.**  
**CHARTERED ACCOUNTANTS**

**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

Place: Chennai  
Date: 20.08.2009

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## Annexure

### Re: M/S VARENYA CONSTRUCTIONS LIMITED

#### Referred to in paragraph 3 of our report of even date,

(i) a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. None of the assets have been revalued during the year.

b) During the year, the company has not disposed off any part of the fixed assets, as such there is no affect on the going concern status of the company.

c) No substantial part of the fixed assets have been disposed during the year.

(ii) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.

(iii) (a) The Company has granted loan or advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.No of parties are one. Amount involved Rs.7,71,000

(b) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company.

(c) During the year, in respect of the aforesaid loans or advance, there has been no recovery towards principal, In the absence of any terms, we are unable to comment on the regularity of recovery of principal amount.

(e) The company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.No of parties are two and amount involved Rs.2,91,063/-

(f) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;

(g) The company is regular in repaying the principal amount as stipulated.

(iv) In our opinion and according to the information and explanations given to us,the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.

(v) (a) In our opinion and according to the information and explanations given by the management, contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.

(vii) The Company's Authorized and paid up capital is less than Rs.50 Lacs and the average turnover is less than Rs.5 crores, the company is not necessary to have an Internal Audit System.

(viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.

- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The Company has accumulated losses at end of the financial year. The company has incurred cash losses in the financial year. Loss in the preceding financial year 2007-08 Rs.777067. The company was incorporated in September 2006,
- (xi) The Company has not availed any loan from Banks and Financial institutions and company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not availed any term loan.
- (xvii) The company has no investments. Hence Clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956; accordingly, clause 4(xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised any public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

Sd/-

**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

**Place:** Chennai  
**Date :** 20.08.2009

**VARENYA CONSTRUCTIONS LTD**  
**BALANCE SHEET FOR THE YEAR ENDED 31.03.2009**

PARTICULARS	SCHEDULE NO.	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>I SOURCES OF FUNDS</b>					
(1) SHARE HOLDER'S FUNDS					
(A) CAPITAL	I	500000.00		500000.00	
			500000.00		500000.00
(2) LOAN FUNDS					
(A) SECURED LOAN	II	149950735.00		--	
(B) UNSECURED LOANS	III	291063.00	150241798.00	1082305.00	1082305.00
<b>TOTAL</b>			<b>150741798.00</b>		<b>1582305.00</b>
<b>II APPLICATION OF FUNDS</b>					
(1) FIXED ASSETS					
A. GROSS BLOCK		139629449.00		--	
LESS : DEPRECIATION		--		--	
NET BLOCK			139629449.00		--
(2) INVESTMENTS			--		--
(3) CURRENT ASSETS, LOANS & ADVANCES					
I) CURRENT ASSETS					
A) INVENTORIES		--		--	
B) SUNDRY DEBTORS	IV	400000.00		--	
C) CASH & BANK BALANCE	V	9196517.97		17685.00	
II) LOAN & ADVANCES	VI	935942.00		771000.00	
		10532459.97		788685.00	
LESS : CURRENT LIABILITIES AND PROVISIONS					
A) CURRENT LIABILITES	VII	644529.00		36001.00	
			9887930.97		752684.00
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			17000.00		25500.00
(5) PROFIT & LOSS A/C			1207418.03		804121.00
<b>TOTAL</b>			<b>150741798.00</b>		<b>1582305.00</b>
Significant accounting policies and notes forming part of accounts	VIII				

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 20.08.2009  
Place : Chennai

For and on behalf of the Board of Directors  
For **VARENYA CONSTRUCTIONS LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

**VARENYA CONSTRUCTIONS LTD**  
**PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2009**

<b>PARTICULARS</b>	<b>SCHEDULE NO.</b>	<b>AMOUNT AS ON 31.03.2009 (Rs.)</b>	<b>AMOUNT AS ON 31.03.2008 (Rs.)</b>
<b>INCOME</b>			
(A) INCOME FROM OPERATION		139629449.00	--
(B) OTHER INCOME		1055056.97	--
<b>TOTAL</b>		<b>140684505.97</b>	<b>--</b>
<b>EXPENDITURE</b>			
(A) DIRECT EXPENSES		139629449.00	--
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES		1453504.00	777067.00
(C) INTEREST AND FINANCE CHARGES		4850.00	--
(D) DEPRECIATION		--	--
		<b>141087803.00</b>	<b>777067.00</b>
PROFIT AFTER DEPRECIATION		<b>(403297.03)</b>	(777067.00)
PROVISION FOR TAXATION		--	--
<b>PROFIT AFTER TAX</b>		<b>(403297.03)</b>	(777067.00)
BALANCE CARRIED FORWARD			
TO BALANCE SHEET		<b>(403297.03)</b>	(777067.00)
Significant accounting policies and notes forming part of accounts	<b>VIII</b>		

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 20.08.2009  
Place : Chennai

For and on behalf of the Board of Directors  
For **VARENYA CONSTRUCTIONS LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director



**VARENYA CONSTRUCTIONS LTD**  
**SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET**

PARTICULARS	AMOUNT AS ON 31.03.2009 ( Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>SCHEDULE - I</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED CAPITAL				
50000 Equity shares of Rs. 10/- each		<b>500000.00</b>		500000.00
ISSUED & SUBSCRIBED & PAID UP				
(50,000 Equity shares of Rs. 10/- each				
fully paid up)	<b>500000.00</b>	<b>500000.00</b>	500000.00	500000.00
<b>SCHEDULE - II</b>				
<b>SECURED LOAN</b>				
<b>BANKS</b>	<b>149950735.00</b>		--	
(Secured against Mortgage of Property in relevant		<b>149950735.00</b>		---
projects and Directors personal Guarantees)				
<b>SCHEDULE III</b>				
<b>UNSECURED LOANS</b>				
(A) DIRECTORS	<b>10000.00</b>		10000.00	
(B) INTERCORPORATE DEPOSITIS	<b>281063.00</b>		1072305.00	
		<b>291063.00</b>		1082305.00
<b>SCHEDULE IV</b>				
<b>SUNDRY DEBTORS</b>				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD				
MORE THAN SIX MONTHS	--		--	
LESS THAN SIX MONTHS	<b>400000.00</b>		--	
		<b>400000.00</b>		--
<b>SCHEDULE V</b>				
<b>CASH &amp; BANK BALANCE</b>				
(A) CASH BALANCE ON HAND	<b>93070.00</b>		3410.00	
(B) BALANCE WITH SCHEDULED BANKS	<b>9103447.97</b>		14275.00	
		<b>9196517.97</b>		17685.00
<b>SCHEDULE VI</b>				
<b>LOAN &amp; ADVANCES</b>				
<b>UNSECURED CONSIDERED GOOD TO</b>				
<b>BE RECEIVED IN CASH OR KIND</b>				
(A) ADVANCE FOR EXP./CONTRACTORS	<b>935942.00</b>		771000.00	
		<b>935942.00</b>		771000.00
<b>SCHEDULE VII</b>				
<b>CURRENT LIABILITIES</b>				
<b>(A) SUNDRY CREDITORS</b>	<b>644529.00</b>		36001.00	
		<b>644529.00</b>		36001.00

As per our attached report of even date  
For **B.P. Jain & Co.**  
Chartered Accountants

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 20.08.2009  
Place : Chennai

For and on behalf of the Board of Directors  
For **VARENYA CONSTRUCTIONS LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

**SCHEDULE-VIII****A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

a. The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

b. Accounting policies not specially referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles followed by the Institute of Chartered Accountants of India.

**2. FIXED ASSETS**

The Company has acquired fixed assets. land during the period. Cost of acquisition is inclusive of purchase price, levies, incidental expenditure and any directly attributed cost to bring the assets to use. All interest cost of acquisition of this assets has been capitalised.

**3. FRINGE BENEFIT TAX**

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

**B. NOTES FORMING PART OF ACCOUNTS****1. LIABILITIES AND ASSETS**

Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.

**REMUNERATION TO AUDITORS (Excluding Service Tax)**

	<u>31.03.2009</u>	<u>31.3.2008</u>
	( Rs.)	
Statutory Auditors		
Audit Fees	15000	15000

**2. RELATED PARTY DISCLOSURES**

Name of the Party	Nature of transactions	Amount (Rs.)
(i) Kamal Lunawath	Existing Loan	10000
(ii) Arihant Foundations and Housing Ltd	Existing Loan	281063

3. Previous years figures have been regrouped wherever necessary in balance sheet.

**4. SCHEDULE TO ACCOUNTS**

Schedule I to VIII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

**VARENYA CONSTRUCTIONS LTD**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit/Loss Before Tax and Extraordinary Items	(403297.03)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	8500.00
Interest and Finance Charges	4850.00
	<hr/>
Operating Profit Before Working Capital Changes	(389947.03)
Add : Adjustment for :	
Increase in Trade Payables	608528.00
Increase in Trade Receivables	(140194390.97)
Net Cash from Operations	(139975810.00)
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>	
	--
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Borrowings	(149159493.00)
Interest Paid	(4850.00)
Net Cash from Financing Activities	149154643.00
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>9178833.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>17685.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>9196518.00</b>

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

Date : 20.08.2009  
Place : Chennai

For and on behalf of the Board of Directors  
For **VARENYA CONSTRUCTIONS LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director



## **AUDITOR'S REPORT**

**To**  
**The Members of M/s TRANSPERENT HEIGHTS REAL ESTATE LIMITED.**

1. We have audited the attached balance sheet of **M/s TRANSPERENT HEIGHTS REAL ESTATE LTD** ("the Company") as at **31<sup>st</sup> March 2009**, the profit and loss account of the Company 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 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, 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.

**Further to our comments in the Annexure referred to the above, we report that:**

- a) 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;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

d) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable **except AS-15 and AS-22**

e) In our opinion, the Cess is not payable under section 441 A, since the company does not have any profit during the year.

On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009; and

(ii) in the case of the profit and loss account, the loss of the Company for the year ended 31<sup>st</sup> March 2009.

(iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

**For B.P.JAIN & CO.**  
**CHARTERED ACCOUNTANTS**

**sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

**Place : Chennai**  
**Date : 10.08.2009**

## ANNEXURE

### Re: M/S TRANSPERENT HEIGHTS REAL ESTATE LIMITED

#### Referred to in paragraph 3 of our report of even date,

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.
- (iii) (a) The Company has not granted loans and advances to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
  
(b) The company has not granted any loans, hence the rate of interest and other terms and conditions of loans given by the company, secured or unsecured are not applicable.  
  
(c) The Company has not granted any loans, hence the recovery of principal amount and interest are not applicable.  
  
(d) The company has taken unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. No of parties are one and the amount involved in the transaction is Rs.2,72,27,456.  
  
(e) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;  
  
(f) The company is regular in repaying the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion, and according to information and explanations given by the management, contracts and arrangements referred in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.  
  
(b) In our opinion and according to the informations and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) The Authorized and paid up capital of the company is less than Rs.50 Lacs the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.  
  
(b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The company was incorporated in September 2006. So the clause X of the order is not applicable.
- (xi) The Company has not availed any loan from Banks and Financial institutions and company has not issued any debentures.

- 
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund/nidhi/mutual fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, Debentures and other investments. Accordingly, clause 4 (xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial Institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not availed any term loans.
- (xvii) The company has no investments, hence clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956: accordingly clause 4 (xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

**Sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No. 208862

**Place :** Chennai  
**Date :** 10.08.2009



**TRANSPARENT HEIGHTS REAL ESTATE LTD**  
**BALANCE SHEET FOR THE YEAR ENDED 31.03.2009**

PARTICULARS	SCHEDULE NO	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>I SOURCES OF FUNDS</b>					
(1) SHARE HOLDER'S FUNDS					
(A) CAPITAL	I	<u>500000.00</u>	500000.00	<u>500000.00</u>	500000.00
(2) LOAN FUNDS					
(A) SECURED LOAN		--		--	
(B) UNSECURED LOANS	II	<u>37227456.00</u>	37227456.00	<u>50336040.00</u>	50336040.00
<b>TOTAL</b>			<u>37727456.00</u>		<u>50836040.00</u>
<b>II APPLICATION OF FUNDS</b>					
(1) FIXED ASSETS			--		--
(2) INVESTMENTS			--		--
(3) CURRENT ASSETS, LOANS & ADVANCES					
I) CURRENT ASSETS					
A) INVENTORIES		--		--	
B) SUNDRY DEBTORS	III	<u>660000.00</u>		--	
C) CASH & BANK BALANCE	IV	<u>157149.00</u>		<u>1173517.00</u>	
II) LOAN & ADVANCES	V	<u>32000000.00</u>		<u>46500000.00</u>	
		<u>32817149.00</u>		<u>47673517.00</u>	
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
A) CURRENT LIABILITES	VI	<u>143629.00</u>		<u>126881.00</u>	
		<u>143629.00</u>	<u>32673520.00</u>	<u>126881.00</u>	<u>47546636.00</u>
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			<u>8000.00</u>		<u>12000.00</u>
(5) PROFIT & LOSS A/C			<u>5045936.00</u>		<u>3277404.00</u>
<b>TOTAL</b>			<u>37727456.00</u>		<u>50836040.00</u>
Significant accounting policies and notes forming part of accounts	VII				

As per our attached report of even date  
For **B.P. Jain & Co.**  
Chartered Accountants

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 10.08.2009  
Place : Chennai

For and on behalf of the Board of Directors  
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

**TRANSPARENT HEIGHTS REAL ESTATE LTD**  
**PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2009**

<b>PARTICULARS</b>	<b>SCEDULE No.</b>	<b>AMOUNT AS ON 31.03.2009 (Rs.)</b>	<b>AMOUNT AS ON 31.03.2008 (Rs.)</b>
<b>INCOME</b>			
(A) INCOME FROM OPERATION		--	110000000.00
(B) OTHER INCOME		<b>660000.00</b>	--
		<hr/>	<hr/>
		<b>660000.00</b>	110000000.00
<b>EXPENDITURE</b>			
(A) CONSTRUCTION EXPENSES		--	90845059.00
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES		<b>2428532.00</b>	20993512.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		<hr/>	<hr/>
		<b>2428532.00</b>	111838571.00
PROFIT AFTER DEPRECIATION		<b>(1768532.00)</b>	(1838571.00)
PROVISION FOR TAXATION		--	--
<b>PROFIT AFTER TAX</b>		<b>(1768532.00)</b>	(1838571.00)
<b>BALANCE FORWARD TO BALANCE SHEET</b>		<b>(1768532.00)</b>	(1838571.00)
Significant accounting policies and notes forming part of accounts	<b>VII</b>		

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**  
sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

For and on behalf of the Board of Directors  
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

Date : 10.08.2009  
Place : Chennai

**TRANSPARENT HEIGHTS REAL ESTATE LTD**  
**SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET**

PARTICULARS	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>SCHEDULE - I</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED CAPITAL (50,000 Equity shares of Rs. 10/- each fully paid up)		500000.00		500000.00
ISSUED, SUBSCRIBED & PAID UP (50,000 Equity shares of Rs. 10/- each fully paid up)	500000.00		500000.00	
		500000.00		500000.00
<b>SCHEDULE - II</b>				
<b>UNSECURED LOANS</b>				
(A) INTERCORPORATE DEPOSITS	37227456.00		50336040.00	
		37227456.00		50336040.00
<b>SCHEDULE - III</b>				
<b>SUNDRY DEBTORS</b>				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	--		--	
LESS THAN SIX MONTHS	660000.00		--	
		660000.00		--
<b>SCHEDULE - IV</b>				
<b>CASH &amp; BANK BALANCE</b>				
A) CASH BALANCE ON HAND	29641.00		29641.00	
B) BALANCE WITH SCHEDULED BANKS	127508.00		1143876.00	
C) FIXED DEPOSITS WITH SCHEDULED BANK	--		--	
		157149.00		1173517.00
<b>SCHEDULE V</b>				
<b>LOANS &amp; ADVANCES</b>				
<b>UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND</b>				
(A) ADVANCE FOR EXPENSES	30500000.00		45000000.00	
(B) ADVANCE TAX	1500000.00		1500000.00	
		32000000.00		46500000.00
<b>SCHEDULE - VI</b>				
<b>CURRENT LIABILITIES</b>				
A) OUTSTANDING LIABILITIES	86738.00		--	
B) SUNDRY CREDITORS EXPENSES	56891.00		126881.00	
		143629.00		126881.00

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**  
sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

For and on behalf of the Board of Directors  
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

Date : 10.08.2009  
Place : Chennai

---

## SCHEDULE-VII

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF ACCOUNTING

The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

#### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements requires estimates/assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimate are recognized in the period in which the results are known/materialized.

#### 3. FRINGE BENEFIT TAX

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

### B. NOTES FORMING PART OF ACCOUNTS

#### 1. REMUNERATION TO AUDITORS (Excluding Service Tax)

	<u>31.03.2009</u>	<u>31.3.2008</u>
	( Rs.)	
Statutory Auditors Audit Fees	15000	15000

#### 2. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount (Rs.)
Arihant Foundations and Housing Ltd	Loan Received	2,72,27,456

3. Previous years figures have been regrouped wherever necessary in balance sheet.

#### 4. SCHEDULE TO ACCOUNTS

Schedule I to VII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

**TRANSPARENT HEIGHTS REAL ESTATE LTD**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit/Loss Before Tax and Extraordinary Items	(1768532.00)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	4000.00
Interest Paid	-
	<hr/>
Operating Profit Before Working Capital Changes	(1764532.00)
Add : Adjustment for :	
Decrease in Trade Receivables	13840000.00
Increase in Trade Payables	16748.00
	<hr/>
Net Cash from Operations	12092216.00
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>	
Net Cash used in Investing Activities	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Borrowings	(13108584.00)
Interest paid	-
	<hr/>
Net Cash from Financing Activities	(13108584.00)
	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(1016368.00)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	1173517.00
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	157149.00

As per our attached report of even date  
For **B.P. Jain & Co.**  
Chartered Accountants

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

Date : 10.08.2009  
Place : Chennai

For and on behalf of the Board of Directors  
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

## **ARIHANT GRIHA LIMITED**

Regd Office: No.3, Ganapathy Colony, 3<sup>rd</sup> Street, Off  
Cenotaph Road, Teynampet, Chennai- 600018

### **DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 3<sup>rd</sup> Annual Report to the Shareholders together with the Audited Accounts for the period ended 31<sup>st</sup> March, 2009.

### **FINANCIAL**

For the financial year end 31.03.2009, your Company has incurred a net loss of Rs.5,42,677/-.

### **DIVIDEND**

Your Directors have not recommended any dividend for the period ended 31.03.2009.

### **DIRECTORS**

There is no change in the Directorship during the period. Mr. Kamal Lunawath, Mr. Vimal Lunawath and Mrs. Preethi Lunawath, first Directors are continuing as Directors of the Company.

### **STATUTORY AUDITORS**

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 3<sup>rd</sup> Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 3<sup>rd</sup> Annual General Meeting till the conclusion of next Annual General Meeting.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN -EXCHANGE EARNINGS AND OUTGO.**

There were no particulars to be furnished in this Report as required under Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption. There were no earnings in foreign currency during the year and also there were no expenditure in foreign currency.

### **PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

The Company has no employee of the category mentioned in sub-section (2A) of Section 217 of the Companies Act 1956.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- ii. The Directors have 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 affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. Proper and sufficient care have been taken to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

### **ANNEXURE TO DIRECTOR'S REPORT**

Board of Directors explanation for the observations made in the auditors report pursuant to provision of Sec 217 (3) of the Companies Act, 1956.

- i) To point no. 3 (d), The Company has not made provision in accordance to AS- 15 as it is being disallowed as per Income Tax Act, 1961. Gratuity is not accrued as per the Accounting Standard. However as per the Company's Policy, the gratuity will be paid as and when it falls due.
- ii) Deferred Tax is not recognised in consideration of prudence.

For and on behalf of the Board of Directors  
**ARIHANT GRIHA LIMITED**

Sd/-  
( Kamal Lunawath)  
Director

Sd/-  
(Vimal Lunawath)  
Director

Date: 03.08.2009  
Place: Chennai

## **AUDITOR'S REPORT**

To  
The Members of M/s Arihant Griha Limited.

1. We have audited the attached balance sheet of **M/s. Arihant Griha Limited** ("the Company") as at **31<sup>st</sup> March 2009**, the profit and loss account of the Company 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 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, 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.

Further to our comments in the Annexure referred to the above, we report that:

- a) 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;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.

d) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable **except AS 15 and AS 22**.

e) In our opinion, the Cess is not payable under section 441 A, since the company does not have any profit during the year.

On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009; and

(ii) in the case of the profit and loss account, the loss of the Company for the year ended 31<sup>st</sup> March 2009.

(iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

**Sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

Place : Chennai  
Date : 03.08.2009



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## Annexure

**Re: M/s. ARIHANT GRIHA LIMITED**

**Referred to in paragraph 3 of our report of even date,**

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.
- (iii) (a) The Company has not granted advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 hence the related compliances with respect to loans and advances is not applicable.
- (b) The company has taken unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. No of parties are three and the amount involved in the transaction is Rs.21,12,38,322/-.
- (c) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;
- (d) The company is regular in repaying the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion, and according to information and explanations given by the management, contracts and arrangements referred in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act,1956 and rules framed there under are not applicable to the Company.
- (vii) The Authorized and paid up capital of the company is less than Rs.50 Lacs and the average turnover is less than Rs.5 crores, hence the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The company was incorporated in September 2006, hence the Clause X of the CARO is not applicable.
- (xi) The Company has not availed any loans from Banks and Financial institutions and company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- Accordingly, clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund/nidhi/mutual fund/society. Accordingly, clause 4(xiii) of the Order is not applicable
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, Debentures and other investments. Accordingly, clause 4 (xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial Institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not taken any term loans from Banks. Hence the application of loans for the purpose for which it is borrowed does not applicable.
- (xvii) The company has no investments, hence clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956: accordingly clause 4 (xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised any public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

**Sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No. 208862

**Place : Chennai**  
**Date : 03.08.2009**

**ARIHANT GRIHA LIMITED**  
**BALANCE SHEET FOR THE YEAR ENDED 31.03.2009**

PARTICULARS	SCHEDULE	AMOUNT AS ON		AMOUNT AS ON	
		31.03.2009 (Rs.)		31.03.2008 (Rs.)	
<b>I SOURCES OF FUNDS</b>					
<b>(1) SHARE HOLDER'S FUNDS</b>					
(A) CAPITAL	I	500000.00	500000.00	500000.00	500000.00
<b>(2) LOAN FUNDS</b>					
(A) SECURED LOAN		--	211238322.00	--	208002566.00
(B) UNSECURED LOANS	II	211238322.00		208002566.00	
<b>TOTAL</b>			<b>211738322.00</b>		<b>208502566.00</b>
<b>II APPLICATION OF FUNDS</b>					
<b>(1) FIXED ASSETS</b>			--		--
<b>(2) INVESTMENTS</b>			--		--
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>I) CURRENT ASSETS</b>					
A) INVENTORIES		--		--	
B) SUNDRY DEBTORS	III	600000.00		--	
C) CASH & BANK BALANCE	IV	42132.00		17526.00	
II) LOAN & ADVANCES	V	210103254.00		210196854.00	
		210745386.00		210214380.00	
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
A) CURRENT LIABILITES	VI	109591.00	210635795.00	2280164.00	207934216.00
<b>(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF</b>			17000.00		25500.00
<b>(5) PROFIT &amp; LOSS A/C</b>			1085527.00		542850.00
<b>TOTAL</b>			<b>211738322.00</b>		<b>208502566.00</b>
Significant accounting policies and notes forming part of accounts	VII				

As per our attached report of even date  
For **B.P. Jain & Co.**  
Chartered Accountants

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 03.08.2009  
Place : Chennai

For on behalf of the board of directors  
For **ARIHANT GRIHA LIMITED**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

**ARIHANT GRIHA LIMITED**  
**PROFIT & LOSS A/C FOR THE PERIOD 31.03.2009**

<b>PARTICULARS</b>	<b>Shedule No.</b>	<b>AMOUNT AS ON 31.03.2009 (Rs.)</b>	<b>AMOUNT AS ON 31.03.2008 (Rs.)</b>
<b>INCOME</b>			
(A) INCOME FROM OPERATION		--	--
(B) OTHER INCOME		<b>600000.00</b>	--
<b>TOTAL</b>		<b>600000.00</b>	--
<b>EXPENDITURE</b>			
(A) CONSTRUCTION EXPENSES		--	--
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES		<b>1142677.00</b>	520179.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		<b>1142677.00</b>	520179.00
PROFIT AFTER DEPRECIATION		<b>(542677.00)</b>	(520179.00)
PROVISION FOR TAXATION		--	--
<b>PROFIT AFTER TAX</b>		<b>(542677.00)</b>	(520179.00)
<b>BALANCE FORWARD TO BALANCE SHEET</b>		<b>(542677.00)</b>	(520179.00)
Significant accounting policies and notes forming part of accounts	<b>VII</b>		

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 03.08.2009  
Place : Chennai

For on behalf of the board of directors  
For **ARIHANT GRIHA LIMITED**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

**ARIHANT GRIHA LIMITED**

**SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET**

PARTICULARS	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>SCHEDULE - I</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED CAPITAL		500000.00		500000.00
<b>50000 EQUITY SHARES OF RS. 10/- EACH</b>				
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
<b>50000 EQUITY SHARE OF RS. 10/- EACH</b>				
<b>FULLY PAID UP</b>	500000.00		500000.00	
		500000.00		500000.00
<b>SCHEDULE - II</b>				
<b>UNSECURED LOANS</b>				
(A) DIRECTORS	17200.00		17200.00	
(B) INTERCORPORATE DEPOSITS	211206122.00		207970366.00	
(C) UNSECURED LOANS OTHERS	15000.00		15000.00	
		211238322.00		208002566.00
<b>SCHEDULE - III</b>				
<b>SUNDRY DEBTORS</b>				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD				
MORE THAN SIX MONTHS	--		--	
LESS THAN SIX MONTHS	600000.00		--	
		600000.00		--
<b>SCHEDULE - IV</b>				
<b>CASH &amp; BANK BALANCE</b>				
A) CASH BALANCE ON HAND	3440.00		3450.00	
B) BALANCE WITH SCHEDULED BANKS		38692.00		14076.00
		42132.00		17526.00
<b>SCHEDULE - V</b>				
<b>LOAN &amp; ADVANCES</b>				
<b>UNSECURED CONSIDERED GOOD TO BE</b>				
<b>RECEIVED IN CASH OR KIND</b>				
(A) SECURITY DEPOSITS	210016854.00		210016854.00	
(B) ADVANCE FOR EXP. / CONTACTORS	86400.00		--	
(C) RENTAL DEPOSITS	--		180000.00	
		210103254.00		210196854.00
<b>SCHEDULE - VI</b>				
<b>CURRENT LIABILITIES</b>				
SUNDRY CREDITORS	109591.00		2280164.00	
		109591.00		2280164.00

As per our attached report of even date  
For **B.P. Jain & Co.**  
Chartered Accountants

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 03.08.2009  
Place : Chennai

For on behalf of the board of directors  
For **ARIHANT GRIHA LIMITED**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director

**SCHEDULE-VII****A.SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements requires estimates/assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimate are recognized in the period in which the results are known/materialized.

**3. FRINGE BENEFIT TAX**

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

**B. NOTES FORMING PART OF ACCOUNTS****1. REMUNERATION TO AUDITORS (Excluding Service Tax)**

	<u>31.03.2009</u>	<u>31.3.2008</u>
	(Rs.)	
Statutory Auditors Audit Fees	15,000	15,000

**2. RELATED PARTY DISCLOSURES**

Name of the Party	Nature of transactions	Amount (Rs.)
(i) Kamal Lunawath	Loan Received	17,200
(ii) Arihant Foundations and Housing Ltd	Loan Received	21,12,06,122
(iii) Vimal Lunawath	Loan Received	15,000

3. Previous years figures have been regrouped wherever necessary in balance sheet.

**4. SCHEDULE TO ACCOUNTS**

Schedule I to VII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

**ARIHANT GRIHA LIMITED**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit/Loss Before Tax and Extraordinary Items	(542677.00)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	8500.00
Interest and Finance Charges	--
Operating Profit Before Working Capital Changes	(534177.00)
Add : Adjustment for :	
Increase in Trade Receivables	(506400.00)
Decrease in Trade Payables	(2170573.00)
Net Cash from Operations	(3211150.00)
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>	--
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Borrowings	3235756.00
Interest Paid	--
Net Cash from Financing Activities	3235756.00
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>24606.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>17526.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>42132.00</b>

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862  
Date : 03.08.2009  
Place : Chennai

For on behalf of the board of directors  
For **ARIHANT GRIHA LIMITED**

sd/-  
**Kamal Lunawath**  
Director

sd/-  
**Vimal Lunawath**  
Director





## AUDITOR'S REPORT

**To**  
**The Members, Vaikunt Housing Limited.**

1. We have audited the attached balance sheet of **M/s Vaikunt Housing Limited** ("the Company") as at **31<sup>st</sup> March 2009**, and also the annexed profit and loss account of the Company 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 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, 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.

Further to our comments above, we report that:

- i) 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;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except AS 7, AS 15 & AS 22;**

v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009; and
- (ii) in the case of the profit and loss account, the loss of the Company for the year ended 31<sup>st</sup> March 2009.
- (iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

**For B.P.JAIN & CO.**  
**CHARTERED ACCOUNTANTS**

**Sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

Place : Chennai  
Date : 10.08.2009

**Annexure**

**Re: M/S VAIKUNT HOUSING LIMITED**

**Referred to in paragraph 3 of our report of even date,**

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) a) The Stock of construction materials have been physically verified at periodic intervals and no significant discrepancies have been noticed on such verification during the year.
- (b) The procedure of physical verification of stocks of building material, followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The company does not maintain stock records of raw materials. We are of the opinion that the valuation of the stock of building is as per normally accepted accounting principles. The company has not identified slow moving building materials separately.
- (iii) (a) The Company has not granted any loan or advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not granted any loans, hence the rate of interest and other terms and conditions are not applicable.
- (c) The company has not granted any loans, hence the receipt of the principal amount and interest are not applicable.
- (d) The company has not granted any loans, hence the question of recovery of Principal amount and interest are not applicable.
- (e) The company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the

Companies Act, 1956. No. of Parties are four and the amount is Rs.1,15,61,230/-

(f) In our opinion, the rates of interest and other terms and conditions of loans taken are not, prima facie, prejudicial to the interest of the company.

(g) The company is regular in repaying the principal amount as stipulated and the loans does not carry any interest.

- (iv) In our opinion and according to the information and explanations given to us, the company does not have fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion and according to the information and explanations given by the management, contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) The company is having paid up capital of less than Rs.50 Lacs and the average turnover is less than Rs.5 crores, the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income

- 
- Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The company has accumulated losses at the end of the last financial year and in the current year.
- (xi) The Company has not defaulted in repayment of dues to a financial institution, Bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not availed any term loans.
- (xvii) The company has no investments. Hence Clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956; accordingly, clause 4(xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4(xx) of the Order is not applicable to the Company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

**Sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

**Place:** Chennai  
**Date:** 10.08.2009

**VAIKUNT HOUSING LIMITED**  
**BALANCE SHEET FOR THE YEAR ENDED 31.03.2009**

	SCHEDULE NO	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>I SOURCES OF FUNDS</b>					
<b>(1) SHARE HOLDER'S FUNDS</b>					
(A) SHARE CAPITAL	I	<u>500000.00</u>		<u>500000.00</u>	
			<b>500000.00</b>		<b>500000.00</b>
<b>(2) LOAN FUNDS</b>					
(A) SECURED LOANS		--		--	
(B) UNSECURED LOANS	II	<u>11561230.00</u>		<u>20049839.00</u>	
			<b>11561230.00</b>		<b>20049839.00</b>
<b>TOTAL</b>			<u><b>12061230.00</b></u>		<u><b>20549839.00</b></u>
<b>II APPLICATION OF FUNDS</b>					
<b>(1) FIXED ASSETS</b>		--		--	
<b>(2) INVESTMENTS</b>		--		--	
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>(i) CURRENT ASSETS</b>					
A) INVENTORIES	III	--		46292030.33	
B) SUNDRY DEBTORS	IV	<b>4634828.26</b>		976739.00	
C) CASH & BANK BALANCE	V	<b>67004.04</b>		777215.04	
<b>(ii) LOANS &amp; ADVANCES</b>	VI	<u><b>7912462.00</b></u>		<u>7141100.00</u>	
		<b>12614294.30</b>		<b>55187084.37</b>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
A) CURRENT LIABILITIES	VII	<b>3552130.60</b>		37445356.87	
B) PROVISIONS		<b>271293.00</b>		271293.00	
		<u><b>3823423.60</b></u>		<u>37716649.87</u>	
<b>(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF</b>			<b>8790870.70</b>		<b>17470434.50</b>
			--		--
<b>(5) PROFIT AND LOSS ACCOUNT</b>			<b>3270359.30</b>		<b>3079404.50</b>
<b>TOTAL</b>			<u><b>12061230.00</b></u>		<u><b>20549839.00</b></u>
Significant accounting policies and notes Forming part of accounts	XII				

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner, Membership No.: 208862  
CHENNAI  
10.08.2009

For and on behalf of board of directors  
For **Vaikunt Housing Limited**

sd/-  
**Vimal Lunawath**  
Managing Director

sd/-  
**Kamal Lunawath**  
Director

VAIKUNT HOUSING LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31.03.2009**

PARTICULARS	Schedule No.	AMOUNT AS ON 31.03.2009 (Rs.)	AMOUNT AS ON 31.03.2008 (Rs.)
<b>INCOME</b>			
<b>I. INCOME</b>			
(A) INCOME FROM OPERATIONS	<b>VIII</b>	<b>51487405.00</b>	46292030.33
<b>TOTAL</b>		<b>51487405.00</b>	46292030.33
<b>II. EXPENDITURE</b>			
A) CONSTRUCTION EXPENSES	<b>IX</b>	<b>50284535.33</b>	46292030.33
B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	<b>X</b>	<b>1393824.00</b>	2255334.00
C) INTEREST AND FINANCE CHARGES	<b>XI</b>	--	2280.00
D) DEPRECIATION		--	--
		<b>51678359.33</b>	48549644.33
<b>PROFIT AFTER DEPRECIATION</b>		<b>(190954.33)</b>	(2257614.00)
PROVISION FOR TAXATION		--	--
<b>PROFIT AFTER TAX</b>		<b>(190954.33)</b>	(2257614.00)
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>(190954.33)</b>	(2257614.00)
Significant accounting polices and notes Forming part of accounts	<b>XII</b>		

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner, Membership No.: 208862

CHENNAI  
10.08.2009

For and on behalf of board of directors  
For **Vaikunt Housing Limited**

sd/-  
**Vimal Lunawath**  
Managing Director

sd/-  
**Kamal Lunawath**  
Director

**VAIKUNT HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>SCHEDULE - I</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED CAPITAL 100,00,000 EQUITY SHARES OF RS.1/- EACH		<u>1000000.00</u>		<u>1000000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b> 500000 EQUITY SHARES OF RS.1/- EACH FULLY PAID UP	<u>500000.00</u>	<b>500000.00</b>	<u>500000.00</u>	500000.00
<b>SCHEDULE - II</b>				
<b>UNSECURED LOAN</b>				
(A) INTERCORPORATE DEPOSITS	<u>11361230.00</u>		19849839.00	
(B) UNSECURED LOANS OTHERS	<u>200000.00</u>	<b>11561230.00</b>	<u>200000.00</u>	20049839.00
<b>SCHEDULE - III</b>				
<b>INVENTORIES &amp; WORK IN PROGRESS</b>				
WORK IN PROGRESS (AT COST, TAKEN VALUED AND CERTIFIED BY THE MANAGEMENT)	<u>--</u>	--	<u>46292030.33</u>	46292030.33
<b>SCHEDULE - IV</b>				
<b>SUNDRY DEBTORS</b> (UNSECURED & CONSIDERED GOOD) DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	<u>2134828.26</u>		976739.00	
LESS THAN SIX MONTHS	<u>2500000.00</u>	<b>4634828.26</b>	<u>--</u>	976739.00
<b>SCHEDULE - V</b>				
<b>CASH &amp; BANK BALANCE</b>				
(A) CASH BALANCE ON HAND	<u>40800.00</u>		38000.00	
(B) BALANCE WIT SCHEDULED BANK	<u>26204.04</u>	<b>67004.04</b>	<u>739215.04</u>	777215.04
<b>SCHEDULE - VI</b>				
<b>UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND</b>				
(A) ADVANCE FOR EXP/CONTRACTORS	<u>7412462.00</u>		6641100.00	
(B) ADVANCE TAX	<u>500000.00</u>	<b>7912462.00</b>	<u>500000.00</u>	7141100.00



**VAIKUNT HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 31.03.2009 (Rs.)		AMOUNT AS ON 31.03.2008 (Rs.)	
<b>SCHEDULE - VII</b>				
<b>CURRENT LIABILITIES</b>				
(A) ADVANCE FROM CUSTOMERS	--		34776077.87	
(B) OUTSTANDING LIABILITIES	<b>116824.00</b>		--	
(C) SUNDRY CREDITORS FOR SUPPLIERS	<b>3435306.60</b>		<u>2669279.00</u>	
		<b>3552130.60</b>		<b>37445356.87</b>
<b>SCHEDULE - VIII</b>				
<b>INCOME FROM OPERATIONS</b>				
(A) SALES	<b>51487405.00</b>		--	
(B) WORK IN PROGRESS	--		<u>46292030.33</u>	
		<b>51487405.00</b>		<b>46292030.33</b>
<b>SCHEDULE - IX</b>				
<b>CONSTRUCTION EXPENSES</b>				
(A) MATERIAL	<b>19437721.61</b>		19104469.61	
(B) LABOUR & SUB CONTRACT EXP	<b>27420356.13</b>		24540930.13	
(C) OTHER EXPENSES	<b>3426457.59</b>		<u>2646630.59</u>	
		<b>50284535.33</b>		<b>46292030.33</b>
<b>SCHEDULE - X</b>				
<b>ADMINISTRATIVE EXPENSES</b>				
BANK CHARGES	<b>1685.00</b>		10601.00	
FILING, LEGAL & OTHER FEES	<b>39326.00</b>		--	
OTHER PROJECT EXPENSES	<b>50716.00</b>		1191788.40	
PRINTING & STATIONERY	<b>8500.00</b>		4525.00	
STAFF SALARY	<b>1237348.00</b>		996329.00	
TELEPHONE & POSTAGE	<b>56249.00</b>		<u>52090.60</u>	
		<b>1393824.00</b>		<b>2255334.00</b>
<b>SCHEDULE XI</b>				
<b>INTEREST &amp; FINANCIAL CHARGES</b>				
INTEREST	--		<u>2280.00</u>	
		--		<b>2280.00</b>

**SCHEDULE-XII****A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions **except AS 7, AS 15 and AS 22.**

b) Accounting policies not specially referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles followed by the Institute of Chartered Accountants of India.

**2. RECOGNITION OF INCOME**

The revenue is recognized on the "Completed project method" of accounting.

**3. VALUATION OF WORK IN PROGRESS**

Work in progress comprises direct cost of project and valued at cost less cost.

**4. TAXES ON INCOME**

The provision is made for taxation on proportionate period basis for the year ended 31.03.2009.

**5. FRINGE BENEFIT TAX**

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

**B. NOTES FORMING PART OF ACCOUNTS****1. LIABILITIES AND ASSETS**

Sundry Debtors, Sundry Creditors and Loans & advances are subject to confirmation.

**2. REMUNERATION TO AUDITORS (Excluding Service Tax)**

	<u>31.03.2009</u>	<u>31.3.2008</u>
	(Rs.)	(Rs.)
Statutory Auditors Audit Fees	15000	15000

**3. RELATED PARTY DISCLOSURES**

Name of the Party	Nature of transactions	Amount involved (Rs.)
(i) Arihant Foundations and Housing Ltd	Loan Received	1,25,53,693.50
(ii) Arihant Foundations	Existing Loan	1,25,000
(iii) Arihant Foundations and Housing	Existing Loan	25,000
(iv) Kamal Lunawath	Existing Loan	50,000

4. Previous years figures have been regrouped wherever necessary in balance sheet.

**5. SCHEDULE TO ACCOUNTS**

Schedule I to XII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

**VAIKUNT HOUSING LIMITED**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit/Loss Before Tax and Extraordinary Items	(190954.33)
Add : Adjustment for :	-
Interest Paid	-
Operating Profit Before Working Capital Changes	<u>(190954.33)</u>
Add : Adjustment for :	
Decrease in Trade Receivables	41787578.60
Decrease in Trade Payables	<u>(33818226.27)</u>
Net Cash from Operations	7778398.00
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>	
Net cash used in investing activities	--
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Borrowings	(8488609.00)
Interest Paid	-
Net Cash from Financing Activities	<u>(8488609.00)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(710211.00)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	777215.04
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	67004.04

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

CHENNAI  
10.08.2009

For and on behalf of board of directors  
For **Vaikunt Housing Limited**

sd/-  
**Vimal Lunawath**  
Managing Director

sd/-  
**Kamal Lunawath**  
Director

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF ARIHANT FOUNDATIONS & HOUSING LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS**

1. We have examined the attached Consolidated Balance Sheet of Arihant Foundations & Housing Limited and its subsidiaries as at 30<sup>th</sup> September, 2009 and the Consolidated Profit and Loss account and the consolidated Cash Flow Statement of the Company 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 mis statement. 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. We report that, the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Arihant Foundations and Housing Limited and its subsidiaries included in the consolidated financial statements.

4. We report that on the basis of information and according to the explanation given to us, and on the consideration of the separate audit report of individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the attached consolidated financial statements, read with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Arihant Foundations & Housing Limited group as at 30<sup>th</sup> September 2009,
- b) In the case of consolidated Profit and Loss Account of the consolidated results of operations of the Arihant Foundations & Housing Limited group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Arihant Foundations and Housing Limited group for the year ended on that date.

For **B.P.JAIN & CO.**  
CHARTERED ACCOUNTANTS

**Sd/-**  
**DEVENDRA KUMAR BHANDARI**  
Partner  
Membership No.: 208862

Place: Chennai  
Date: 28.12.2009

**CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2009**

	SCHEDULE NO	AMOUNT AS ON 30.09.2009 (12 MONTHS ) Rs.		AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.	
<b>I SOURCES OF FUNDS</b>					
<b>(1) SHARE HOLDER'S FUNDS</b>					
(A) SHARE CAPITAL	I	70500000.00		70500000.00	
(B) RESERVES & SURPLUS	II	1398799460.19		1346438906.90	
			<b>1469299460.19</b>		1416938906.90
<b>(2) LOAN FUNDS</b>					
(A) SECURED LOANS	III	695419689.86		715154299.24	
(B) UNSECURED LOANS	IV	713650924.60	1409070614.46	490576373.37	1205730672.61
			<b>2878370074.65</b>		2622669579.51
<b>TOTAL</b>					
<b>II APPLICATION OF FUNDS</b>					
<b>(1) FIXED ASSETS</b>					
a) GROSS BLOCK	V	313508654.60		169035372.60	
Less: DEPRECIATION		26754369.69		22368370.93	
<b>Net Block</b>			<b>286754284.91</b>		146667001.67
<b>(2) INVESTMENTS</b>	VI		<b>58038023.00</b>		19115923.00
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>(i) CURRENT ASSETS</b>					
a) INVENTORIES	VII	606425423.85		1165564171.38	
b) SUNDRY DEBTORS	VIII	767814787.52		593097752.23	
c) CASH & BANK BALANCE	IX	46658165.43		29194584.94	
<b>(ii) LOANS &amp; ADVANCES</b>	X	1874686171.14		1221398693.37	
		<b>3295584547.94</b>		3009255201.92	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
a) CURRENT LIABILITIES	XI	744623339.78		515330041.66	
b) PROVISIONS	XII	17476441.42		37178005.42	
		<b>762099781.20</b>	<b>2533484766.74</b>	552508047.08	2456747154.84
<b>(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF</b>	XIII		<b>93000.00</b>		139500.00
			<b>2878370074.65</b>		2622669579.51
<b>TOTAL</b>					

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

CHENNAI  
28.12.2009

For and on behalf of board of directors  
For **Arihant Foundations & Housing Limited**

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholtime Director

sd/-  
**Kishore Kumar Sahoo**  
Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDING 30.9.2009**

	SCHEDULE NO	AMOUNT AS ON 30.09.2009 (12 MONTHS ) Rs	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs
<b>I. INCOME</b>			
(A) INCOME FROM OPERATIONS	XIV	1688642619.60	2330810430.76
(B) OTHER INCOME		106254953.77	23257172.82
<b>TOTAL</b>		<u>1794897573.37</u>	<u>2354067603.58</u>
<b>II. EXPENDITURE</b>			
(A) CONSTRUCTION EXPENSES	XV	1625267126.41	1778868209.61
(B) COST OF FIXED ASSETS SOLD			27307306.00
(C) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	XVI	68339737.17	139173494.98
(D) INTEREST AND FINANCE CHARGES	XVII	64747092.86	69707137.72
(E) DEPRECIATION		5885365.64	5596357.66
		<u>1764239322.08</u>	<u>2020652505.97</u>
PROFIT AFTER DEPRECIATION		30658251.29	333415097.61
PROVISION FOR TAXATION		5735198.00	46159000.00
<b>PROFIT AFTER TAX</b>		24923053.29	287256097.61
PROPOSED DIVIDEND		7050000.00	7050000.00
TRANSFERRED TO GENERAL RESERVE		2782851.37	29264952.86
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		15090201.93	250941144.75

As per our attached report of even date  
For **B.P. Jain & Co.**

**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

For and on behalf of board of directors  
For **Arihant Foundations & Housing Limited**

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**Kishore Kumar Sahoo**  
Company Secretary

CHENNAI  
28.12.2009

## CONSOLIDATED SCHEULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.	
<b>SCHEDULE - I</b>				
<b>SHARE CAPITAL AUTHORISED</b> 100,00,000 EQUITY SHARES OF RS.10/- EACH		100000000.00		100000000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b> 70,50,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	70500000.00	70500000.00	70500000.00	70500000.00
<b>SCHEDULE - II</b>				
<b>RESERVES &amp; SURPLUS</b> BALANCE AS PER LAST BALANCE SHEET	85525900.61		56260947.75	
GENERAL RESERVE	2782851.37		29264952.86	
ADD : ADDITIONS DURING THE YEAR		88308751.98		85525900.61
PROFIT & LOSS ACCOUNT BALANCE	812713006.29		561771861.53	
ADD : ADDITIONS DURING THE YEAR	15090201.93	827803208.21	250941444.76	812713006.29
SECURITY PREMIUM				
OPENING BALANCE	404500000.00		382000000.00	
ADDITION DURING THE YEAR	--	404500000.00	22500000.00	404500000.00
15,50,000 CONVERTIBLE WARRANTS OF RS. 89/- EACH (RS. 22.25 PAID UP)		34487500.00		--
950000 CONVERTIBLE WARRANTS PAID RS.46/-PER		--		43700000.00
TRANSFER OUT OF AMOUNT COLLECTED ON FORFEITED WARRANTS		43700000.00		--
		1398799460.19		1346438906.90
<b>SCHEDULE - III</b>				
<b>SECURED LOAN</b>				
BANKS	282867448.65		388700228.30	
OTHERS	383004627.21		295724050.94	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relavent projects and directors personal guarantee)	29547614.00	695419689.86	30730020.00	715154299.24
<b>SCHEDULE - IV</b>				
<b>UNSECURED LOANS</b>				
(A) FIXED DEPOSITS	6093410.00		7543410.00	
(B) DIRECTORS	83885929.60		32387275.87	
(C) INTERCORPORATE DEPOSITS	376983724.00		413861621.50	
(D) UNSECURED LOANS - OTHERS	246687861.00	713650924.60	36784066.00	490576373.37



## SCHEDULE - V FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	BALANCE AS ON 01.10.08	ADDITIONS DURING 01.10.08 to 30.09.09	DELETIONS DURING 01.10.08 to 30.09.09	BALANCE AS AT 30.09.09	BALANCE AS ON 01.10.08	FOR THE PERIOD 01.10.08 to 30.09.09	DELETIONS DURING 01.10.08 to 30.09.09	TOTALS ON 30.09.09	AS ON 30.09.2008	AS ON 30.09.2009
LAND	17931721.00	139629449.00	--	157561170.00	--	--	--	--	17931721.00	157561170.00
BUILDINGS	96557477.00	--	--	96557477.00	7471929.87	1569626.50	--	9041556.37	89085547.13	87515920.63
VEHICLES	15664489.63	8292589.00	3810241.00	20146837.63	4031104.40	1770961.69	1499366.88	4302699.21	11633385.23	15844138.42
PLANT & MACHINERY	17825970.97	133993.00	--	17959963.97	5333885.43	1230920.86	--	6564806.29	12492085.54	11395157.68
FURNITURE & FIXTURES	20989445.00	227492.00	--	21216937.00	5465182.23	1313856.59	--	6779038.82	15524262.77	14437898.18
BOOKS	66269.00	--	--	66269.00	66269.00	--	--	66269.00	--	--
<b>TOTAL</b>	<b>169035372.60</b>	<b>148283523.00</b>	<b>3810241.00</b>	<b>313508654.60</b>	<b>22368370.93</b>	<b>5885365.64</b>	<b>1499366.88</b>	<b>26754369.69</b>	<b>146667001.67</b>	<b>286754284.91</b>

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (12 MONTHS ) Rs.		AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.	
<b>SCHEDULE - VI</b>				
<b>INVESTMENTS</b>				
<b>LONG TERM INVESTMENTS</b>				
<b>TRADE INVESTMENTS</b>				
<b>SHARES IN COMPANIES - UNQUOTED</b>				
(i) Arihant Unitech Reality Projects Ltd. (500000 Equity Shares of Rs. 10 each fully Paid Up Shares)	<b>5000000.00</b>		5000000.00	
(ii) Escapade Real Estate Pvt. Ltd. (1100000 Equity Shares of Rs. 10/- each Fully Paid Up)	<b>11000000.00</b>		11000000.00	
(iii) Arihant Indo African Infra Developers & Builders Pvt. Ltd. (203274 Equity Shares of Rs. 10/- each Fully Paid Up Shares)	<b>2032740.00</b>		2032740.00	
(iv) Heirloom Real Estate Pvt. Ltd. (2500 Equity shares of Rs. 10/- each fully Paid up shares)	<b>25000.00</b>		--	
(v) Hills & Vales Real Estate Pvt. Ltd. (2500 Equity shares of Rs. 10/- each fully Paid up shares)	<b>25000.00</b>		--	
(vi) North Town Estates Pvt. Ltd. (25000 Equity shares of Rs. 10/- each fully Paid up shares)	<b>250000.00</b>		--	
<b>DEBENTURES</b>				
Arihant Indo African Infra Developers & Builders Pvt. Ltd. (13% 386221 Optionally Redeemable convertible Debuntures of Rs. 100/- each)	<b>38622100.00</b>		--	
<b>QUOTED (FULLY PAID AT COST)</b>				
Happy Homes Profin Ltd. (44800 equity shares of Rs. 10/- each Fully Paid Up)	<b>1.00</b>		1.00	
Indotech Transformers Ltd. (1391 equity shares of Rs. 130/- each Fully Paid up) (Market Value Rs. 432948.75)	<b>180830.00</b>		180830.00	
Tata Consultancy Services Ltd. (3600 equity shares of Rs. 1/- each Fully Paid up shares (Market Value Rs.2235600))	<b>902352.00</b>		902352.00	
		<b>58038023.00</b>		19115923.00
<b>AGGREGATE AMOUNT OF</b>				
Quoted Investment		<b>1083183.00</b>		1083183.00
Un-Quoted Investment		<b>56954840.00</b>		18032740.00

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (12 MONTHS ) Rs.		AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.	
<b>SCHEDULE VII</b>				
<b>INVENTORIES &amp; WORK IN PROGRESS</b> (At cost taken, valued and certified by the management )				
STOCK OF CONSTRUCTION	2527642.00		2388849.00	
FINISHED STOCK	304486917.93		246583629.46	
WORK IN PROGRESS	299410863.92		916591692.92	
		606425423.85		1165564171.38
<b>SCHEDULE VIII</b>				
<b>SUNDRY DEBTORS</b> (UNSECURED & CONSIDERED GOOD) DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	306257359.10		92291563.83	
LESS THAN SIX MONTHS	461557428.42		500806188.40	
		767814787.52		593097752.23
<b>SCHEDULE IX</b>				
<b>CASH &amp; BANK BALANCE</b>				
(A) CASH BALANCE ON HAND	5787407.63		5836277.45	
(B) BALANCE WITH SCHEDULED BANKS	29643768.86		15176936.49	
(C) FIXED DEPOSITS WITH SCHEDULED BANK	11226988.94		8181371.00	
		46658165.43		29194584.94
<b>SCHEDULE X</b>				
<b>LOANS &amp; ADVANCES</b> UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) SECURITY DEPOSITS	741933379.18		32169684.18	
(B) ADVANCE FOR EXP./CONTRACTORS	789007381.69		623227015.17	
(C) OTHER DEPOSITS	290237712.27		453771595.02	
(D) PREPAID EXPENSES	205569.00		988834.00	
(E) ADVANCE FOR PURCHASE OF LAND	25451565.00		59041565.00	
(F) ADVANCE TAX	27850564.00		52200000.00	
		1874686171.14		1221398693.37

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2008 (12 MONTHS ) Rs.	
<b>SCHEDULE XI</b>				
<b>CURRENT LIABILITIES</b>				
(A) ADVANCE FROM CUSTOMERS & PROJECTS	167818528.98		99716092.94	
(B) BANK OVERDRAFT C.C. A/C	--		698076.46	
(C) OUTSTANDING LIABILITIES	497862253.18		350724013.85	
(D) RENTAL DEPOSITS	24507438.00		24507438.00	
(E) SUNDRY CREDITORS FOR SUPPLIERS	46980173.62		32339754.41	
(F) INVESTOR EDUCATION & PROTECTION FUND	55010.00		101621.00	
(G) OTHER LIABILITIES	7399936.00		7243045.00	
		<b>744623339.78</b>		<b>515330041.66</b>
<b>SCHEDULE - XII</b>				
<b>PROVISIONS</b>				
(A) PROVISION FOR TAXATION	9204639.73		28968877.73	
(B) PROVISION FOR DIVIDEND	8271801.69		8209127.69	
		<b>17476441.42</b>		<b>37178005.42</b>
<b>SCHEDULE - XIII</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(A) PRELIMINARY EXPENSES	99500.00		126000.00	
(B) DEFERRED REVENUE EXP	40000.00		60000.00	
	139500.00		186000.00	
LESS: WRITTEN OFF	46500.00		46500.00	
		<b>93000.00</b>		<b>139500.00</b>
<b>SCHEDULE - XIV</b>				
<b>INCOME FROM OPERATION</b>				
(A) SALES	942587746.75		1128183983.38	
(B) RENTAL RECEIPTS	--		37062276.00	
(C) CLOSING STOCK	2527642.00		2388849.00	
(D) FINISHED GOODS	304486917.93		246583629.46	
(E) WORK IN PROGRESS	299410863.92		916591692.92	
(F) CAPITALISED TO LAND	139629449.00		--	
		<b>1688642619.60</b>		<b>2330810430.76</b>
<b>SCHEDULE - XV</b>				
(A) CONSTRUCTION EXPENSES				
(a) MATERIAL	246028993.77		315635972.21	
(b) LABOUR & SUB CONTRACT EXP.	190631750.67		191581407.13	
(c) OTHER EXPENSES	796369536.35		925000689.12	
		<b>1233030280.79</b>		<b>1432218068.46</b>
(B) LAND		<b>392236845.62</b>		<b>346650141.15</b>
		<b>1625267126.41</b>		<b>1778868209.61</b>

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.	
<b>SCHEDULE - XVI</b>				
<b>ADMINISTRATIVE AND ESTABLISHMENT EXPENSES</b>				
<b>A. ADMINISTRATIVE EXPENSES</b>				
AUDIT FEES	386724.00		382024.00	
BANK CHARGES	108020.17		300843.43	
DIRECTORS REMUNERATION	3821558.00		12925203.92	
DONATION	674195.00		896026.00	
ELECTRICITY CHARGES	445488.00		647299.00	
FILING, LEGAL & OTHER FEES	4413947.00		9149678.00	
FRINGE BENEFIT TAX	896.00		10245.00	
COMMISSION PAID	--		10750.00	
CONSULTANCY CHARGES	39326.00		--	
CONVEYANCE	5000.00		--	
MISCELLANEOUS EXPENSES	6608263.50		10450870.02	
INSURANCE	468980.00		127978.00	
INTEREST & OTHERS	--		4014351.00	
OTHER PROJECT EXPENSES	50716.00		16191788.40	
OFFICE MAINTENANCE	214141.00		868036.50	
LOSS ON SALE OF ASSETS	570874.12		--	
PRINTING & STATIONERY	649393.00		1337737.00	
PROFESSIONAL CHARGES	19677.00		8741.00	
RENT	11677112.00		23255631.00	
REPAIRS & MAINTENANCE OF BUILDING	20977813.23		35512146.06	
SHARE REGISTRAR EXPENSES	32505.00		45824.00	
STAFF SALARY	10329288.00		9016042.00	
STAFF WELFARE	245478.50		517755.00	
SUBSCRIPTION & PERIODICALS	16886.00		32179.00	
TELEPHONE & POSTAGE	986355.65		1263030.65	
TRAVELLING, CONVEYANCE & FUEL	4019266.00		5598572.00	
		<b>66761903.17</b>		132562750.98
<b>B. SALES PROMOTION</b>				
ADVERTISEMENT EXPENSES	616057.00		3288381.00	
BUSINESS PROMOTION	915277.00		3275863.00	
		<b>1531334.00</b>		6564244.00
<b>C. DEFERED REVENUE EXPENDITURE</b>		<b>20000.00</b>		20000.00
<b>D. PRE-OPERATIVE EXPENSES</b>		<b>26500.00</b>		26500.00
		<b>68339737.17</b>		139173494.98
<b>SCHEDULE XVII</b>				
<b>INTEREST &amp; FINANCIAL CHARGES</b>				
INTEREST	64747092.86		69707137.72	
		<b>64747092.86</b>		69707137.72

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2009**

<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/Loss Before Tax and Extraordinary Items		3,06,58,251.29
Add : Adjustments for :		
Depreciation	58,85,365.64	
Loss on sale of Fixed assets	5,70,874.12	
Miscellaneous Expenditure Written Off	46,500.00	
Interest and Finance Charges	<u>6,47,47,092.86</u>	
		<u>7,12,49,832.62</u>
<b>Operating Profit Before Working capital Changes</b>		<b>10,19,08,083.91</b>
Add : Adjustments for Working Capital changes		
Increase in trade and other receivables	(82,80,04,513.06)	
Decrease in Inventories	55,91,38,747.53	
Increase in current liabilities	<u>22,92,93,298.12</u>	
		<u>(3,95,72,467.41)</u>
Cash From operations before Tax and Extraordinary items		6,23,35,616.50
Less:Income Tax Paid		<u>2,50,83,002.00</u>
Cash From operations before Extraordinary items		3,72,52,614.50
Extraordinary Items		Nil
<b>Cash flow from Operating Activities</b>		<b>3,72,52,614.50</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets	(14,82,83,523.00)	
sale of Fixed Assets	13,23,566.00	
Investment in the Shares & Debentures	<u>(3,89,22,100.00)</u>	
<b>Net cash used in Investing activities</b>		<b>(18,58,82,057.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Raising of Loans	20,33,39,941.85	
Proceeds from Issue of convertible Warrants	3,44,87,500.00	
Dividend paid	(69,87,326.00)	
Interest & Finance Charges	<u>(6,47,47,092.86)</u>	
<b>Net Cash from Financing Activities</b>		<b>16,60,93,022.99</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>1,74,63,580.49</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>2,91,94,584.94</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>		<b>4,66,58,165.43</b>

For and on behalf of board of directors  
For **ARIHANT FOUNDATIONS & HOUSING LIMITED**

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Whole Time Director

sd/-  
**Kishore Kumar Sahoo**  
Company Secretary

Chennai  
28.12.2009

## AUDITOR'S CERTIFICATE

We have examined the above consolidated cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September 2009. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with stock exchanges and is based on and in agreement with corresponding profit & loss account and Balance Sheet of the Company covered by our report of December 28, 2009 to the members of the Company

As per our report of even date  
for **B.P. Jain & Co.**  
**Chartered Accountants**

sd/-  
**Devendra Kumar Bhandari**  
Partner,  
Membership No.: 208862

Date : 28.12.2009  
Place : Chennai



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Folio No.....  
(to be filled by shareholder)

**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Chennai

**PROXY**

I/We .....

c/o.....

Being a member (s) of ARIHANT FOUNDATIONS & HOUSING LTD hereby appoint

Mr. Mrs.....

c/o.....

failing him / her / Mr. / Mrs. ....

c/o.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Friday, 26th March 2010 and any adjournment thereof. As witness my/our hand (s) this 26th day of March 2010.

Signed by the said Mr/Mrs/Ms.....



Signature

Note : The proxy must be deposited at the Registered Office of the Company at Ankur Manor, 1st Floor, 271, Poonamallee High Road, Kilpauk, Chennai - 600 010, not less than 48 hours before the time of holding the meeting.

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**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Chennai

**ATTENDANCE SLIP**

Time & Date : 10.00 a.m. Friday, 26th March 2010

Place : **Arihant Escapade**

Devaraj Nagar, 48 Okkium Thoraipakkam , Chennai - 600 097

Full name of the shareholder.....

Full name of the person attending the meeting as Shareholder's Proxy

.....

Folio No.....

Date.....



Signature

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