

CORPORATE STRUCTURE

BOARD OF DIRECTORS

Kamal Lunawath	Managing Director
Col. A L Jayabhanu	Whole time Director
Jagdish R Bhatt	Whole time Director
Vimal Lunawath	Whole time Director
A Damodaran	Director
Alex Jacob	Director
Bharat M Jain	Director
Dilip Surana	Director
Harisharanlal Trivedi	Director
Ravikant M Choudhary	Director

KEY MANAGEMENT PERSONNEL

Rashmi R. Parekh	Chief Financial Officer
Priti Venkatesan	Company Secretary

BANKERS

Indian Overseas Bank
IDBI Limited
ICICI Bank Limited
Punjab and Sind Bank
Corporation 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", 1st Floor, Off. McNichols Road
Kilpauk, Chennai- 600010.

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited.,
Vth Floor, Subramanian Building, No.1, Club House Road
Anna Salai, Chennai- 600002.

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CHAIRMAN'S SPEECH

Dear Shareholders,

A philosophy which has inspired and strengthened our deep belief in fostering all the core human values that are of paramount importance to us today. It is nothing but these timeless values that assume concrete shape whenever we construct a path breaking new project. Time and again, each Arihant Project has drawn whole hearted response, with an ever eager investor, home maker and business community waiting to own an Arihant Property.

Today's Chennai has weathered a lot of changes due to growth spearheaded by a spurt in the knowledge sector comprising the IT, ITES and BPO- led businesses. According to the Industry sources, 1.5 lakh people are currently employed in these sectors and the figure is likely to touch 3 lakhs in two years. This leads to heavy demand of IT parks as well as residential projects in IT Corridor of Chennai. The number of IT parks under varying stages of implementation en route the corridor has created an urgent need for proportionate residential supply in anticipation of the influx of professionals and also encouraged more Developers. Your Company has recently launched a residential project "Arihant Heirloom" comprising of 3.25 lacs Sq.ft. (approx.) in this area.

In this Accounting year we have completed "**Arihant Technopolis**" IT Park at Old Mahabalipuram Road, IT Corridor of Chennai.

Arihant Insight, IT Park at Ambattur, **Arihant Galaxy** at Tondiarpet, **Arihant Shloka**, residential complex at Secretariat Colony, Kilpauk, **Arihant Fern Villa**, Row houses at Dr Alagappa Road, and **Arihant Escapade**, Thoraipakkam, are some of the ongoing projects in Chennai, which will be completed at the scheduled time.

COMPANY'S PERFORMANCE FOR THE YEAR

Despite the competition in the Market with various local and outside competitors, your Company achieved an excellent performance during the financial year. The sales of the Company was Rs.88 crores and the Company succeeded in posting a net profit of Rs.20 crores and earning per share of Rs.33.46.

The Board of Directors of your Company have recommended to pay a dividend of 20% for the year 2005-06.

Your Company is also extending the field of its operation in other cities like Bangalore, Calcutta, Coimbatore, Madurai and Vijayawada.

CONCLUSION

I take this opportunity to convey our grateful thanks to Indian Overseas Bank, Corporation Bank, ICICI Bank Limited, IDBI Limited, Punjab and Sind Bank, Vijaya Bank for the trust they have bestowed on us by sanctioning financial assistance whenever we requested for either starting the new projects or completion of on going projects. We are also grateful to Chennai Metropolitan Development Authority, Corporation of Chennai and related departments of Government of Tamil Nadu for having extended full support in all our endeavors.

I would also like to take this opportunity to express my gratitude to the staff as well as the shareholders for their continued faith and confidence on our Board of Directors.

Thank You,

Sincerely



KAMAL LUNAWATH
Chairman

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held at 10.00 A.M. on Friday, the 23rd March, 2007 at "The Residency Tower", Sir Thyagaraya Road, T.Nagar, Chennai - 17 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 2006 and Audited profit and loss account for the period from 01.10.2005 to 30.09.2006, 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. Alex Jacob, 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 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:

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

"RESOLVED THAT pursuant to the provision of Section 293(1)(d) of the Companies Act, 1956, Article no.130 of the Articles of Association of Company and other applicable provisions if any of the Companies Act 1956, Consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sum(s) of money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall exceed the aggregate of paid up capital and free reserves, that is to say reserve not set apart for any specific purpose. provided that the total amount together with the money(s) already borrowed by the Board of Directors shall not exceed the sum of Rs.300 crores at any one time."

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

"RESOLVED THAT Pursuant to the provisions of Section 198, 269,309 and Schedule XIII to the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Mr. Col. A.L Jayabhanu as Whole time Director of the Company for a period of 5 years with effect from 21.02.2007 on the terms and conditions as set out in the explanatory statement to this notice."

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

"RESOLVED THAT Pursuant to the provisions of Section 198, 269,309 and Schedule XIII to the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Mr. Jagdish R Bhatt as Whole time Director of the Company for a period of 5 years with effect from 21.02.2007 on the terms and conditions as set out in the explanatory statement to this notice."

9. 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 provision 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 revision of remuneration of Mr. Kamal Lunawath, Managing Director of the Company from Rs.40000/- per month to Rs.75000/- per month 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."

10. 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 provision 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 revision of remuneration of Mr. Vimal Lunawath, Whole time Director of the Company from Rs.25000/- per month to Rs.75000/- per month 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."

11. 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 clause 49(1B) of the Listing Agreement with Stock Exchanges and the provision of Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government) General Rules and Forms, 1956, approval of the Company be and is hereby accorded to the sitting fees of Rs.2000/- each to the Non executive Independent Directors for attending each meeting of the Board of Directors and the Committee thereof."

12. To consider and if thought fit, to pass, with or without modification, the following resolution as **Special Resolution**.

"**RESOLVED THAT** consent of the Company be and is hereby accorded to the insertion of Article No.34A after Article No.34 and that Article 34A be read as under

"That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in General Meetings."

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

"**RESOLVED THAT** the authorised share capital of the Company be, and is hereby increased from Rs.7,00,00,000/- (Rupees Seven crores only) divided in to 70,00,000 (Seventy lakhs only) equity shares of Rs.10/- each (Rupees Ten only) to Rs. 10,00,00,000/- (Rupees Ten crores only) divided in to 1,00,00,000(One crore only) equity shares of Rs.10/- each (Rupees Ten only) and consequently the existing clause V of the Memorandum of Association of the Company, be and is hereby altered by deleting the same and the following new clause V be substituted."

"The authorised share Capital of the Company is Rs.10,00,00,000 (Rupees Ten crores) divided into 1,00,00,000 (One crore) equity shares of Rs.10/- (Rupees Ten Only) each with the power for the company to increase or reduce the said Capital in accordance with the applicable provisions of the companies Act, 1956 and to issue any part of its capital original or issued with or without any preference, priority or special privilege or subject to any postponement of any rights and to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether expressed to be preference or otherwise, shall be subject to power, herein before contained.

The Share Capital of the Company (whether original, increase or reduced) may be subdivide, consolidated or divided into such classes of shares as may be allowed under the law for the time being in force relating to Companies with such privileges or rights as may be attached and to held upon such terms as may be prescribed by the Articles of Association of the Company.

14. To consider and if thought fit, to pass, with or without modification, the following resolution as **Special Resolution**.

"**RESOLVED THAT** Pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, the Articles of Association of the Company be and is hereby altered by amending the existing clause 4(a) and the following new clause 4(a) be substituted."

The Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One crore) equity shares of Rs.10/-(Rupees Ten only) each.

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

sd/-

Place : Chennai
Date : 21-2-2007

Priti Venkatesan
Company Secretary

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 16.03.2007 to 23.03.2007 (Both days inclusive).
4. The dividend on equity shares, if declared at the Meeting, will be payable to those shareholder, whose names appear on the Company's Register of Members at the close of business hours on 15.03.2007. 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 15.03.2007.
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 6**

The Borrowings (except temporary loan from the Bankers in the ordinary course of business) by the Board of Directors of the Company should be within the limit of aggregate of paid up capital and free reserves of the Company. In case the money to be borrowed together with the money already borrowed exceeds the limit as specified above, consent of the Shareholders by means of an ordinary resolution has to be obtained for such borrowings. The Board of Directors of the Company has obtained the approval of shareholders at the Annual General Meeting held on 24th March, 2006 specifying that, the total amount of borrowing shall not exceed the sum of Rs.200 crores at any one time. During the year under review, the Board of Directors of the Company has the proposal to borrow loan for the purpose of business of the Company, which would exceed the approved limit of Rs.200 crores. Therefore in this regard the Board of Directors recommended that the total limit of borrowing together with money already borrowed shall not exceed the sum of Rs.300 crores at any one time subject to the approval of the Shareholders.

Memorandum of Interest

None of the Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.6 of the notice.

The Board recommends the resolution set out at item no.6 of the notice for your approval.

ITEM 7

Mr. A.L Jayabhanu. Whole time Director appointed for a period of five years and his tenure will be expired with effect from 31st March, 2007. In order to strengthen the Board and to have benefits of his experience and expertise, Board is willing to retain him for a further period of five years on the terms and conditions mentioned below:

Terms of appointment: 5 years with effect from 21.02.2007.

Remuneration: Rs.75000/- 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. A.L Jayabhanu, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.7 of the notice.

The Board recommends the resolution set out at item no.7 of the notice for your approval.

ITEM 8

Mr. Jagdish R Bhatt. Whole time Director appointed for a period of five years and his tenure will be expired with effect from 31st March, 2007. Being a Promoter Director of the Company and to have benefits of his experience and expertise, Board is willing to retain him for a further period of five years on the terms and conditions mentioned below:

Terms of appointment: 5 years with effect from 21.02.2007.

Remuneration: Rs.75000/- 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. Jagdish R Bhatt, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.8 of the notice.

The Board recommends the resolution set out at item no.8 of the notice for your approval.

ITEM 9

Keeping in view the valuable contribution towards impressive growth of the Company by Mr. Kamal Lunawath, Managing Director, the Board of Directors recommended the revision in the remuneration of Mr. Kamal Lunawath, Managing Director from Rs.40000/- per month to Rs.75000/- per month with effect from 1st March 2007.

All other terms and conditions i.e terms of appointment, perquisites already fixed at the time of his appointment will remain same.

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. Kamal Lunawath and Mr. Vimal Lunawath, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.9 of the notice.

The Board recommends the resolution set out at item no.9 of the notice for your approval.

ITEM 10

Keeping in view the valuable contribution towards impressive growth of the Company by Mr. Vimal Lunawath, Whole time Director , the Board of Directors recommended the revision in the remuneration of Mr. Vimal Lunawath, Whole time Director from Rs.25000/- per month to Rs.75000/- per month with effect from 1st March 2007.

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. Vimal Lunawath and Mr. Kamal Lunawath, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.10 of the notice.

The Board recommends the resolution set out at item no.10 of the notice for your approval.

ITEM 11

In accordance with the clause 49(IB) of the listing agreement with the Stock Exchanges, all the fees/ compensation to Non executive and Independent Directors require prior approval of the shareholders in the general meeting. The Board have recommended sitting fees of Rs.2000/- each to the Non executive Independent Directors for attending each meeting of the Board of Directors and the Committee there of . Hence the Resolution set out in the item no. 11 of the notice require approval of the Shareholders.

Memorandum of Interest

Save and except Mr. A. Damodaran, Mr. Ravikant M Choudhary, Mr. Dilip Surana, Mr. Bharat M. Jain, Mr. Alex Jacob and Mr. Harisharanlal Trivedi, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.11 of the notice.

The Board recommends the resolution set out at item no.11 of the notice for your approval.

Item 12

Pursuant to Section 31 of the Companies, Act, 1956, any amendment in the Articles of Association of the Company requires approval of the Shareholders at the General Body Meeting. Hence the Resolution set out in the item no. 12 of the notice require approval of the Shareholders.

Memorandum of Interest

None of the Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.12 of the notice.

The Board recommends the resolution set out at item no.12 of the notice for your approval.

Item 13

Increase in authorised share capital and consequential amendments to the Memorandum of Association.

The present authorised share capital of the Company is Rs.7,00,00,000/- (Rupees Seven crores only) divided in to 70,00,000(Seventy lakhs only) equity shares of Rs.10/- each and consequent to the conversion of 150000 convertible warrants on 11.11.2006 into 150000 fully paidup equity shares out of total 1000000 convertible warrants, the paid up capital of the Company enhanced to Rs.6,15,00,000/-. After conversion of remaining convertible warrants the paid up capital of the Company will be Rs.7,00,00,000. In this regard Board has recommended to increase the authorised capital of the Company From Rs.7,00,00,000 to Rs.10,00,00,000/- and consequently alteration to the Memorandum of Association of the Company is required, which needs the approval of the shareholders of the Company.

Memorandum of Interest

None of the Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.13 of the notice.

The Board recommends the resolution set out at item no.13 of the notice for your approval.

Item 14

The existing Articles of Association of the Company specifies the present Share Capital of the Company. As your Company proposes to increase its Authorised Share Capital, Article 4 of the Articles of Association of the Company be amended to reflect the increased share capital of the Company. Pursuant to Section 31 of the Companies Act, 1956, any amendment in the Articles of Association of the Company requires approval of the Shareholders at the General Body Meeting. Hence the Resolution set out in the item no. 14 of the notice require approval of the Shareholders.

Memorandum of Interest

None of the Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.14 of the notice.

The Board recommends the resolution set out at item no.14 of the notice for your approval.

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

sd/-

Place: Chennai
Date: 21.02.2007

Priti Venkatesan
Company Secretary

DIRECTOR'S REPORT

Your Directors take pleasure in presenting the 14th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September 2006.

FINANCIALS

The year ended September 30, 2006 resulted in profit after tax of Rs.20 crores during the period.

PARTICULARS	2005 - 06 (Rs. in Lakhs)	2004 - 05 (Rs.in Lakhs)
Total Income	16294.42	12560.98
Total Expenditure	13372.90	11465.35
Profit before Interest and Depreciation	2921.52	1095.63
Interest	475.94	226.81
Depreciation	37.99	34.92
Profit before Tax	2407.59	833.90
Provision for tax	400.00	83.00
Profit after Tax	2007.59	750.90
APPROPRIATIONS		
Transfer to General reserve	150.57	37.55
Proposed Dividend (inclusive of dividend tax)	136.83	84.70
Balance profit carried forward	1720.19	628.65

PERFORMANCE

It has been one more prospective year for the Company in achieving the excellent results.

The Company has achieved a sales of Rs.88 crores during the financial year 2005-06 as against Rs.59.5 crores in the previous year 2004-05, recording an increase of 47%. The profits of the Company zoomed from Rs. 7.50 crores to Rs. 20.07 crores there by posting a growth of 267% over the last year and expecting improved results during the coming financial year 2006-2007.

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 pleased to recommend dividend @ 20% on 6000000 equity shares of Rs.10 each for the financial year ended 30th September 2006, which if approved at the ensuing Annual General Meeting , will be paid to:

- i) all those shareholders whose name appears in the Register of Members as on 15th March 2007 and;
- ii) 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 accepted fixed deposits. The outstanding amount of Fixed Deposits as on 30th September, 2006 is Rs.3.77 Crores which is 6% of aggregate of paid up capital and free reserves of the Company.

SUBSIDIARY COMPANIES

Your Company has four unlisted wholly owned Indian Subsidiary Companies:

1. Vaikunt Housing Limited
2. Arihant Griha Limited
3. Varenya Constructions Limited
4. Transperent Heights Real Estate Limited

A statement regarding subsidiary Companies, pursuant to Section 212 of the Companies Act, 1956 has been given as an annexure to the Balance sheet and Profit and Loss account of the Holding Company.

JOINT VENTURE

Arihant Unitech Realty Projects Limited

Your Company has entered in to a Joint Venture with Unitech Limited, Delhi and formed a Special Purpose Vehicle (SPV) named Arihant Unitech Realty Projects Limited with equity participation of 50:50. The SPV formed for the purpose of developing a Residential Township at Chennai.

Ultramarine Investment Private Limited

Your company has entered in to a Joint Venture with Ultramarine Investment Pvt. Ltd., Chennai. for the purpose of developing a residential project. Interest in the joint venture is about 5%.

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 small and large projects.

COMPLETED PROJECTS

Your Company had completed the following Projects during the year:

Project name	Location
ARIHANT TECHNOPOLIS IT Park	OMR, Perungudi Chennai- 600096

ONGOING PROJECTS

Project name	Location
ARIHANT INSIGHT IT Park	Ambattur, Chennai
ARIHANT GALAXY Phase II Residential Complex	T.H Road, Tondiarpet, Chennai
ARIHANT ESCAPADE Residential Complex	Thoraipakkam, Chennai
ARIHANT FERN VILLA Row Houses	Dr Alagappa Road, Chennai

NEW PROJECT INITIATIVES

Project name	Location
Arihant Heirloom Residential Complex	Old Mahabalipuram Road, Thazambur, Chennai.

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	: Rs.203103/-

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 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 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. The Directors took proper and sufficient care 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 directors prepared the annual accounts on a going concern basis.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Article 101 of the Articles of Association of the Company, Mr. Alex Jacob, Mr. A Damodaran are due to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board has also recommended appointment of Mr. A.L Jayabhanu and Mr. Jagdish R Bhatt as whole time Director for a further period of five years. Brief resume of the said Directors are given in the report on Corporate Governance.

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.

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.

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 redressal of 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 15th February, 2007, 44,66,249 (Fourty four lakhs sixty six thousand two hundred and fourty nine) shares have been dematerialised, representing 73% of the subscribed capital.

LISTING

The shares of your Company are listed at Madras Stock Exchange Limited and Bombay Stock Exchange Limited. The Company has recently on 26th December, 2006 listed its securities with National Stock Exchange of India Limited. The Company has paid the listing fees for the Financial Year 2005-2006 to all the Stock Exchanges, where its securities are listed. The Company has also complied with the amendments in listing agreement from time to time.

During the financial year, 1000000 equity shares which were allotted on preferential basis dated 28th September, 2005 has been listed in Bombay Stock Exchange Limited and Madras Stock Exchange Limited on 21st April, 2006 and 7th June, 2006 respectively. These shares which were under lock in has been released with effect from 27.09.2006.

TRANSFER OF UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND.

Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, any amount in the unpaid dividend account not claimed for seven years from the date of transfer of unclaimed amount to the aforesaid account, the same shall be transferred to the Investor Education Protection Fund, which is constituted under Section 205C of the Companies Act 1956. Since the period of seven years expired, the Company in conformity with the aforesaid provision has transferred an unclaimed amount of Rs.31913/- related to Dividend for the year 1997-98 to Investor Education and Protection Fund.

Further the Company hereby informing all those shareholders to claim their dividends who have not yet claimed their dividends for the subsequent years.

ACKNOWLEDGEMENTS

Your Directors acknowledge with appreciation the support and cooperation extended to the Company by ELCOT, CMDA, Corporation of Chennai. The Company is also thankful to Indian Overseas Bank, Corporation Bank, Vijaya Bank, ICICI Bank Limited, IDBI Limited, Oriental Bank of Commerce, Punjab and Sind Bank for their support and co operation.

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

Place: Chennai (KAMAL LUNAWATH)
Date: 21.02. 2007 Chairman and
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Explanation for the observations made in Auditors Report:

- (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. The Company has not provided for deferred taxation on assets and liabilities due to shortage of trained manpower. The company has not prepared consolidated financial statements for the subsidiaries, Arihant Griha Limited, Varenya Construction Limited & Transperent Heights Real Estate Limited, which were incorporated on 25.09.06, 26.09.06 & 28.09.06 respectively as they are less than a week old and also the certificate of commencement of business for the aforementioned subsidiaries were not received as on 30.09.06. In case of Vaikunt Housing Limited, which became subsidiary as on 23.08.06, the audited balance sheet after acquisition is not available. The acquisition process is in complete. However there is receipt of profit from Vaikunt Housing Limited to an extent of Rs. 8.31Lacs.
- (ii) To point no.(5) the transaction of purchase of goods, materials and sale of goods materials and services, made in pursuance of contracts and/ or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 has entered at market prices and they are in regular business of these goods and Services.
- (iii) To point no.(6). The Company has filed the Return of Deposit for the year 2005. Return of deposits for the year 2006 i.e. as on 31.03.2006 is yet to be filed.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is concerned with good practice by the Board and Management of the Company, taking in to consideration the ethics and values of management to carry out its objectives in a smooth and healthy way and to sustain esteemed growth of business that are in the best interest of the Company and 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 ten directors as on 30.09.2006.

The break up of the total composition of the Board as on 30.09.2006 is as follows:

Sl. No.	Name of the Directors	Designation	Executive/ Non- executive/ Independent
1.	Mr. Kamal Lunawath	Chairman & Managing Director	Executive
2.	Mr. Vimal Lunawath	Whole time Director	Executive
3.	Sri. Col. A.L. Jayabhanu	Whole time Director	Executive
4.	Sri. Jagdish R Bhatt	Whole time Director	Executive
5.	Sri. Alex Jacob	Director	Non-Executive
6.	Sri. A. Damodaran	Director	Non-Executive & Independent
7.	Sri. Harisharanlal Trivedi	Director	Non-Executive & Independent
8.	Mr.Ravikant M Choudhary	Director	Non-Executive & Independent
9.	Mr. Dilip Surana	Director	Non-Executive & Independent
10.	Mr. Bharat M Jain	Director	Non-Executive & Independent

The Company has complied with clause 49 (1A) of the Listing Agreement having an optimum 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 30.09.2006

Sl. No.	Name of the Directors	No. of Board Meetings Attended	Whether Attended last A.G.M	Other Directorships	Committee Memberships	Committee Chairmanships.
1.	Navratan Lunawath*	02	No	1	1	—
2.	Kamal Lunawath	18	Yes	5	1	—
3.	Vimal Lunawath	18	Yes	5	—	—
4.	Jagdish R Bhatt	13	Yes	—	—	—
5.	Col. A.L Jayabhanu	22	Yes	—	—	—
6.	Alex Jacob	04	No	1	—	—
7.	A. Damodaran	10	Yes	1	1	—
8.	Harisharanlal Trivedi	12	No	—	1	—
9.	Dilip Surana	04	No	1	1	1
10.	Ravikant M Choudhary	06	Yes	5	1	1
11.	Bharat M Jain	06	No	—	—	—

* Mr. Navratan Lunawath, Chairman and Managing Director deceased on 02nd November, 2005.

Note: the position of membership and Chairmanship held in the Committees by the Directors of the Company as mentioned above is only in "Arihant Foundations & Housing Limited" and the other directorship of the Directors as mentioned above do not include Alternate Directorships and Directorships of Foreign Companies and Section 25 Companies.

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

Twenty two (22) Board meetings were held during the financial year 01.10.2005 to 30.09.2006 and the dates on which the Board meetings were held are given below:

No. of Board Meetings	Date of Board Meetings	No. of Board Meetings	Date of Board Meetings
01	21.10.2005	12	13.04.2006
02	25.10.2005	13	29.04.2006
03	04.11.2005	14	04.05.2006
04	25.11.2005	15	01.06.2006
05	16.12.2005	16	23.06.2006
06	30.12.2005	17	05.07.2006
07	31.01.2006	18	31.07.2006
08	11.02.2006	19	01.08.2006
09	18.02.2006	20	23.08.2006
10	22.03.2006	21	30.08.2006
11	27.03.2006	22	19.09.2006

Details of Directors seeking appointment/reappointment at the ensuing Annual General Meeting.

Sri. A Damodaran, Director is liable to retire by rotation and being eligible, offered himself for reappointment. He is B.E (Civil), M.Sc.(Eng.). He is a retired Chief Planner of CMDA and having 40 years of experience in Town and Country Planning. He also occupies the position of Honorary Director in Ind. Bank Housing, Chennai and an expert in finance.

Sri. Alex Jacob, Director is liable to retire by rotation and being eligible, offered himself for reappointment. He is B.E., MTech., Dip Bdg. Sc. M.L.E (Aust). He is a consulting Engineer and has worked as Design Engineer with Government of Australia for four years. He is having 38 years of rich experience in Structural Engineering and executing projects in India and Abroad.

Sri. A.L. Jayabhanu, Whole time Director appointed for a period of five years and his term of office will expire on 31.03.2007. The Board is willing to retain him for a further period of five years with effect from 21.02.2007. Sri. A.L. Jayabhanu is B.Sc, B.E and MBA. He has 11 years of rich experience in real estate marketing.

Sri. Jagdish R Bhatt, Whole time Director appointed for a period of five years and his term of office will expire on 31.03.2007. The Board is willing to retain him for a further period of five years with effect from 21.02.2007. Sri. Jagdish R Bhatt is one of the Promoter of the Company. He has to his credit 20 years of rich experience in the field of Construction and finance.

CODE OF CONDUCT

Effective from 30th December, 2005, the Company adopted formal code of conduct. The same has been posted on Company's website at 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.

3. AUDIT COMMITTEE

(I) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The terms of reference of the Audit Committee of the Company are as detailed below:

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF ARIHANT FOUNDATIONS & HOUSING LIMITED

As per Section 292A of the Companies Act, 1956 read with Clause 41 and Clause 49 of the Listing Agreement with Stock Exchange, the Company has an Audit Committee. The scope of Audit Committee is as follows:

1. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. To approve the payment to statutory auditors for any other services rendered by the statutory auditors.
4. To review with the management the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors Responsibility Statement to be included in the Boards Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions
 - Qualifications in draft audit report.
5. To review, with the management, the quarterly financial statements before submission to the Board for approval.
6. To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. To discuss with internal auditors any significant findings and follow up there on.
9. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. To discuss with the statutory auditors before the audit commences, about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.
12. To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

POWERS OF AUDIT COMMITTEE

The Audit Committee is vested with certain powers to discharge its duties. They are:

1. To have access to the records of the Company;
2. To investigate any activity within its terms of reference;
3. To seek information from any employee;
4. To obtain outside legal or other professional advice;
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(I) COMPOSITION OF THE AUDIT COMMITTEE AS ON 30.09.2006, MEETINGS HELD AND ATTENDANCE DURING THE YEAR

Particulars	Name of the Member/ Chairman	No. of Meetings Held	No. of Meetings Attended
CHAIRMAN	Mr. Dilip Surana	3	3
MEMBERS	Mr. A Damodaran	3	3
	Mr. Ravikant M Choudhary	3	3
	Mr. Harisharanlal Trivedi	3	2

During the Financial year, the Audit Committee has been reconstituted due to induction of two new Independent Directors, Mr. Dilip Surana and Mr. Ravikant M Choudhary to the committee with effect from 30.12.2005 under the Chairmanship of Mr. Dilip Surana

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 2005-2006 is given below :

Name of the Directors	Salaries and Allowances	Other Benefits
Mr. Navratan Lunawath Chairman and Managing Director.	Rs.40,000/- pm. Up to 02.11.2005	Company Car & other perquisites
Col. A.L Jayabhanu Whole time Director	Rs.12,000/- pm. Up to 31.03.2006 Revised salary of Rs.25,000/- pm from 01.04.2006	
Mr. Jagdish R Bhatt Whole time Director	Rs.12,000/- pm. Up to 31.03.2006 Revised salary of Rs.25,000/- pm from 01.04.2006	
Mr. Kamal Lunawath Chairman and Managing Director	Rs.40,000/- pm. w.e.f 04.11.2005	Company Car & other perquisites
Mr. Vimal Lunawath Whole time Director	Rs.25000/- pm w.e.f 04.11.2005.	Company Car

• Non- Executive Directors

The Company has not paid any remuneration to Non-Executive Directors except sitting fees for attending meetings of the Board of Directors and committee thereof. The details of sitting fees paid to non executive directors during the financial year 2005-06 are as under:

Name of the Director	Designation	Total sitting fees paid (Rs.)
Mr. Ravikant M Choudhary	Director	15500
Mr. Harisharanlal Trivedi	Director	20000
Mr. Damodaran A	Director	7500
Mr. Bharat M Jain.	Director	6000
Mr. Dilip Surana	Director	6000

• Details of shares held by the Non executive Directors

Mr. Bharat M Jain : 6932 shares representing 0.12% of paid up Capital of the Company.

Mr. Alex Jacob: 5000 shares representing 0.08% of paid up capital of the Company.

5. SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE

COMPOSITION

Particulars	Name of the Member/ Chairman	No. of Meetings Held	No. of Meetings Attended
CHAIRMAN	Mr. Ravikant M Choudhary	16	16
MEMBERS	Mr. Kamal Lunawath	16	16
	Mr. Harisharanlal Trivedi	16	16

During the Financial Year, the Shareholder's / Investor's Grievance Committee has been reconstituted on 30.12.2005 under the Chairmanship of Mr. Ravikant M Choudhary. The function of the Committee is to redress the shareholders complaints, to review the shareholders request attended pertaining to Dividend, share transfers, transmission, split of shares and issuance of duplicate Share Certificates. The Committee also approve the share transfers, transmission, split of shares and issuance of duplicate Share Certificates.

No. of shareholder/ Investor Grievance Committee Meeting held and the dates of Meetings

No.	Date of Meetings	No.	Date of Meetings
01	17.10.2005	09	31.03.2006
02	09.11.2005	10	05.05.2006
03	25.11.2005	11	29.05.2006
04	30.12.2005	12	19.06.2006
05	18.01.2006	13	15.07.2006
06	24.01.2006	14	18.08.2006
07	15.02.2006	15	15.09.2006
08	15.03.2006	16	30.09.2006

- Name and designation of Compliance officer. Mrs. Priti Venkatesan, Company Secretary and Mr. O.P Madhav, Manager-Secretarial.
- Number of shareholder's complaints received so far, number not solved to the satisfaction of shareholders and number of pending share transfers for the period from 01.10.2005 to 30.9.2006: Nil

During the financial year, no shareholders complaints were received by the Company and there were no pending complaints at the beginning of the Financial Year.

6. 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.

7. GENERAL BODY MEETINGS

A.G.M	Date & Time	Venue	No. of Special Resolution passed
11 th A.G.M	31.03.2004 10.00 A.M	Arihant – Sivasakthi, 93 (old no.77), Sydenhams Road, Periamet, Chennai-3.	Nil
12 th A.G.M	31.03.2005 10.30 A.M	Days Inn, Deccan Plaza Door no.36, Royapettah High Road, Royapettah, Chennai-14.	Nil
13 th AG.M	24.03.2006 10.25 A.M	Days Inn, Deccan Plaza Door no.36, Royapettah High Road, Royapettah, Chennai-14.	Nil

One Extra Ordinary General Meeting was held during last financial Year on 16th September, 2005 for the purpose of obtaining the approval of shareholders to the issue of 1000000 equity shares and 1000000 convertible warrants on preferential basis and two special resolutions were passed in this meeting to obtain the approval of the Shareholders to the issuance of equity shares and convertible warrants on preferential basis and alteration of capital clause of Articles of Association.

No resolution was passed by postal ballot during last three financial year and nor any resolution is proposed to be conducted through postal ballot.

8. DISCLOSURES

• There are related party transactions i.e. transactions of the Company with its Directors and Directors relatives, Joint Venture and Subsidiaries. The details of which are given as under:

Related Party Transactions during 01.10.2005 to 30.09.2006

Sl. No.	Name of Related Party	Category	Nature of Transactions	Amount (Rs.)
1	Kamal Lunawath	Key Management Personnel	Remuneration Loan received Loan repaid	456766.00 20126950.00 17512241.00
2	Vimal Lunawath	Key Management Personnel	Remuneration Loan received Loan repaid	293766.00 940100.00 363880.00
3	Jagdish R. Bhatt	Key Management Personnel	Remuneration Loan repaid	235000.00 540000.00
4	A.L. Jayabhanu	Key Management Personnel	Remuneration	235000.00
5	Alex Jacob	Director	Fees for Structural Engg.	450000.00
6	Snehalatha Lunawath	Relative of Key Management Personnel	Loan received Loan repaid	17429150.00 2231745.00
7	Preethi Lunawath	Relative of Key Management Personnel	Loan received	303000.00

8	Kavita Lunawath	Relative of Key Management Personnel	Loan received	150750.00
9	Arihant Unitech Reality Projects limited	Joint Venture	Payments	203181737.00
10	Arihant Griha Limited	Wholly owned Subsidiary	Investments	500000.00
11	Transperent Heights Real Estate Limited	Wholly owned Subsidiary	Investments	500000.00
12	Varenya Constructions Limited	Wholly owned Subsidiary	Investments	500000.00
13	Vaikunt Housing Limited	Wholly owned Subsidiary	Investments Payments	500000.00 9700000.00
14	Shreyans Builders	Associates	Loan Received Loan Repaid	600000.00 500000.00

- 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.
- 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.

9. MEANS OF COMMUNICATION

- 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 the Clause 49 of the Listing Agreement.
- The quarterly financial results are also published in the news papers and details and date of publications are as under:

Quarter Ended	Name of English daily	Name of Regional daily	Date of Publication
31.12.2005	NEWS TODAY	Maalai Sudar (TAMIL)	01.02.2006
31.03.2006	NEWS TODAY	Maalai Sudar (TAMIL)	30.04.2006
30.06.2006	NEWS TODAY	Maalai Sudar (TAMIL)	01.08.2006

- Un-audited financial results for the quarter ended 31.12.2005, 31.03.2006 and 30.06.2006 also published in Economic times for circulation in Chennai, Mumbai and Delhi.
- The Quarterly un-audited financial results and audited Annual results are also hosted on the Company's web site at: www.arihantfoundations.com.

Management Discussion and Analysis Report forms part of the Annual report for year 2005-06, given as an Annexure I to the Director's Report 2005-06.

10. GENERAL SHAREHOLDER'S INFORMATION

- i. Number of Annual General Meeting
Date & Time
Venue
- 14th Annual General Meeting
23-3-2007, 10.00 a.m
"The Residency Towers"
Sir Thyagaraya Road
T.Nagar, Chennai 17
- ii. Financial Calendar
- October to September
- iii. Book Closure date
- 16.03.2007 to 23.03.2007
(both the days inclusive)
- iv. Dividend dispatch date
- Within a maximum of 30 days
from the date of declaration of
Dividend.
- v. Listing on Stock Exchanges
- The Madras Stock Exchange Ltd"
"Exchange Building"
11, 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

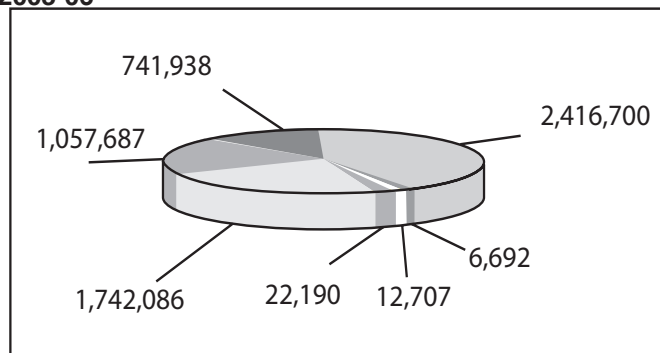
vi. Stock code/ Symbol
Bombay Stock Exchange Limited 531381
Madras Stock Exchange Limited AFD
ISIN for dematerialised shares INE413D01011

vii. Market Price Data – High, Low during each month in the last financial year 2005-06

Bombay Stock Exchange Limited (BSE)

Month	(in Rupees)	
	High	Low
October 2005	260.00	170.10
November 2005	232.50	134.00
December 2005	238.00	180.00
January 2006	313.10	208.00
February 2006	300.80	226.00
March 2006	338.30	269.00
April 2006	468.05	295.00
May 2006	600.00	407.95
June 2006	445.00	239.85
July 2006	328.00	231.10
August 2006	354.00	293.00
September 2006	409.40	310.00

viii. Stock Performance of the Company in comparison with BSE Sensex for the Financial Year 2005-06



ix. **Registrar and Share transfer Agent:-**
Cameo Corporate Services Limited.
Subramanian Building, No.1 Club House Road,
Anna Salai, Chennai-2.
Ph: 28460390.

x. Share Transfer system

M/s. Cameo Corporate Services Limited., Registrar and Share Transfer Agent, processes the share transfer/ transmission work. The transfers in physical form which are complete in all respects are taken up for approval once in a fortnight and the transferred securities dispatched to the transferee immediately.

The details of transfer / transmission are approved by the Shareholder/ Investor Grievance Committee.

Month wise volume of share transferred/ transmitted in physical form during the financial year 01.10.2005 to 30.09.2006 is given hereunder:

Month	No. of Transfers/ Transmission approved	Total number of shares transferred/ transmitted
Oct'05	24	2400
Nov'05	13	3800
Dec'05	12	2000
Jan'06	4	1800
Feb'06	7	3200
Mar'06	12	1300
Apr'06	Nil	0
May'06	6	600
June'06	2	300
July'06	3	1800
Aug'06	Nil	0
Sept'06	3	700
Total	86	17900

xi . Distribution of Shareholding as on 30.9.2006

Range of Shares	No. of Shareholders	%	No. of Shares	%
1 to 500	1525	79.18	176316	2.94
501 to 1000	114	5.92	94506	1.58
1001 to 2000	78	4.05	125890	2.09
2001 to 3000	53	2.75	135924	2.27
3001 to 4000	20	1.04	69897	1.16
4001 to 5000	25	1.30	122181	2.04
5001 to 10000	41	2.13	333965	5.57
10001 and above	70	3.63	4941321	82.35
Total	1926	100.00	6000000	100.00

xii. Shareholding pattern as on 30.9.2006.

Sl. No.	Category	No. of Shares	% of Paid up Capital
1	Indian Promoter's (including Person acting in concert).	24,16,700	40.28
2	Indian Public	17,42,086	29.03
3	Bodies Corporate	10,57,687	17.63
4	FII's	7,41,938	12.37
5	Mutual Fund	22,190	0.37
6	NRI's	12,707	0.21
7	Others	6,692	0.11
	TOTAL	60,00,000	100.00

Share Holding Pattern

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 30.09.2006, 37,91,075 shares have been dematerialised, representing 64% of the Subscribed capital. The shares of the Company are under BSE INDONEXT Module of Bombay Stock Exchange Limited and are actively trading on Bombay Stock Exchange Limited (BSE).

Demat / Physical status of Shares (% to paid up capital) as on 30.09.2006

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

The Company has allotted 10,00,000 convertible warrants on preferential basis at the Board meeting held on 28.09.2005 after obtaining approval of the shareholders at the Extra Ordinary General Meeting held on 16th September, 2005. The convertible warrants will be convertible into fully paid equity shares before the expiry of 18 months from the date of allotment i.e on or before 27th March., 2007. After full conversion of warrants into fully paid equity shares, the equity base will be Rs.70000000 (7000000 equity shares of Rs.10 each).

xv. Plant Locations.

Since the nature of business of the Company is construction. The Company has site and project at various places in urban and sub-urban areas.

xvi. Address for correspondence

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

CEO/ CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the Certificate duly signed by Mr. Kamal Lunawath, Managing Director and Mr. R.R Parekh, Chief Financial Officer, was placed before the Board of Directors at its meeting held on 21.02.2007

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 30.09.2006.

For ARIHANT FOUNDATIONS & HOUSING LTD

Place: Chennai
Date:21.02.2007

Sd/-
(Kamal Lunawath)
Managing Director

ANNEXURE- I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

India's real estate growth is at an all time high. Introduction of modern technology, faster turnaround time, thrust on quality and global practices leading to higher growth in the Housing Sector.

2. Opportunities and Threats

Private equity funds are betting heavily on the growing real estate sector with domestic and foreign private equity firms. The continued foreign investment inflows in to the country in real estate and housing become a favorable reform for this Industry.

Soaring land prices, land conversion delays, lack of clarity on zoning, limited land availability are some of the major obstacles that hinder realty development,

3. Outlook

The continued migration of people to urban areas and the increasing demand for housing has created a new wave of demand for integrated township projects and the Government has also put the realty sector under automatic route. In view of this the Company is also planning to develop township Projects for which the Company has already acquired the land. This will provide world class amenities with international standards, better profits in future years and thereby maximise the wealth of Shareholders.

The outlook towards achieving higher level of financial performance of the Company from the sale of property is very bright. With the Company having struck at the quality and time factor is likely to achieve higher growth in the future years.

4. Risks and Concerns

Risk is always associated with this kind of Business and its operations like changes in government policies and regulations, increased interest rate from the part of Banks and Financial Institutions.

The Company has taken adequate steps to mitigate or overcome the inherent risks associated with this kind of business.

5. Discussion on Financial and Operational performance

In terms of financial performance, financial year 2005-06 is a prospective year for the Company. Sales of the Company during the year is Rs.88 crores as against previous year Sales of Rs.59.5 crores. Enhancement in the Sales recorded at 47%. Profit after tax of the Company during the year is Rs.20 crores as against previous year Profit of Rs.7.50 crores there by posting a growth of 267%. Consequently the Earning Per share during the year reached to Rs.33.46 as against previous year EPS of Rs.12.51. The Market price of share of the Company touched to Rs.600/-. Also there is a recommendation of dividend at 20% on the paid up equity capital of the Company.

In terms of operational performance, be it a residential complex, commercial complex or IT Park, the Company has created the brand image of excellence in all these fields with exceptionally good elevation and modern infrastructure in and around the city of Chennai.

6. Internal control system and their adequacy

The internal control systems are supplemented by periodic reviews of 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 systems.

7. Human Resources

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

ANNEXURE – II

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 the 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 news paper for circulation in the district in which registered office of the Company situated and in "The Economic Times". The Company has also posted the same in the Company's website www.arihantfoundations.com. Annual Report containing Balance sheet and Profit and Loss account is also sent to Individual Shareholder 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

There was no audit qualification in the financial statements of the Company for the Financial year 2005-06.

(VII) Training of Board Members

The Board of Directors of the Company is continuously briefed with the developments and performance of the Company so as to enable them to monitor the same at regular intervals.

(VIII) Mechanism of evaluation of Non- Executive Directors

The Board appraises its Non-Executive Directors on the basis of individual contribution towards fulfillment of this responsibility.

For and on behalf of the Board of Directors

(Kamal Lunawath)
Chairman and Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Shareholders
Arihant Foundations & Housing Limited.,

We have reviewed the implementation of Corporate Governance conditions by Arihant Foundations & Housing Limited for the year ended 30th September, 2006, as stipulated under Clause- 49 of the Listing Agreement of said Company with Stock Exchanges.

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 Corporate Governance.

In our opinion and best of our information and explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement for the year ended 30th September,2006.

For B.P Jain & Co.,
Chartered Accountants

Place: Chennai
Date: 31.10.2006

Sd/-
Devendra Kumar Bhandari
Partner

AUDITOR'S REPORT

TO THE MEMBERS OF M/S ARIHANT FOUNDATIONS & HOUSING LTD, CHENNAI.

1. We have audited the attached Balance Sheet of M/s Arihant Foundations & Housing Limited, Chennai as at 30th September 2006, the Profit & 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 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
 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 explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts 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 & 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, Profit & 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, AS-22 and AS-28.
 - v. The rate of cess payable under section 441A of the Companies Act, 1956, has not been notified hence the same is not paid / provided by the Company.
 - vi. On the basis of written representations received from the directors as on 30th September 2006 and taken on record by the Board of Directors wherever applicable, we report that none of the directors is disqualified as on 30th September 2006 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.
 - vii. 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.
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 30th September, 2006, and
 - b) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.
 - 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

Place: Chennai
Date: 31.10.2006

Sd/-
Devendra Kumar Bhandari
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2006 OF M/S ARIHANT FOUNDATIONS & HOUSING LTD.

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

1. 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.
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 the 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 stock 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 u/s 301 of the Companies Act, 1956, and the details are as follows:

(i) No. of parties: 25 (Twenty five)
(ii) Amount involved in the transaction: Rs.2.31 crores.

(b) The rate of interest and other terms and conditions of loans given by the Company, secured or 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 the 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: 41 (fourty one)
- (ii) Amount involved in the transaction: Rs.4.43 crores.

- (f) The rate of interest and other terms and conditions of loan taken by the Company, secured or unsecured are not prima facie prejudicial to the interest of the company.

(g) The payment of the 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 explanation given to us, 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) The transactions made in pursuance of such contracts or arrangements which are exceeding the value of Rs.5 lakhs in respect of one party and in any one financial year seems at market value considering the market situation.
6. The company has accepted fixed deposits and the directives issued by the RBI and the provisions of Section 58A of the Companies Act, 1956 and the rules framed there under have been duly complied with. How ever the company is yet to file annual return of deposits for the year 2006.
7. In the case of listed companies and/or other companies having a paid up capital and reserves exceeding Rs.50 lakhs as at the commencement of the Financial year concerned, or having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, the company has an internal audit system commensurate with its size and nature of its business.

8. 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 explanation given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Investor Education and Protection Fund, cess and other material statutory dues with the appropriate authorities during the year.
10. Being a Company registered for a period not less than five years, there is no accumulated losses at the end of the financial year & there are no cash losses in the financial year & in the financial years preceding such financial years also
11. The Company has not defaulted in repayment of dues to any financial Institution or Bank.(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.348/2004 against HUDCO for not following the order of High Court HUDCO has filed a suit in the Debt Recovery Tribunal.
12. 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 special statutes applicable to Chit Fund is not applicable to the Company since the Company is not a chit Fund Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has given guarantee for loans taken by others from banks or financial institutions.
16. The term loans were applied for the purpose for which the loans were obtained.
17. The Funds raised on short term basis have not been used for long term investments and vice versa.
18. The Company has not made any preferential allotment of shares to parties & companies covered in the register maintained u/s 301 of the Companies Act. This is not applicable.
19. The Company has not issued any debentures to create the securities.
20. There is no public issue during the year.
21. No fraud on or by the Company has been noticed or reported during the year.

For B.P Jain & Co.,
Chartered Accountants

Place: Chennai
Date: 31.10.2006

Sd/-
Devendra Kumar Bhandari
Partner

ARIHANT FOUNDATIONS & HOUSING LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER 2006

	SCHEDULE NO	AMOUNT AS ON 30.09.2006 (12 MONTHS)		AMOUNT AS ON 30.09.2005 (12 MONTHS)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	60000000.00		60000000.00	
(B) RESERVES & SURPLUS	II	576447950.90		389371869.46	
			636447950.90		449371869.46
(2) LOAN FUNDS					
(A) SECURED LOANS	III	897266020.12		557466585.12	
(B) UNSECURED LOANS	IV	167456486.28	1064722506.40	212312656.48	
					769779241.60
TOTAL			1701170457.30		1219151111.06
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
a) GROSS BLOCK	V	134817730.97		133660038.97	
Less: DEPRECIATION		12358029.67		8559167.17	
Net Block			122459701.30		125100871.80
(2) INVESTMENTS	VI		195585327.83		905353.00
(3) CURRENT ASSETS, LOANS & ADVANCES					
(i) CURRENT ASSETS					
a) INVENTORIES	VII	680243980.90		632872235.98	
b) SUNDRY DEBTORS	VIII	794063598.33		366840636.81	
c) CASH & BANK BALANCE	IX	24001058.55		228762531.34	
(ii) LOANS & ADVANCES	X	296268073.52		207280755.90	
		1794576711.30		1435756160.03	
LESS: CURRENT LIABILITIES AND PROVISIONS					
a) CURRENT LIABILITIES	XI	361783642.57		332817330.41	
b) PROVISIONS	XII	49795140.56		9963943.42	
		411578783.13	1382997928.17	342781273.83	1092974886.20
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF	XIII		127500.00		170000.06
TOTAL			1701170457.30		1219151111.06
Significant accounting policies and notes forming part of accounts XVIII					

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

sd/-
Devendra Kumar Bhandari
Partner

for and on behalf of board
for **Arihant Foundations & Housing Limited**

sd/-
Kamal Lunawath
Managing Director

sd/-
Jagdish Bhatt
Wholetime Director

sd/-
Priti Venkatesan
Company Secretary

CHENNAI
31.10.2006

ARIHANT FOUNDATIONS & HOUSING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30.9.2006

	SCHEDULE NO	AMOUNT AS ON 30.09.2006 (12 MONTHS)	AMOUNT AS ON 30.09.2005 (12 MONTHS)
I. INCOME			
(A) INCOME FROM OPERATIONS	XIV	1614650107.15	1247821099.48
(B) OTHER INCOME		14791958.49	8276884.00
TOTAL		1629442065.64	1256097983.48
II. EXPENDITURE			
(A) CONSTRUCTION EXPENSES	XV	1301529627.44	1120756644.50
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES	XVI	35760103.01	25778367.16
(C) INTEREST AND FINANCE CHARGES	XVII	47594391.25	22681148.56
(D) DEPRECIATION		3798862.50	3492359.29
		1388682984.20	1172708519.51
PROFIT AFTER DEPRECIATION		240759081.44	83389463.97
PROVISION FOR TAXATION		4000000.00	830000.00
PROFIT AFTER TAX		200759081.44	75089463.97
PROPOSED DIVIDEND		13683000.00	8470150.69
TRANSFERRED TO GENERAL RESERVE		15056931.11	3754473.19
BALANCE CARRIED FORWARD TO BALANCE SHEET		172019150.33	62864840.08
Significant accounting policies and notes forming part of accounts	XVIII		

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

sd/-
Devendra Kumar Bhandari
Partner

CHENNAI
31.10.2006

for and on behalf of board
for **Arihant Foundations & Housing Limited**

sd/-
Kamal Lunawath
Managing Director

sd/-
Jagdish Bhatt
Wholetime Director

sd/-
Priti Venkatesan
Company Secretary

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2006 (12 MONTHS)		AMOUNT AS ON 30.09.2005 (12 MONTHS)	
	SCHEDULE - I			
SHARE CAPITAL AUTHORISED		70000000.00		70000000.00
70,00,000 EQUITY SHARES OF RS.10/- EACH ISSUED, SUBSCRIBED & PAID UP				
50,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	50000000.00		50000000.00	
10,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP ISSUED AT A PREMIUM	10000000.00		10000000.00	
OF RS. 191/- PER SHARE		60000000.00		60000000.00
SCHEDULE - II				
RESERVES & SURPLUS				
BALANCE AS PER LAST BALANCE SHEET				
GENERAL RESERVE	12904495.95		9150022.76	
ADD : ADDITIONS DURING THE YEAR	15056931.11		3754473.19	
		27961427.06		12904495.95
PROFIT & LOSS ACCOUNT BALANCE	165367373.51		102502533.43	
ADD : ADDITIONS DURING THE YEAR	172019150.33		62864840.08	
		337386523.84		165367373.51
SECURITY PREMIUM				
10,00,000 EQUITY SHARES OF RS. 191/- PER SHARE		191000000.00		191000000.00
10,00,000 CONVERTIBLE WARRANTS PAID RS. 20.10/- PER WARRANT		20100000.00		20100000.00
		576447950.90		389371869.46
SCHEDULE - III				
SECURED LOAN				
FINANCIAL INSTITUTIONS	99199507.00		99199507.00	
BANKS	762851228.12		426653012.12	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relavent projects and directors personal guarantee)	35215285.00		31614066.00	
		897266020.12		557466585.12
SCHEDULE - IV				
UNSECURED LOANS				
(A) FIXED DEPOSITS	37778015.00		27129339.00	
(B) DIRECTORS	8750225.30		12918382.18	
(C) INTERCORPORATE DEPOSITS	15623050.00		112529650.00	
(D) UNSECURED LOANS - OTHERS	105305195.98		59735285.30	
		167456486.28		212312656.48

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01-10-2005	ADDITIONS DURING 01-10-05 TO 30-09-2006	DELETIONS DURING THE YEAR	BALANCE AS AT 30-09-2006	AS ON 01.10.2005	FOR THE PERIOD 01-10-05 TO 30-09-2006	DELETIONS DURING 01-10-05 TO 30-09-06	TOTAL AS ON 30-09-2006	AS ON 30.09.2005	AS ON 30.09.2006
Land	17931721.00	Nil	Nil	17931721.00	Nil	Nil	Nil	0.00	17931721.00	17931721.00
Buildings	81956685.00	Nil	Nil	81956685.00	3186171.45	1335893.97	Nil	4522065.42	78770513.55	77434619.58
Vehicles	8264307.00	20119.00	Nil	8284426.00	784735.20	785546.31	Nil	1570281.51	7479571.80	6714144.49
Plant & Machinery	13029399.97	1054195.00	Nil	14083594.97	2210634.84	862750.00	Nil	3073384.84	10818765.13	11010210.13
Furniture & Fixtures	12454048.00	60000.00	Nil	12514048.00	2353747.68	791294.22	Nil	3145041.90	10100300.32	9369006.10
Books	23878.00	23378.00	Nil	47256.00	23878.00	23378.00	Nil	47256.00	0.00	0.00
TOTAL	133660038.97	1157692.00	0.00	134817730.97	8559167.17	3798862.50	0.00	12358029.67	125100871.80	122459701.30

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2006 (12 MONTHS)		AMOUNT AS ON 30.09.2005 (12 MONTHS)	
SCHEDULE - VI				
INVESTMENTS				
LONG TERM INVESTMENTS				
NON-QUOTED (FULLY PAID AT COST)				
NATIONAL SAVINGS CERTIFICATE	0.00		3000.00	
TRADE INVESTMENTS				
ARIHANT UNITECH REALITY PROJECTS LTD.				
(i) 500000 EQUITY SHARES OF RS. 10/-EACH FULLY PAID UP SHARES	5000000.00			
(ii) Share application, (Pending Allotment)	171120000.00			
INVESTMENTS IN SUBSIDIARY COMAPANIES				
ARIHANT GRIHA LTD.	500000.00			
(50000 Equity shares of Rs. 10/- each fully paid)				
VARENIA CONSTRUCTIONS LTD.	500000.00			
(50000 Equity Shares of Rs. 10/- each fully paid)				
TRANSPARENT HEIGHTS REAL ESTATE LTD.	500000.00			
(50000 Equity Shares of Rs. 10/- each fully paid)				
VAIKUNT HOUSING LTD.	500000.00			
(500000 Equity Shares of Rs. 1/- each fully paid)				
QUOTED (FULLY PAID AT COST)				
HAPPY HOMES PROFIN LTD.				
44800 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP	1.00		1.00	
Indotech Transformers	180830.00			
1391 EQUITY SHARES OF RS. 130/- EACH FULLY PAID UP (Market Value Rs. 225828)				
Tata Liquid Fund	16382144.83			
(14698.836 units @ Marketvalue of Rs.1114.52 per unit) Fully paid up shares				
Tata Consultancy Services Ltd.	902352.00		902352.00	
900 EQUITY SHARES OF RS. 1/- EACH (Market Value Rs. 1324800)				
		195585327.83		905353.00
Aggregate amount of Quoted Investment	17465327.83		1324800.00	
Un-Quoted Investment	178120000.00		3000.00	

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2006 (12 MONTHS)		AMOUNT AS ON 30.09.2005 (12 MONTHS)	
SCHEDULE VII				
INVENTORIES & WORK IN PROGRESS				
(At cost taken, valued and certified by the management)				
STOCK OF CONSTRUCTION RAW MATERIAL	901600.00		695436.50	
FINISHED STOCK	136412052.18		187825190.84	
WORK IN PROGRESS	542930328.72		444351608.64	
		680243980.90		632872235.98
SCHEDULE VIII				
SUNDRY DEBTORS				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	159700603.76		135023659.52	
LESS THAN SIX MONTHS	634362994.57		231816977.29	
		794063598.33		366840636.81
SCHEDULE IX				
CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	314918.00		5444535.26	
(B) BALANCE WITH SCHEDULED BANKS	15287912.55		192316944.08	
(C) FIXED DEPOSITS WITH SCHEDULED BANK	8398228.00		31001052.00	
		24001058.55		228762531.34
SCHEDULE X				
LOANS & ADVANCES				
UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) SECURITY DEPOSITS	34266380.00		31266380.00	
(B) ADVANCE FOR EXP./CONTRACTORS	97606905.65		87474669.03	
(C) OTHER DEPOSITS	154382605.87		76029077.87	
(D) PREPAID EXPENSES	610770.00		759217.00	
(E) INCOME TAX DISPUTE	0.00		9350000.00	
(F) ADVANCE FOR PURCHASE OF LAND	2401412.00		2401412.00	
(G) ADVANCE TAX	7000000.00		0.00	
		296268073.52		207280755.90

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2006 (12 MONTHS)		AMOUNT AS ON 30.09.2005 (12 MONTHS)	
SCHEDULE XI				
CURRENT LIABILITIES				
(A) ADVANCE FROM CUSTOMERS & PROJECTS	200638670.28		117392961.43	
(B) BANK OVERDRAFT C.C. A/C	17316681.15		14691643.35	
(C) OUTSTANDING LIABILITIES	101445516.38		132314709.69	
(D) RENTAL DEPOSITS	24507438.00		24624474.00	
(E) SUNDRY CREDITORS FOR SUPPLIERS	12435961.76		27855747.94	
(F) IEPF	55010.00		3426.00	
(G) SHARE WARRANT APPLICATION MONEY EXCESS RECEIVED	10000.00		10000.00	
(H) OTHER LIABILITIES	5374365.00		15924368.00	
		361783642.57		332817330.41
SCHEDULE - XII				
PROVISIONS				
(A) PROVISION FOR TAXATION	31808176.73		2053843.73	
(B) PROVISION FOR DIVIDEND	17986963.83		7910099.69	
		49795140.56		9963943.42
SCHEDULE - XIII				
MISCELLANEOUS EXPENDITURE				
(A) PRELIMINARY EXPENSES	50000.39		72325.21	
(B) ADMINISTRATIVE EXPENSES	0.00		57613.34	
(C) DEFERRED REVENUE EXP	121505.46		330273.58	
	171505.85		460212.13	
LESS: WRITTEN OFF	44005.85		290212.07	
		127500.00		170000.06
SCHEDULE - XIV				
INCOME FROM OPERATION				
(A) SALES	886971203.25		595097933.50	
(B) RENTAL RECEIPTS	47434923.00		19850930.00	
(C) CLOSING STOCK	901600.00		695436.50	
(D) FINISHED GOODS	136412052.18		187825190.84	
(E) WORK IN PROGRESS	542930328.72		444351608.64	
		1614650107.15		1247821099.48
SCHEDULE - XV				
(A) CONSTRUCTION EXPENSES				
(a) MATERIAL	338460791.82		267291499.64	
(b) LABOUR & SUB CONTRACT EXP.	285866591.75		302801735.20	
(c) OTHER EXPENSES	405265369.13		316785719.66	
		1029592752.70		886878954.50
(B) LAND		271936874.74		233877690.00
		1301529627.44		1120756644.50

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

SCHEDULE - XVI	AMOUNT AS ON		AMOUNT AS ON	
	30.09.2006 (12 MONTHS)		30.09.2005 (12 MONTHS)	
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES				
A. ADMINISTRATIVE EXPENSES				
AUDIT FEES	330600.00		330600.00	
ADVANCES UNRECOVERABLE WRITTEN OFF	1400000.00		300000.00	
ACCOUNTS WRITTEN OFF	-1373.00		1143650.07	
BANK CHARGES	283533.90		455085.99	
DIRECTORS REMUNERATION	3699029.40		2155522.00	
DONATION	945944.00		208596.00	
DEPLETION IN VALUE OF INVESTMENTS	0.00		223999.00	
ELECTRICITY CHARGES	179563.00		236909.00	
FILING, LEGAL & OTHER FEES	7348822.14		2021157.00	
MISCELLANEOUS EXPENSES	5651894.65		1578939.00	
INSURANCE	500768.00		263359.00	
LOSS ON SALE OF ASSETS	0.00		6471.57	
LEAVE TRAVEL ALLOWANCE	149000.00		0.00	
OFFICE MAINTENANCE	127466.50		129190.25	
PRINTING & STATIONERY	1004261.46		396635.25	
RENT	258000.00		258000.00	
REPAIRS & MAINTENANCE OF BUILDING	5474558.31		10440362.46	
SHARE REGISTRAR EXPENSES	39158.00		14816.00	
STAFF SALARY	3775163.00		2177600.00	
STAFF WELFARE	46540.50		213386.95	
SUBSCRIPTION & PERIODICALS	45739.00		28110.00	
TELEPHONE & POSTAGE	525451.70		491179.80	
TRAVELLING, CONVEYANCE & FUEL	2020865.04		1483007.75	
		33804985.60		24556577.09
B. SALES PROMOTION				
ADVERTISEMENT EXPENSES	1394175.00		391040.00	
BUSINESS PROMOTION	516936.56		540538.00	
		1911111.56		931578.00
C. DEFERED REVENUE EXPENDITURE		40000.00		46676.40
D. PRE-OPERATIVE EXPENSES		4005.85		243535.67
E. PRIOR PERIOD EXPENSES		0.00		0.00
		35760103.01		25778367.16
SCHEDULE XVII				
INTEREST & FINANCIAL CHARGES				
BILL DISCOUNTING CHARGES	2327855.25		0.00	
INTEREST	45266536.00		22681148.56	
		47594391.25		22681148.56

SCHEDULE XVIII**BASIS OF PREPARATION OF FINANCIAL STATEMENT****A. SIGNIFICANT ACCOUNTING POLICIES**

- 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, AS-22 and AS-28.
- b) Accounting policies not specifically referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles followed by the Companies.
- c) The Fixed Assets are stated at cost of acquisition less Depreciation, cost includes all the related expenses incurred.
- d) Depreciation on Fixed Assets is provided on Straight Line Method as per rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. The depreciation has been provided @ 100% on the assets purchased during the year the cost of which is less than Rs. 5,000/-.
- e) 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.

REVENUE

The revenue is recognised on percentage completion method of project and subject to percentage of confirmation of sales relating to each project.

INVESTMENTS

The long term investments are carried at cost. The decline other than temporary, will be reduced from carrying amount to recognise decline.

CURRENT ASSETS**SUNDRY DEBTORS**

Represents value of sales less amount received

WORK IN PROGRESS

Represents Direct Cost of project and valued at cost less cost of sales.

FINISHED STOCK

Represents unsold stock- in-trade at the end of the year.

B. NOTES ON ACCOUNTS

- The provision is made for taxation on proportionate period basis for the year ended 31.3.2006
 - Previous years figures have been regrouped wherever necessary in Balance Sheet.
 - No provision has been made for gratuity liability for the year as per provision of Gratuity Act as it is not applicable for this year.
 - The provisions for Provident Fund are not applicable to the Company for this year.
 - Contingent Liabilities: 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.
- | | | | |
|----|--|----------|----------|
| 6. | | 30.09.06 | 30.09.05 |
| a. | Number of employees of the company throughout the financial year who are in receipt of remuneration for the year, which in aggregate, was not less than Rs. 24,00,000/- per annum. | Nil | Nil |
| b. | Number of employees of the Company for a part of financial year who were in receipt of remuneration which in aggregate was not less than Rs. 2,00,000/- per month. | Nil | Nil |

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

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

9. Considering 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. The investments are long term. The directors feel that fall in values is permanent therefore decline in value has been recognised in the Financial Accounts.

11. REMUNERATION TO AUDITORS

Statutory Auditors	2005-2006 (Rs.)
i) As Auditors	1,10,200
ii) In other capacity	
a) For Tax Audit	66,120
b) Income-tax representation	1,54,280
	<u>3,30,600</u>

DIRECTORS' REMUNERATION

CALCULATION OF NET PROFIT FOR THE PURPOSE OF COMMISSION TO MANAGING DIRECTOR

	(12 months) (Rs.in lacs)		(12 months) (Rs.in lacs)
MANAGING DIRECTOR'S REMUNERATION (including Dearness and all other allowances)	4.80	GROSS INCOME	16294.42
COMMISSION TO MANAGING DIRECTOR (1% of the Net Profit)	24.36	Less: Direct Cost	13015.30
OTHER DIRECTOR'S REMUNERATION	7.83	ADMINISTRATIVE OVERHEADS (Excluding Director's Remuneration)	842.37
TOTAL	36.99	NET PROFIT FOR CALCULATION OF COMMISSION	2436.76
		COMMISSION @ 1% ROUNDED TO	24.36

13. **Joint venture projects :**

Name of the Joint Venture	Purpose	Nature of Concern
a) Arihant Unitech Realty Projects Limited (S.P.V)	Development of Residential Township	Equity Participation 50:50
b) Ultramine Investments Pvt. Ltd	Development of Residential Projects	Interest in JV about 5%

CASH FLOW STATEMENT FOR THE YEAR ENDED 30.09.2006

A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items		240759081.44
Add: Adjustments for :		
Depreciation		3798862.50
Miscellaneous Expenditure Writtenoff		44005.85
Interest and Finance Charges		47594391.25
Operating Profit Before Working Capital Changes		292196341.04
Add: Adjustments for:		
Decrease In Trade and Other Receivables	(516210279.14)	
Increase in Inventories	(47371744.92)	
Expenditure on Corporate Film	(1505.79)	
Increase in Trade Payables	68797509.30	
Provision for Tax	(40000000.00)	(534786020.55)
Net Cash From Operations		(242589679.51)
B. CASHFLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(1157692.00)	
Purchase of Investments	(194679974.83)	
Net Cash used in Investing Activities		(195837666.83)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	294943264.80	
Payable Proposed Dividend	(13683000.00)	
Interest Paid	(47594391.25)	
Net Cash From Financing Activities		233665873.55
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(204761472.79)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		228762531.34
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		24001058.55

for and on behalf of board
for **Arihant Foundations & Housing Limited**

sd/-

Kamal Lunawath
Chairman & Managing Director

sd/-

Jagdish Bhatt
Wholetime Director

sd/-

Priti Venkatesan
Company Secretary

CHENNAI
31.10.2006

AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September, 2006. 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 October 31,2006 to the members of the Company.

Place : Chennai
Date : 31.10.2006

for **B.P. Jain & Co.**
Chartered Accountants
sd/-
Devendra Kumar Bhandari
Partner

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

Balance Sheet Abstract and company's General Business Profile

I. Registration Details

Registration No. 2 2 2 9 9 State Code 1 8
 Balance Sheet Date 3 0 . 0 9 . 2 0 0 6

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

Public Issue	Rights Issue
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	Private Placement
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

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

Total Liabilities	Total Assets
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 7 0 1 1 7 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 7 0 1 1 7 0
Source of Funds	Paid up Capital
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 6 0 0 0 0
	Reserves & Surplus
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 7 6 4 4 8
	Unsecured Loan
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 6 7 4 5 6
Application of Funds	Secured Loan
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 9 7 2 6 6
	Net Fixed Assets
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 2 2 4 6 0
	Investments
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 9 5 5 8 5
	Net Current Assets
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 3 8 2 9 9 8
	Miscellaneous Exp.
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 2 7
	Accumulated Losses
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

IV. Performance of the Company (Rupees in thousands)

Turnover	Total Expenditure
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 6 2 9 4 4 2	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 3 8 8 6 8 3
Profit Before Tax	Profit After Tax
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 4 0 7 5 9	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 0 0 7 5 9
Earnings Per Share (Rs.)	Divident Rates (%)
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 3 3 . 4 6	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 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.

Annexure to Balance Sheet and Profit & Loss Account as at 30th September, 2006

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

Sl. No.	Particulars	Name of the Subsidiary Companies			
		Vaikunt Housing Limited	Arihant Griha Limited	Transperent Heights Real Estate Limited	Varenya Constructions Limited
1.	Financial Year of the Subsidiary Company.	31.07.2006	31.3.2007	31.3.2007	31.3.2007
2.	Date of becoming Subsidiary	23.08.2006	25.09.2006	28.09.2006	26.09.2006
3.	Shares of the subsidiary held by the Company on the above date				
	A. Number of Shares	500000	50000	50000	50000
	B. Extent of Holding	100%	100%	100%	100%
4.	Net aggregate amount of the Profit/ (Loss) of the Subsidiary as far as they concern members of the Company				
	A. dealt with in the accounts of the Company for the year ended.	Rs.8,31,000	NA	NA	NA
	B. not dealt within the accounts of the Company for the year ended.	NA	NA	NA	NA
5.	Net Aggregate amount of the profit/ (losses) for the previous financial year of the subsidiary since it became a subsidiary so far as they concern members of the Company.				
	A. dealt with in the accounts of the Company for the year ended.	NA	NA	NA	NA
	B. not dealt within the accounts of the Company for the year ended	NA	NA	NA	NA

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

Date: 31.10.2006
Place: Chennai

Sd/-
Kamal Lunawath
Managing Director

Sd/-
Jagdish Bhatt
Director

Sd/-
Priti Venkatesan
Company Secretary

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

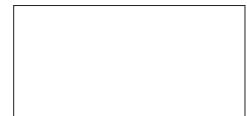
ARIHANT FOUNDATIONS & HOUSING LIMITED

Chennai

PROXY

I/We
c/o.....
Being a member (s) of ARIHANT FOUNDATION & 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 14th Annual General Meeting of the Company
to be held on Friday, 23rd March 2007 and any adjournment thereof. As witness my/our hand (s) this 23rd day of
March 2007.

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, 23rd March 2007
Place : **The Residency Towers**
Sir Thyagaraya Road,
T.Nagar, Chennai - 600 017

Full name of the shareholder.....

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

Folio No.....

Date.....



Signature