

Dear Member(s)

**Notice for Postal Ballot pursuant to Section 110 of the Companies Act, 2013**

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 ( ‘the Act’) read with Rule 22 of the Companies (Management and Administration) Rules, 2014, that Company seeks approval of its members, via Postal Ballot through voting by post or through electronic means for the following:

- 1) To make loans or investments and to give guarantees or to provide security in connection with a loan made under Section 186 of the Companies Act, 2013.
- 2) Creation of Security in respect of borrowings to be made under Section 180 (1) (a) of Companies Act, 2013.
- 3) To authorize the Board of Directors to borrow upto Rs. 500 Crores under section 180(1) (c) of Companies Act, 2013.
- 4) Approval of Transactions with Related Parties under section 188 of the Companies Act, 2013.
- 5) Issue of Secured/ unsecured Non-Convertible Debentures and/or other debt securities on a Private Placement basis

Members’ consent is sought for the proposals contained in the Resolutions given in this Notice.

The Statement to be annexed to the notice pertaining to the said Resolutions pursuant to Section 102 of the Companies Act, 2013 setting out the material facts and related particulars are annexed hereto along with a Postal Ballot form for your consideration.

The Company has appointed Mrs V Padmapriya, Practising Company Secretary, Chennai as a scrutinizer (the “Scrutinizer”) for conducting the Postal Ballot in fair and transparent manner.

Members are requested to carefully read the instructions printed on the Postal Ballot Form, record their assent or dissent and return the form duly completed, in the attached self-addressed pre-paid

postage envelope, so as to reach the Scrutinizer on or before 21st August, 2014. Postal Ballot Forms received thereafter will not be considered.

**Special Business:**

**1. To make loans or investments and to give guarantees or to provide security in connection with a loan made under Section 186 of the Companies Act, 2013**

To consider and, if thought fit, to give assent or dissent to the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 186, 179, and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments thereto or reenactment thereof, for the time being in force) read with Companies (Meetings of Board and its Power) Rules, 2014 and in accordance with provisions of Articles of Association of the Company and in addition to all resolutions passed earlier in this behalf and subject to the necessary approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the consent of the Members of the Company be and is hereby accorded to make loan(s), deposit(s) and/or to give guarantee(s)/ to provide any security(ies) in connection with loan(s) (including fund based or non-fund based) made either in Rupee or in any other foreign currency to the below companies by any Banks/Financial Institutions/Bodies Corporate and/or any other person, situated within or outside the country, and/or to make investment by acquisition, subscription, purchase, sale, transfer or otherwise the securities of below companies as determined by the Board from time to time upto the limits mentioned against each of the Companies, notwithstanding that the aggregate of all loans and investments thus far made in and amounts for which the guarantees or securities thus far provided to all the below companies and any other Bodies Corporate, along with the investments, loans, guarantees or securities so to be made or given by ARIHANT the Board of Directors including any Committee thereof (herein after referred as the “Board”), exceeds the limits prescribed under the provisions of the section 186 of the Companies Act, 2013

## Notice (Continued)

Name of the Company	Amount Rs. in Crores
Vaikunt Housing Limited	10
Arihant Griha Limited	20
Trasperent Heights Real Estate Limited	10
Varenva Constructions Limited	50
Arihant Unitech Realty Projects Limited	50
Arihant Indo African Infra Developers and Builders Private Limited	20
Escapade Real Estate Private Limited	75
North Town Estates Private Limited	100

### 2. Creation of Security in respect of borrowings made under Section 180 (1) (a) of Companies Act, 2013.

To consider and, if thought fit, to give assent or dissent to the following Resolution as a Special Resolution:

**“RESOLVED THAT** in terms of section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments thereto or re enactment thereof, for the time being in force) read with relevant Rules thereof and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the “Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) to sell, lease, mortgage or otherwise dispose of or to create charge and / or hypothecate all the immovable and movable properties of the Company wheresoever situated, present and future and/ or conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of lenders / financial institutions / banks for securing borrowings up to Rs. 500 Crores (Rupees Five Hundred Crores only) subject to the limits approved by the members from time to time under Section 180 (1) (c) of the Companies Act, 2013 lent and advanced/ agreed to be lent and advanced by such lenders / financial institutions / banks to the Company together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption guarantee commission, remuneration payable with regards to such borrowings.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to finalise

and settle with the Lenders, the terms and conditions of such mortgage or charge and execute such documents/ deeds/writings/papers/agreements for creation of the aforesaid mortgage and charge as may be required do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise with regard to creating mortgages/ charges as aforesaid and as may be required to give effect to the above resolution.”

### 3. To authorize the Board of Directors to borrow upto Rs. 500 Crores under section 180(1) C of Companies Act, 2013.

To consider and, if thought fit, to give assent or dissent to the following Resolution as a Special Resolution:

**“RESOLVED THAT** in terms of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, (including any amendments thereto or reenactment thereof, for the time being in force) read with relevant Rules thereof and the provisions of the Articles of Association of the Company and subject to approval, if any, of Central Government, Reserve Bank of India, or any other regulatory bodies or authorities or quasi-judicial bodies, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the “Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) to borrow from time to time in one or more tranches, any sum or sums or moneys from time to time for the purpose of the business of the Company, from any one or more banks, Indian and foreign financial institutions and other persons, firms, bodies corporate, notwithstanding that the money or moneys borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) and remaining outstanding at any point of time may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, that the total amount up to which the monies so borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed Rs. 500 Crores (Rupees Five Hundred Crores only)”

**“RESOLVED FURTHER THAT** the Board of Directors or Committees of Board of Directors be and is hereby authorized to negotiate the terms, conditions, quantum of loans, repayment, security, interest and other related

## Notice (Continued)

matters in connection with borrowings and do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the above Resolution.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, filings, matters and things and execute all such deeds, documents, instruments and writings as may be required, with powers to settle all questions, difficulties or doubts that may arise in this regard as the Board may in its sole and absolute discretion deems fit and delegate all or any of its powers herein conferred to any director(s) and/or officer(s) of the Company, if required, as it may in its absolute discretion deem it necessary or desirable.”

#### 4. Transactions with Related Parties under section 188 of the Companies Act, 2013.

To consider and, if thought fit, to give assent or dissent to the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to Section 188 and other applicable provisions of the Companies Act, 2013, (including any amendments thereto or reenactment thereof, for the time being in force) and Rule 15 of the Companies (Meetings of Board & its Powers) Rules 2014 the consent of the members be and is hereby accorded to enter into a contract or arrangement with the following related parties not exceeding the limits prescribed herein below, with respect to:

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying, property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for purchase or sale of goods, materials, services or property;
- e. Such other transactions in the normal course of business

Name of the Related Party	Transaction Value (Rs in crores)
Vaikunt Housing Limited	3
Arihant Griha Limited	20
Trasperent Heights Real Estate Limited	5
Varenya Constructions Limited	75
Arihant Unitech Realty Projects Limited	75
Arihant Indo African Infra Developers and Builders Private Limited	20
Escapade Real Estate Private Limited	50
North Town Estates Private Limited	100
Heirloom Real Estate Private Limited	75
Arihant Foundations (Partnership)	5
Arihant Foundations & Housing (Partnership)	5
Arihant Heirloom (partnership)	10

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be required to give effect to the above resolution.”

#### 5. Issue of Non-Convertible Debentures on a Private Placement basis:

To consider and, if thought fit, to give assent or dissent to the following Resolution as a Special Resolution:

“**RESOLVED THAT** in accordance with the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendments thereto or reenactment thereof, for the time being in force) and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other law for the time being in force and the provisions in the Memorandum and Articles of Association of the Company, the guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Listing Agreements entered into by the Company with the respective stock exchanges and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, stock exchanges, Reserve Bank of India (“RBI”), the Foreign Investment Promotion Board (“FIPB”), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “the Board”

## Notice (Continued)

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which term shall be deemed to include any committee which the Board may constitute to exercise its power, including the powers conferred by the Resolution) for making offer(s) or invitation(s) to subscribe to Secured/ Unsecured/ Redeemable/ Unconvertible to offer or invite subscription for secured or unsecured redeemable Non-Convertible Debentures (NCDs) including but not limited to sub-ordinated Debentures, Bonds and/or other debt securities etc., on a private placement basis, in one or more tranches during the period of one year from the date of passing the Special Resolution by the Members, within the overall borrowing limits of the Company as may be approved by the Members from time to time.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the members hereby authorize the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board of

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
Managing Director (DIN : 00087324)

Date : 18.07.2014  
Place: Chennai

### NOTES:

1. Statements to be annexed to the notice pursuant to Section 102 of the Companies Act, 2013, setting out material facts and reasons for the proposed Special Business are annexed hereto.
2. In terms section 110 of the Companies Act 2013 read with the Companies (Passing of resolution by postal Ballot) Rules, 2011 the business set out in the notice above is sought to be passed by postal ballot.
3. Postal Ballot Notice is being sent to all the members of the company, whose name appear on the Register of members/ list of Beneficial owners as received from

National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 11.07.2014.

4. Mrs. V. Padmapriya, Practising Company Secretary, Chennai has been appointed as a scrutinizer (the “Scrutinizer”) for conducting the Postal Ballot in fair and transparent manner and to receive and scrutinize the completed Postal Ballot Papers from the members. The Postal Ballot Form and the self addressed envelope (postage to be paid by the addressee) are enclosed for the use of the members.

5. Members are requested to carefully read the instructions printed on the Postal Ballot Form, record their assent or dissent and return the form duly completed, in the attached self-addressed pre-paid postage envelope, so as to reach the Scrutinizer on or before 21st August, 2014. Postal Ballot Forms received thereafter will not be considered.

6. The Special resolution mentioned above shall be declared as passed if the number of votes cast in favour of the resolution is three times more than the votes, if any, against the said resolution.

7. Members who have not received postal Ballot form may apply to the company and obtain duplicate form from the registered office of the company and send the same by post.

8. Members may contact Ms. J Meenakshi, Company Secretary & Compliance Officer for any grievances with voting through postal ballot at the Corporate of the company at “NO.3 (OLD NO.25), GANAPATHY COLONY, 3RD STREET, OFF. GENOTAPH ROAD, TEYNAMPET. CHENNAI – 600018”

9. The Scrutinizer will submit her report to Mr. Kamal Lunawath, Managing Director of the company after completion of the scrutiny and the result of the Postal Ballot will be declared on 23, August 2014 at the registered office of the company by any one of the directors or Company Secretary of the company. The said date of the declaration shall be the date of passing of the said Resolution(s).

10. The results of the postal Ballot will be published in one English Newspaper with nationwide circulation and in one Tamil Newspaper for the information of the members and will also be informed to the stock exchanges where the equity shares of the company is listed.

## Notice (Continued)

11. In Compliance with the provisions of Section 110 of Companies Act 2013, read with the Companies (Passing of the resolution by postal Ballot) Rules, 2011, the company has also extended e- voting facility as an alternate, for its members to enable them to cast their votes electronically instead of dispatching postal Ballot form. E- Voting is optional.

In case of members receiving e-mail:

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) Click on "Shareholders" tab.
- iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vi) Now, fill up the following details in the appropriate boxes:

For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

\*Members who have not updated their PAN with the Company/ Depository Participant are requested to use AAACA7001P in the PAN field.

# Members who have not updated their Dividend Bank Details with the depository/company are requested to use 304200301000136 in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice
- x) Click on the EVSN - 140714011 alongwith the Company Name, Arihant Foundation Housing Limited on which you choose to vote.
- xi) On the voting page, you will see Resolution Description and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.



## Notice (Continued)

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xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- B. The voting period begins on 22nd July, 2014 at 9.00 am and ends on 21st August 2014, at 5 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 11.07.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

12. Members who have registered their e-mail ids for receipt of documents in electronic mode under the Green Initiatives of Ministry of Corporate Affairs are being sent Notice of Postal Ballot by e-mail and others are sent by post along with Ballot Form. Members have option to vote either through e-voting or through Postal Ballot Form. Members who have received Postal Ballot Notice by e-mail and who wish to vote through Postal Ballot Form can download Postal Ballot Form from the link <https://www.evotingindia.com/> or [www.arihantfoundations.com](http://www.arihantfoundations.com) or seek duplicate Postal Ballot Form from M/s. Cameo Corporate Services Limited, Registrar & Share Transfer Agent, Subramanian Building, No.1 Club House Road, Anna Salai, Chennai – 600 002 Ph : 28460390: fill in the details and send the same to the Scrutinizer.

13. Kindly note that the Members can opt only one mode of voting, i.e. either by Physical Ballot or e-Voting. If you are opting for e-Voting, then do not vote by Physical Ballot also and vice versa. However, in case shareholders cast their vote by physical postal ballot and e- Voting, then voting done through e- voting shall prevail and voting done through postal ballot will be treated as invalid.

By Order of the Board of  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
Managing Director (DIN: 00087324)

Date : 18.07.2014  
Place: Chennai

### **STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**Item 1: To make loans or investments and to give guarantees or to provide security in connection with a loan made under Section 186 of the Companies Act, 2013**

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can give any loan, make investment or give guarantee or provide any security beyond the prescribed ceiling of-

- i) Sixty percent of the aggregate of the paid up share capital and free reserves and security premium account, or
- ii) One hundred percent of its free reserves and securities premium account, whichever is more, if Special Resolution is passed by the shareholders of the lending Company

Earlier the members in the General meeting had approved to invest specific amounts in each of the subsidiaries and associate companies in the bonafide interest of the Company. However, now the Company is planning to invest in new companies in the same line of business and rearrange the investment pattern and refix the limits in the subsidiaries and the associate Companies in which the Company has already invested. Hence, the approval of the members by means of Special resolution through Postal Ballot is required. This permission is sought pursuant to the provisions of Section 186 read with section 110 and 179 of the Companies Act, 2013 and Companies (Meetings of Board and its Power) Rules, 2014 to give powers to the Board of Directors for making further investments, loans, deposits, guarantees and providing securities.

## Notice (Continued)

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These investments, guarantees and securities are made/ proposed to be made out of own /surplus funds internal accruals/borrowed funds, the objective of which is optimum utilization of funds of the Company and also to achieve long term strategic and business objectives. The Investments, loans, guarantees and securities will be made on terms and conditions most beneficial to the Company/ at prevailing market rates.

The Directors are satisfied that it would be in the interest of the Company and its shareholders and accordingly recommend the Resolutions for your approval by exercising your votes through a Postal Ballot.

Except to the extent of shares held, none of the Directors, Key Managerial Personnel or their relatives are interested or concerned in the resolution.

### **Item 2: Creation of Security in respect of borrowings to be made under Section 180 (1) (a) of Companies Act, 2013.**

As per the provisions of Section 180 (1) (a ) of the Companies Act, 2013, the Board of Directors shall not, except with the consent of the members, sell, lease, mortgage and/or charge the immovable and movable properties of the Company wheresoever situated, present and future to or in favor of lenders/ financial institutions/ banks for borrowings by the Company.

The Shareholders of the Company had previously authorized the Board of Directors under Companies Act, 1956. The Ministry of Corporate Affairs has clarified vide their Circular No 04/2014 dated 25-03-2014 that the resolution already approved by the members would be regarded as sufficient compliance for a period of one year from the date of notification of the Section.

Now, in view of increased business activities and future growth plans of the Company, your Directors feel that there may be a need to sell, lease, mortgage/ charge the assets of the Company while exercising the power of borrowing delegated to the Board upto a limit of Rs. 500 Crores (Rupees Five Hundred Crores Only) subject to the limits approved by the members from time to time under Section 180 (1) (c) of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives are interested or concerned in the above resolutions except to the extent of their shareholding in the Company.

As the Companies Act, 2013 requires the above resolution to be passed as a special resolution, it is recommended that the shareholders pass the above resolution as a special resolution.

### **Item 3: To borrow money exceeding the aggregate of paid up capital & free reserves under section 180(1) (C) of Companies Act, 2013.**

As per the provisions of Section 180 (1) (C) of the Companies Act, 2013, the Board of Directors shall not, except with the consent of the members, borrow in excess of the aggregate of the paid up capital of the Company and its free reserves and securities premium account apart from the temporary loans, obtained or to be obtained from its bankers/ financial institutions in the ordinary course of business.

The Shareholders of the Company had previously authorized the Board of Directors under Companies Act, 1956 on 23.03.2007 to borrow in excess of the aggregate of paid up capital of the company and its free reserves and securities premium account upto an amount not exceeding Rs. 300 Crores (Three Hundred Crores).

Now, in view of increased business activities and future growth plans of the Company, your Directors feel that the Company will require money to fund its business activities from time to time, hence the Board be authorized to borrow money in excess of the aggregate of the paid up capital of the Company and its free reserves and securities premium account such that the total amount so borrowed shall not exceed Rs. 500 Crores (Rupees Five Hundred Crores only)

None of the Directors, Key Managerial Personnel or their relatives are interested or concerned in the above resolutions except to the extent of their shareholding in the Company.

As the Companies Act, 2013 requires the above resolution to be passed as a special resolution, it is recommended that the shareholders pass the above resolution as a special resolution.

### **Item 4: Transactions with Related Parties under section 188 of the Companies Act, 2013.**

The Provision of Section 188 (1) of the Companies Act, 2013 that govern the following related party transactions require a company to obtain prior approval of the Board of Directors and in case the Paid up Share Capital of the Company is Rs. 10 Crores or more, prior approval of Shareholders by way of Special Resolution :

## Notice (Continued)

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- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying, property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. Underwriting the subscription of any securities or derivatives thereof, of the company

Promoters of M/s. ARIHANT FOUNDATIONS & HOUSING LIMITED and related parties as identified by the Company, who are concerned or interested in the above said resolution, are refrained from voting in respect of this particular business as per Section 188 of the Companies Act, 2013.

In the light of the provisions of Section 188 of the Companies Act, 2013, the Audit Committee has approved and the Board of Directors of your company have accepted the recommendation of the Audit Committee with regard to proposed transactions along with annual limits that your company may enter in to with its related parties (as defined under the Companies Act, 2013) for the financial year 2014-15 and beyond.

None of the other Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the said resolution as set out in Item No.3 above.

### Item 5: Issue of Debentures under section 71 of the Companies Act, 2013

The provisions of Section 71 read with Section 42 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendments thereto or re enactment thereof, for the time being in force) and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 the issue of Secured Debentures by way of special resolution.

The company has availed certain loans which are fully secured from persons in order to issue secured debentures. In lieu of the loan it is proposed to issue debentures.

The Company in order to execute various projects has to borrow money from banks, financial institutions and other entities as a means of finance.

The Board of Directors envisage a need for the funding requirements of the Company to be met with various Instruments, viz. equity, project loans, general purpose corporate loans, borrowings from Banks and financial institutions, debentures etc. A mix of these instruments would result in optimum utilization of funds at optimum cost and help to meet the various business requirements of the Company.

The Board of Directors of the Company are contemplating the feasibility of borrowing money through the issue of non-convertible debentures, subject to the approval of the Members of the Company by passing a Special Resolution.

Pursuant to Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules 2014, issue of any non-convertible debentures on a private placement basis requires a prior approval of the members of the Company by way of a Special Resolution and such approval shall be valid for all private placements made during the year.

Accordingly consent of the members is being sought by Postal Ballot to enable the Board of Directors to offer or invite subscriptions for redeemable non-convertible debentures in one or more series or tranches as may be required.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

By Order of the Board of  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
Managing Director (DIN: 00087324)

Date : 18.07.2014

Place: Chennai

Enclosed:

- 1) Postal Ballot Form
- 2) Self Address Postage Prepaid Envelope