

## About the Company

**ARIHANT FOUNDATIONS & HOUSING LIMITED** involved in the Real estate construction industry has immense experience and excellent competencies in Residential buildings, Commercial complexes and IT parks. Over the last 10 years, Arihant has been a name associated with international standards of building excellence with a rare architectural grandeur.

Over the last 20 years, Arihant has been successful in constructing over 10 million sq. ft. of built up area comprising some of the most coveted buildings in Chennai. Arihant Foundations & Housing Limited has the credit of constructing some of the most coveted and landmark buildings in the city of Chennai.

### An Overview of the Projects and its Key Clients

Arihant's properties such as Arihant Trade Centre, Arihant Ocean Tower, Arihant Majestic Towers and Arihant Vaikunt, are the prestigious landmarks of Chennai today. Arihant Trade Centre won the "Project of the Year" award of Government of Maharashtra in 1995. Arihant Majestic Towers is one of the largest residential complexes in Tamil Nadu, while Arihant Ocean Tower is one of the tallest residential complexes in Chennai.

Arihant develops customized IT parks since late nineties and caters to the plug & play building needs of the booming IT and ITES industry. It has created world class IT parks with built-in intelligence, aesthetic designs and landscaped surroundings for leading high-tech organizations like Verizon, Syntel, Hutch, HCL Technologies, Sterling InfoTech, Ajuba Solutions, etc. Arihant E-Park and Arihant Technopolis showcase the Arihant edge and competency in designing high-performance technology workspaces.

The company has completed more than 10 million sq.ft in and around the city of Chennai. With extensive networking and sourcing capabilities, it ensures better project management and control. There is constant tracking of consumer trends and buying patterns to create new business opportunities.

Arihant caters to building segments such as villas, apartments, IT Parks, Shopping malls, Developed Plots and Commercial buildings. It has a great ability to serve diverse range of clients from individual home buyers to commercial clients to multi – unit investors.

**Key Clients: Verizon, Du pont, Malaysian Airlines, NSE, HCL, Vodafone, ICICI, Sterling Groups.**

**Arihant has JV Partners *inter alia* with Unitech Limited and J P Morgan India Property Fund Mauritius Company II.**

**C O R P O R A T E   S T R U C T U R E****BOARD OF DIRECTORS**

|                       |                                |
|-----------------------|--------------------------------|
| Mr. Kamal Lunawath    | Chairman and Managing Director |
| Mr. Vimal Lunawath    | Whole time Director            |
| Mr. Bharat M Jain     | Whole time Director            |
| Mr. A Damodaran       | Director                       |
| Mr. A.L Jayabhanu     | Director                       |
| Mr. Ravikant Choudhry | Director                       |
| Mr. Harish Trivedi    | Director                       |
| Mr. Karan Bhasin      | Director                       |
| Ms.J. Meenakshi       | Company Secretary              |

**BANKERS**

HDFC Limited  
ICICI Bank Ltd  
Kotak Mahindra Bank  
Standard Chartered Bank  
Vijaya Bank

**AUDITORS**

M/s. B.P. Jain & Co.,  
Chartered Accountants  
No.2, Gee Gee Minar, 23, College Road  
Chennai- 600 006.

**COST AUDITOR**

S Ramachandran, Cost Accountant  
G-2, 160, MGR Street  
Saligramam, Chennai- 600 093.

**LEGAL ADVISOR**

K Venkatasubramanian  
141, Luz Church Road,  
Mylapore, Chennai- 600 005.

**REGISTERED OFFICE**

271, (Old no.182), Poonamallee High Road  
“Ankur Manor”, 1st Floor, Off. McNichols Road  
Kilpauk, Chennai- 600 010.

**CORPORATE OFFICE**

No.3, Ganapathy Colony  
Off. Cenotaph Road  
Teynampet, Chennai- 600 018.

**REGISTRAR AND SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Limited  
V Floor, Subramanian Building, No.1, Club House Road  
Anna Salai, Chennai- 600 002.

## **C O N T E N T S**

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Dear Shareholders,

Real estate in India continues to be a favored destination globally for investors, developers and non-resident Indians (NRIs), driven largely by investor-friendly government policies and increasing globalization. The sector contributes significantly to the GDP of the country and is a key driving force in the growth of the economy. The real estate sector, with its growing investment opportunities, is expected to post annual revenues of US\$ 180 billion by 2020.

During the year under review, the Indian economy, witnessed a rather sluggish economic performance, which was reflected by the dismal economic growth rate of 5%, the lowest in the last decade. This in turn had a negative impact on the real estate sector. According to a study by Assocham, outstanding investments attracted by India's real estate sector have plummeted from Rs 15.39 lakh crores as of September 2012 to Rs 14.51 lakh crores as of September 2013 registering a significant drop of about six per cent. This was largely due to the rampant economic slowdown witnessed both globally and domestically, liquidity crunch, unstable currency, high input costs, labor shortage, high interest rates and growing inflation.

During the year under review, your Company has made an average performance in terms of Sales and Profits. This is reflective of the overall political and economic sentiment and the sector specific challenges. I am pleased to share with you that, in the recent past your Company has launched two residential projects; "ARIHANT ESTA" comprising of 1,94,145 Sq ft situated at Mugappair, Chennai and "ARIHANT TIARA" comprising of 1,48,020 Sq ft situated at Nandambakkam, Chennai. It brings in much greater positivity in my tone and tenor to inform you that your Company will earn good profits from these projects in the years to come.

Looking forward, I strongly expect the housing and construction sector in India to grow rapidly over the next decade. The foreign direct investment (FDI) in the sector is touted to touch US\$ 25 billion in the next 10 years from its current US\$ 4 billion. According to the existing FDI policy, 100 per cent FDI in the construction development sector is permitted through the automatic route. Dept. of Industrial Policy & Promotion (DIPP) is looking at relaxing FDI norms further to encourage investment.

We at Arihant believe in building integrity by providing qualitative service and maintaining healthy and cordial relationship with our Customers and Investors.

I would like to take this opportunity to express my sincere gratitude to our bankers, financial institutions, Chennai Metropolitan Development Authority and Corporation of Chennai and related departments of Govt. of Tamil Nadu for having supported us on all our efforts and endeavors and all those who work for or are associated with Arihant. We look forward to your continued support in the years ahead and wish you the very best.

Thank You



(Kamal Lunawath)  
Chairman and Managing Director

## NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Friday the 28th day of March, 2014 at "Arihant Escapade", Devaraj Nagar, No. 48, Okkiyum, Thoraipakkam, Chennai- 600 097 at 9.30 A.M. to transact with or without modifications, as may be permissible the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at 30th September, 2013 and Audited Statement of Profit and Loss account for the year from 01.10.2012 to 30.09.2013, together with the Directors' Report and the Auditors' Report.
2. To appoint a Director in place of Mr. Harish Trivedi, who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Mr. Ravikant Choudhry, who retires by rotation and being eligible, offer himself for re-appointment.
4. 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.

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(J. Meenakshi)  
Company Secretary

Place: Chennai  
Date: 14.02.2014

### 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 21.03.2014 to 28.03.2014 (Both days inclusive).
4. Members are requested to notify immediately the changes in their address, if any.
5. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
6. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of meeting.
7. 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.
8. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.
9. Members who have not claimed their dividend for the financial year 2005-06 to 2010-11 are requested to write to the Company for the same. Details of the unclaimed dividend for the respective financial years are given in the Director's Report.

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(J. Meenakshi)  
Company Secretary

Place: Chennai  
Date: 14.02.2014

## DIRECTORS' REPORT

Your Directors take pleasure in presenting the 21st Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September, 2013.

## FINANCIALS

| PARTICULARS                                    | (Rs. in Lakhs) |          |
|--|----------------|----------|
|  | 2012-13        | 2011-12  |
| Income   | <b>6912.86</b> | 14392.54 |
| Expenditure                                    | <b>5629.65</b> | 12960.08 |
| Earnings before Interest, Depreciation and Tax | <b>1283.21</b> | 1432.46  |
| Interest                                       | <b>815.92</b>  | 820.83   |
| Depreciation                                   | <b>60.05</b>   | 56.35    |
| Profit before Tax and Exceptional items        | <b>407.24</b>  | 555.28   |
| Exceptional items                              | <b>180.10</b>  | 280.04   |
| Profit before Tax                              | <b>227.13</b>  | 275.24   |
| Provision for tax                              | <b>60.00</b>   | 61.99    |
| Profit after Tax                               | <b>167.13</b>  | 213.25   |
| <b>APPROPRIATIONS</b>                          |                |          |
| Proposed Dividend                              | ---            | 86.00    |
| Balance profit carried forward                 | <b>167.13</b>  | 127.25   |

## PERFORMANCE

The Company's total Income is Rs.69.13 crores during the financial year 2012-13 as against Rs. 144 crores in the previous year 2011-12 and the Earnings before Interest, Depreciation and Tax (EBIDT) is Rs. 12.83 crores during the financial year 2012-13 as against Rs. 14.32 crores in the previous year 2011-12. The Profit after tax (PAT) for the financial year is Rs.1.67 crores compared to previous year profit of Rs. 2.13 crores. On consolidated basis, the total income of your Company and its subsidiaries and Joint venture stands at Rs.141.83 crores and consolidated loss after tax stood at Rs. 18.56 crores as compared to the previous year consolidated PAT of Rs. 4.84 crores. The earnings per Share (EPS) basic and diluted stands at Rs.1.94 considering the total equity capital of Rs.8.60 crores (86,00,000 equity shares of Rs.10/- each) as on 30th September, 2013.

It is evident from the above figures that the performance of the Company has dropped slightly due to slow economic growth, high construction cost, high home loan interest, escalation of raw materials and steel prices in the real estate sector during the current reporting period. However

it is expected that with increasing Government support in the real estate sector, the sector is bound to grow. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of the Annual Report.

## PROJECTS

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

## ONGOING PROJECTS

| Project name   | Location               | Area (Sqft)      |
|--|------------------------|------------------|
| <b>Villa Viviana</b><br>Township Project<br>In association with<br>J P Morgan India Property Fund            | GST Road,<br>Chennai   | 13,00,000        |
| <b>North Town Estates</b><br>Township Project<br>In association with<br>PVP Ventures Ltd and<br>Unitech Ltd. | Perambur,<br>Chennai   | 21,26,880        |
| <b>Arihant – Frangipani</b><br>Residential Complex   | Pudupakkam,<br>Chennai | 2,76,228         |
| <b>ARIHANT - Panache</b><br>Residential Complex  | Arumbakkam,<br>Chennai | 1,14,000         |
| <b>ARIHANT - Jashn</b><br>(Mixed development)  | Egmore,<br>Chennai     | 36,831           |
| <b>Green Wood</b><br>(Plotted development)   | Thazambur,<br>Chennai  | 39.66<br>(acres) |

|  |                          |          |
|--|--------------------------|----------|
| <b>ARIHANT - Esta</b><br>(Residential Complex) | Mugappair,<br>Chennai    | 1,94,145 |
| <b>ARIHANT - Tiara</b><br>Residential Complex  | Nandambakkam,<br>Chennai | 1,48,020 |

## DIVIDEND

Your directors do not declare any Dividend for the financial year ended, 30th September 2013 due to inadequate profits.

## DEPOSITS

Your Company has not received any fixed deposits during the year.

## SUBSIDIARY COMPANIES AND ITS ACCOUNTS

There are four subsidiaries of your Company as on 30th September, 2013. The financial details of the Subsidiary Companies as well as the extent of holdings therein are provided in a separate section of the Annual Report pursuant to Section 212 of the Companies Act, 1956. Ministry of Corporate Affairs vide its general circular no.2/2011 dated 8th February, 2011 has issued a direction under Section 212(8) of the Companies Act, 1956 granting general exemption with respect to the provision of section 212 of the Companies Act, 1956. With the consent of the Board and following the aforesaid direction, the annual accounts and other details of Subsidiary Companies are not attached. However the annual accounts of subsidiary companies and the related detailed information shall be made available to shareholders of holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the Corporate office and registered office of the holding company and of the subsidiary companies concerned and a note to the above effect will be included in the details of accounts of subsidiaries to any shareholder on demand.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on consolidated financial statements read with Accounting Standard AS-23 on investment in associates, AS-27 on financial reporting of interest in Joint Venture, Auditors Report on the consolidated financial statements, audited consolidated Balance Sheet, Profit and Loss account and Cash flow statements are provided in the Annual Report.

## REPORT ON CORPORATE GOVERNANCE

Your Company ensures good corporate governance by implementing and complying with the policies, standards set out by Securities and Exchange Board of India and other regulatory authorities. The requisite certificate issued by Mrs.V.Padma Priya, Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, is attached to this Report.

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

The necessary details are furnished in Notes to Financial statements no.33.

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

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

## DIRECTORS

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

## DIRECTORS RESPONSIBILITY STATEMENT

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

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

- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. Proper and sufficient care have been taken to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

### AUDITORS

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

### INVESTOR RELATIONS

Your Company always endeavors to keep the time of response to shareholders' requests/ grievances at the minimum. Priority is accorded to address all the issues

raised by the shareholders and provide them a suitable reply at the earliest possible time. The Shareholders' and Investors' Grievance Committee of the Board met to review the 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 30th September, 2013, 66,06,320 (Sixty six lakhs Six thousand three hundred and twenty only) shares have been dematerialised, representing 76.81% of the subscribed capital.

### LISTING

The shares of your Company are listed in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for the Financial Year 2012-2013 to the Stock Exchanges where its securities are listed. The listed capital of the Company with BSE and NSE is 86,00,000 fully paid-up equity shares of Rs.10/- each. The Company had made a request to Madras Stock Exchange Limited for delisting its entire securities (70,00,000 equity shares of Rs.10/- each) voluntarily after obtaining the approval of shareholders at the 15th Annual General Meeting of the Company held on 28.03.2008. Delisting approval from MSE is awaited. The Company has also complied with the amendments in listing agreement from time to time.

| TRANSFER OF UNPAID DIVIDEND TO IEPF (INVESTOR EDUCATION AND PROTECTION FUND) |                                    |   |                                   |
|--|------------------------------------|---|-----------------------------------|
| Details of unclaimed Dividend:   |                                    |   |                                   |
| Financial Year<br>(Oct - Sep)  | Date of Declaration<br>of Dividend | Unpaid Dividend amount.<br>As on 30.09.2013 (Rs.) | Due date for<br>transfer to IEPF. |
| 2005-06  | 23-03-2007                         | 89,081.00   | 21-04-2014                        |
| 2006-07  | 28-03-2008                         | 1,92,744.00                                       | 26-04-2015                        |
| 2007-08  | 20-03-2009                         | 64,807.00   | 18-04-2016                        |
| 2008-09  | 26-03-2010                         | 1,44,281.00                                       | 24-04-2017                        |
| 2010-11  | 30-03-2012                         | 65,606.00   | 28-04-2019                        |

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



## THE COMPANIES (COST ACCOUNTING RECORD) RULES, 2011

The Ministry of Corporate Affairs vide notification dated 3rd June, 2011 have issued Companies (Cost Accounting Record) Rules, 2011 and made mandatory, the maintenance of cost accounting records and filing of a compliance report in respect thereto with Registrar of Companies for each financial year commencing on or after the 1st day of April, 2011. The aforesaid Rule is applicable to your Company.

Pursuant to the aforesaid Rules, Mr. Srinivasan Ramachandran, Practicing Cost Accountant was appointed who has duly submitted certified copy of the Compliance Report, along with necessary Annexures in prescribed format. The said cost audit report was filed with the Central Government.

## PERSONNEL

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

## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors  
ARIHANT FOUNDATIONS & HOUSING LIMITED

|                   |                     |
|-------------------|---------------------|
| Sd/-              | Sd/-                |
| (KAMAL LUNAWATH)  | (VIMAL LUNAWATH)    |
| Managing Director | Whole time Director |

Place: Chennai  
Date: 14.02.2014

## ANNEXURE TO DIRECTOR'S REPORT

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

Refer qualified opinion in the Auditors' Report and annexure to Auditors' Report point no. (xi)

The Company had paid the entire outstanding principal amount of Rs.15,48,54,845/- on 29.08.2011. With regard to the interest payable, the same is under the review of the Debt Recovery Appellate Tribunal (DRAT). Also, the interest prescribed by order is simple interest. Hence, no interest has been accrued for the year under review. The management shall review the situation once an order is passed by the DRAT."

For and on behalf of the Board of Directors  
ARIHANT FOUNDATIONS & HOUSING LIMITED

|                   |                     |
|-------------------|---------------------|
| Sd/-              | Sd/-                |
| (KAMAL LUNAWATH)  | (VIMAL LUNAWATH)    |
| Managing Director | Whole time Director |

Place: Chennai  
Date: 14.02.2014

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### 2. BOARD OF DIRECTORS

#### (I) COMPOSITION OF BOARD

The Board of Directors of Arihant Foundations & Housing Limited consists of Eight Directors as on 30.09.2013.

The breakup of the total composition of the Board as on 30.09.2013 is as follows:

| Sl. No. | Name of the Directors | Designation         | Executive/ Non-executive/ Independent |
|---------|-----------------------|---------------------|---------------------------------------|
| 1.      | Mr. Kamal Lunawath*   | Managing Director   | Executive                             |
| 2.      | Mr. Vimal Lunawath*   | Whole time Director | Executive                             |
| 3.      | Mr. Bharat M Jain     | Whole time Director | Executive                             |
| 4.      | Mr. A L Jayabhanu     | Director            | Non-Executive                         |
| 5.      | Sri. A. Damodaran     | Director            | Non-Executive & Independent           |
| 6.      | Sri. Harish Trivedi   | Director            | Non-Executive & Independent           |
| 7.      | Mr. Ravikant Choudhry | Director            | Non-Executive & Independent           |
| 8.      | Mr. Karan Bhasin      | Director            | Non-Executive & Independent           |

\* Represents Promoter Group;

### (II) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST AGM AND DETAILS OF OTHER DIRECTORSHIPS AS ON 30.09.2013.

| Name of the Directors | No. of Directorship held in other Public Limited Companies | No. of Membership / Chairman -ship of Board, Committee of other Public Limited Companies Board | No. of Meetings Attended | Whether Attended last A.G.M |
|-----------------------|--|--|--------------------------|-----------------------------|
| Kamal Lunawath        | 5  | 4  | 14                       | Yes                         |
| Vimal Lunawath        | 5  | 1  | 12                       | Yes                         |
| Col. A.L Jayabhanu    | --   | --   | 12                       | Yes                         |
| A .Damodaran          | 1  | --   | 8                        | Yes                         |
| Bharat Jain           | --   | --   | 10                       | Yes                         |
| Harish Trivedi        | --   | --   | 3                        | No                          |
| Ravikant Choudhry     | 2  | 1  | 8                        | Yes                         |
| Karan Bhasin          | --   | --   | 4                        | Yes                         |

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

During the Financial Year 2012 to 2013 (from 01.10.2012 to 30.09.2013) 15 (Fifteen) Board meetings were held on 15.10.2012, 14.11.2012, 29.11.2012, 07.12.2012, 11.01.2013, 13.02.2013, 12.03.2013, 05.04.2013, 14.05.2013, 31.05.2013, 04.06.2013, 10.07.2013, 06.08.2013, 13.08.2013 and 23.08.2013.

### 3. AUDIT COMMITTEE

#### (I) Composition:

Mr. Ravikant Choudhry, Chairman of the Committee  
Mr. A Damodaran, Member of the Committee  
Mr. Kamal Lunawath, Managing Director, Member of the Committee

#### (II) No. of meetings and attendance:

There were (4) four meetings held during the year 2012-13 (from 01.10.2012 to 30.09.2013) on 29.11.2012, 13.02.2013, 14.05.2013 and 13.08.2013. All four meetings were attended by the members.

#### (III) Brief description of terms of reference:

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

#### 4. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee on 13.02.2013 comprising of Mr. A. Damodaran, Independent Director, Mr. Ravikant Choudhry, Independent Director and Mr. Harish Trivedi, Independent Director under the Chairmanship of Mr. A Damodaran.

The Committee is formed in accordance with Section II, Part II of Schedule XIII to the Companies Act, 1956 to approve the remuneration to managerial personnel in the event of inadequacy of Profit.

Remuneration paid/ payable to the Directors and the shareholding of Non – executive Directors in the Company.

#### Details of remuneration paid/ payable to the Executive Directors (Managing/ Whole-time Directors) of the Company during the year 2012-13.

| Name of the Directors                     | Salaries and Allowances                        | Other Benefits.                         |
|---|--|---|
| Mr. Kamal Lunawath<br>Managing Director   | Rs. 1,00,000/-<br>per month<br>and perquisites | Company Car<br>for official<br>purposes |
| Mr. Vimal Lunawath<br>Whole time Director | Rs. 1,00,000/-<br>per month<br>and perquisites | Company Car<br>for official<br>purposes |
| Mr. Bharat Jain<br>Whole time Director    | Rs.1,00,000/-<br>per month                     | Company Car<br>for official purposes    |

#### Details of remuneration paid/payable to the Non-Executive and Independent Directors during the financial year 2012-13 and their shareholding as on 30.09.2013:

| Name of the Director  | Remuneration /Sitting fees paid (Rs.) | No. of equity shares of Rs.10/- each held |
|-----------------------|---------------------------------------|---|
| Mr. Ravikant Choudhry | 20000/-                               | 5111                                      |
| Mr. A .Damodaran      | 18000/-                               | ---                                       |
| Mr. Harish Trivedi    | 6000/-                                | ---                                       |
| Mr. Karan Bhasin      | 8000/-                                | ---                                       |
| Mr. Col. Jayabhanu    | 20000/-                               | ---                                       |

No remuneration was paid to Non – executive and Independent Directors except sitting fees.

#### Notes:

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

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

The committee consists of 2 members viz., Mr. Ravikant Choudhry, Independent Director Mr. Kamal Lunawath, Managing Director. The Chairman of the Committee is Mr. Ravikant Choudhry.

During the financial year (01.10.2012 to 30.09.2013), 2 (Two) meetings of Share transfer and Shareholders/ Investors Grievance Committee were held on 20.07.2013 and 01.08.2013. The said meetings were attended by all the members.

- a) Ms. J. Meenakshi, Company Secretary is the Compliance Officer.
- b) No. of shareholders' complaints received during the period 01-10-2012 to 30-09-2013 1
- c) No. of complaints not solved to the satisfaction of the Shareholders Nil
- d) No. of pending complaints as on 30.09.2013 Nil

#### 6. GENERAL BODY MEETINGS

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

| A.G.M    | Date       | Time     | Venue  |
|----------|------------|----------|--|
| 18th AGM | 31.03.2011 | 9.30 A.M | Arihant Escapade<br>Devaraj Nagar,<br>48, Okkium Thoraipakkam<br>Chennai- 600 097  |
| 19th AGM | 30.03.2012 | 9.30 A.M | Arihant Amara<br>Old no.60, New No. 49<br>Poonamallee High Road<br>Goparasanallur Village,<br>Poonamallee Taluk,<br>Chennai- 600 056 |
| 20th AGM | 30.03.2013 | 9.30 A.M | Arihant Escapade<br>Devaraj Nagar<br>48, Okkium Thoraipakkam,<br>Chennai- 600 097  |

- b) Whether any special resolutions passed in the Previous 3 AGMs : Yes
- c) Whether any special resolutions passed last year through postal ballot : No
- d) No resolution was passed by postal ballot during last three financial year and nor any resolution is proposed to be conducted through postal ballot.

## 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. DISCLOSURES

- a) There are related party transactions i.e. transactions of the Company with its Key Management Personnel, Subsidiary Companies, Partnership Firms, Joint Venture and Associates.
- b) The related party transactions are entered into based on consideration of various business exigencies such as legal requirement, synergy in operation and capital resources of subsidiaries and associates. All related party transactions are intended to further the business interest of the Company.
- c) 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.
- d) Pursuant to requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct' for 'prevention of Insider Trading' (The Code). The code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company.

Ms. J.Meenakshi, Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

- e) 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- 3.

## 8. MEANS OF COMMUNICATION

- a) The Board of Directors of the Company takes on record the un-audited financial Results in the prescribed form within 45 (forty five) days of the close of every quarter, audited financial result within 60 days from the end of the financial year and announces the results to all the Listed Stock Exchanges soon after their approval in conformity with the Clause 49 of the Listing Agreement.
- b) The quarterly unaudited and yearly audited financial results are also published in the news papers and details and date of publications are as under:

| Quarter/<br>Year Ended | Name of English<br>daily and date<br>of publication | Name of Regional<br>daily and date<br>of publication |
|------------------------|---|--|
| 30.09.2012             | MINT<br>1.12.2012                                   | Maalai Sudar<br>(TAMIL)<br>30.11.2012                |
| 31.12.2012             | MINT<br>16.02.2013                                  | Maalai Sudar<br>(TAMIL)<br>14.02.2013                |
| 31.03.2013             | MINT<br>16.05.2013                                  | Maalai Sudar<br>(TAMIL)<br>15.05.2013                |
| 30.06.2013             | MINT,<br>15.08.2013                                 | Maalai Sudar<br>(TAMIL)<br>14.08.2013                |

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

Management Discussion and Analysis Report forms part of the Annual report for year 2012-13, given as an Annexure -2 to the Director's Report 2012-13.

**9. GENERAL SHAREHOLDER INFORMATION**

- i. Number of Annual General Meeting** : 21st Annual General Meeting  
**Date & Time** : 28.03.2014, 9.30 a.m  
**Venue** : "Arihant Escapade", Devaraj Nagar,  
 48, Okkiyum, Thoraipakkam, Chennai- 600 097

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

| Name of Director     | Date of Birth | Date of Appointment | Experience in specific functional areas  | Qualifications   | List of other Public Limited Companies in which Directorship held as on 30.09.2013 | Chairman/ member of the Committee of Board of other Public Limited Companies on which he was a Director as on 30.09.2013 | Shares held |
|----------------------|---------------|---------------------|--|------------------|--|--|-------------|
| Mr.Harish Trivedi    | 10.02.1949    | 31.03.2005          | A businessman involved in financial activities and having 25 years of experience in liason work                    | B.A, L.L.B       | Nil  | Nil  | Nil         |
| Mr.Ravikant Choudhry | 04.06.1963    | 30.12.2005          | Leading stock broker involved in stock broking activities and having 15 years of rich experience in stock broking. | Bsc, Mathematics | 1. ARIHANT'S SECURITIES LIMITED  | 1  | 5111        |

- iii. Financial Calendar** : October to September  
**iv. Book Closure date** : 21.03.2014 to 28.03.2014  
 (both the days inclusive)  
**v. Listing on Stock Exchanges** : The Madras Stock Exchange Ltd  
 "Exchange Building"  
 11, Second Line Beach, Chennai-1  
 www.madrasstockexchange.in  
 Bombay Stock Exchange Limited  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street,Mumbai-400 001  
 www.bseindia.com
- vi. Stock code/ Symbol** : 531381  
 Bombay Stock Exchange Limited : arihant found  
 Madras Stock Exchange Limited : AFD  
 National Stock Exchange of India Ltd : ARIHANT  
 ISIN for dematerialised shares : INE413D01011
- National Stock exchange of India Limited  
 Exchange Plaza,  
 Bandra Kurla Complex  
 Bandra (E), Mumbai- 400 051  
 Website: www.nseindia.com

**vii.** Market price data – High/Low during each month of the financial year 2012-13 (from 01.10.2012 to 30.09.2013) and performance in comparison to Broad based BSE SENSEX index during the said financial year as downloaded from BSE website:

| Month          | Bombay Stock Exchange Ltd |       | BSE Sensex |           |
|----------------|---------------------------|-------|------------|-----------|
|                | High                      | Low   | High       | Low       |
| October 2012   | 59.20                     | 41.00 | 19,137.29  | 18,393.42 |
| November 2012  | 54.95                     | 44.60 | 19,372.70  | 18,255.69 |
| December 2012  | 51.40                     | 42.80 | 19,612.18  | 19,149.03 |
| January 2013   | 56.90                     | 50.20 | 20,203.66  | 19,508.93 |
| February 2013  | 51.95                     | 46.95 | 19,966.69  | 18,793.97 |
| March 2013     | 51.20                     | 44.75 | 19,754.66  | 18,568.43 |
| April 2013     | 44.60                     | 42.55 | 19,622.68  | 18,144.22 |
| May 2013       | ---                       | ---   | 20,443.62  | 19,451.26 |
| June 2013      | 44.60                     | 44.60 | 19,860.19  | 18,467.16 |
| July 2013      | 46.75                     | 46.75 | 20,351.06  | 19,126.82 |
| August 2013    | 58.00                     | 49.05 | 19,569.20  | 17,448.71 |
| September 2013 | ---                       | ---   | 20,739.69  | 18,166.17 |

**viii.** Market price data – High/Low during each month of the financial year 2012-13 (from 01.10.2012 to 30.09.2013) and performance in comparison to NSE Nifty index during the said financial year downloaded From NSE website:

| Month          | National Stock Exchange Ltd |       | NSE Nifty index |         |
|----------------|-----------------------------|-------|-----------------|---------|
|                | High                        | Low   | High            | Low     |
| October 2012   | 56.50                       | 39.00 | 5815.35         | 4888.20 |
| November 2012  | 55.90                       | 43.35 | 5885.25         | 5548.35 |
| December 2012  | 53.60                       | 43.40 | 5965.15         | 5823.15 |
| January 2013   | 55.75                       | 45.55 | 6111.80         | 5935.2  |
| February 2013  | 48.70                       | 42.05 | 6052.95         | 5671.9  |
| March 2013     | 47.80                       | 39.90 | 5971.20         | 5604.85 |
| April 2013     | 41.60                       | 36.10 | 5962.30         | 5477.2  |
| May 2013       | 34.75                       | 34.75 | 6229.45         | 5910.95 |
| June 2013      | ---                         | ---   | 6011.00         | 5566.25 |
| July 2013      | ---                         | ---   | 6093.35         | 5675.75 |
| August 2013    | 36.00                       | 36.00 | 5808.50         | 5118.85 |
| September 2013 | ---                         | ---   | 6142.50         | 5318.90 |

**ix.** Registrar and Share transfer Agent :-  
Cameo Corporate Services Limited.  
Subramanian Building, No.1 Club House Road,  
Anna Salai, Chennai - 600 002.  
Ph: 28460390.

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

**x. Share Transfer system**

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

**xi . Distribution of Shareholding as on 30.09.2013**

| Range of Shares | No. of Share holders | %      | No. of Shares | %      |
|-----------------|----------------------|--------|---------------|--------|
| 1 to 500        | 1747                 | 83.19  | 177778        | 2.07   |
| 501 to 1000     | 82                   | 3.90   | 65214         | 0.76   |
| 1001 to 2000    | 79                   | 3.76   | 121227        | 1.41   |
| 2001 to 3000    | 48                   | 2.29   | 123015        | 1.43   |
| 3001 to 4000    | 19                   | 0.91   | 68221         | 0.79   |
| 4001 to 5000    | 22                   | 1.05   | 106246        | 1.24   |
| 5001 to 10000   | 40                   | 1.90   | 331485        | 3.85   |
| 10001 and above | 63                   | 3.00   | 7606814       | 88.45  |
| Total           | 2100                 | 100.00 | 8600000       | 100.00 |

**xii. Shareholding pattern as on 30.09.2013.**

| Sl. No. | Category  | No. of Shares    | % of Paid up Capital |
|---------|---|------------------|----------------------|
| 1.      | Indian Promoter's (including Person acting in concert). | 36,55,700        | 42.51                |
| 2.      | Bodies Corporate  | 13,75,290        | 15.99                |
| 3.      | FII's   | 9,88,856         | 11.50                |
| 4.      | Others  | 25,80,154        | 30.00                |
|         | <b>TOTAL</b>  | <b>86,00,000</b> | <b>100.00</b>        |

**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 30.09.2013, 66,06,320 shares have been dematerialised, representing 76.81% of the Subscribed capital. The Company's shares are actively traded shares on BSE & NSE.

**Reconciliation of Share Capital Audit Report**

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL, CDSL and total number of shares in physical form.

**xiv. Outstanding GDRs / ADRs / warrants or any convertible instruments, conversion date and likely impact on equity.**

Nil

**xv. Plant Locations**

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

**xvi. Address for correspondence**

For matters relating to Company's shares:

Cameo Corporate Services Limited.  
Subramanian Building, No.1, Club House Road,  
Anna Salai, Chennai - 600 002. Ph: 28460390.

For other matters:

Registered office:

271 (Old 182), Poonamallee High Road,  
"Ankur Manor" 1st Floor, Off. McNichols Road,  
Kilpauk, Chennai - 600 010.

Website:- [www.arihantfoundations.com](http://www.arihantfoundations.com)

Corporate Office:

New No.3 (Old No.25), Ganapathy Colony, 3rd Street  
Off. Cenotaph Road, Teynampet, Chennai- 600 018  
Email: [investors@arihants.co.in](mailto:investors@arihants.co.in)

**CODE OF CONDUCT**

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

**CEO/ CFO CERTIFICATION**

As required by Clause 49 of the listing agreement, the Certificate duly signed by Mr. Kamal Lunawath, Managing Director and Mr. Vimal Lunawath, Whole time Director Finance was placed before the Board of Directors at its meeting held on 29th November, 2013.

**ANNEXURE 1****DECLARATION UNDER CLAUSE 49(I)(D) OF THE LISTING AGREEMENT FOR COMPLIANCE WITH THE CODE OF CONDUCT**

In accordance with Clause 49 sub clause (I) (D) of the listing agreement with Stock Exchanges, I hereby confirm that myself and other members of the Board of Directors and senior management personnel of the Company have affirmed compliance of the code of conduct.

For Arihant Foundations & Housing Limited  
Sd/-

Kamal Lunawath  
Managing Director

Date: 29.11.2013  
Place: Chennai

## ANNEXURE - 2

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry Structure & Development

As per the industry reports, the total economic value of the real estate activity in the country ranges between US\$40-45 billion, which contributes 5-6% to the GDP growth. Of its total size, residential segment, with 90-95% size, forms the major chunk of the market, followed by the commercial segment (4-5%) and organised retail segment (1%). Clearly, the residential sector is the driving force of the industry.

Over the last decade, residential real estate market has witnessed many changes – from experiencing unprecedented growth to negligible demand in the aftermath of the financial crisis to moderate growth during the last couple of years. There was also shift in demand away from investors to actual end users.

Your Company has 8 projects (including JV projects) that are currently ongoing. During the year under review the Company has launched two residential projects “ARIHANT ESTA” comprising of 1,94,145 Sq ft situated at Mugappair, Chennai and “ARIHANT TIARA” comprising of 1,48,020 Sq ft situated at Nandambakkam, Chennai.

#### Opportunities

The Indian retail realty sector is projected to grow at around 15 per cent year-on-year over the next 3–5 years as against a 12–13 per cent nominal growth of India’s GDP estimated by the International Monetary Fund (IMF). If the sector does indeed manage the aforementioned growth, it will touch Rs 34 trillion (US\$ 544.73 billion) by 2016.

India’s office space stock is estimated to rise by 40 per cent to 642.2 million sq ft by 2017, according to a report by real estate consultancy Knight Frank India. The current Indian market offers some of the most competitive rates in the Asia-Pacific region, according to a report by property services firm DTZ. The report also states that Indian cities will have some of the fastest rental growths in the region over the period 2013–17, but will remain among the most competitive.

The share of luxury retail space in India will be 1.4 per cent by 2015, according to a report by real estate services firm Cushman & Wakefield. NCR and Mumbai, areas that

have embraced the mall culture, are the two most favoured destinations for luxury retailers.

The construction development sector, including townships, housing and built-up infrastructure garnered total FDI worth US\$ 22,671.95 million in the period April 2000–August 2013. Construction (infrastructure) activities during the period received FDI worth US\$ 2,280.95 million, according to the Department of Industrial Policy and Promotion (DIPP).

#### Threats

The key challenges that the Indian real estate industry is facing today are:

- lack of clear land titles
- absence of title insurance
- absence of industry status
- lack of adequate sources of finance
- shortage of labour
- rising manpower and material costs
- approvals and procedural difficulties

The Indian real estate sector has traditionally been an unorganised sector but it is slowly evolving into a more organised one. The sector is embracing professional standards and expected to rapidly grow in the years to come.

#### Outlook

India has huge potential to attract large foreign investments into real estate. With real estate reaching a point of saturation in developed countries and the demand and prices falling, global real estate players are looking at emerging economies such as India for tapping opportunities in real estate. Indian real estate will stay attractive due to its strong economic fundamentals and demographic factors. Moreover, there is a high level of global uncertainty looming over the developed and developing nations of the world. While developed economies are still struggling to regain their growth momentum, developing countries including India and China are expected to grow at a reasonably high rate. Investments in Indian real estate will fetch higher returns for investors as compared to other global markets. In the coming years, the opportunities in the real estate sector will attract more global players to India and hence will help the industry to mature, become more transparent, improve management and adopt advanced construction techniques.



## Risks and Concern

The Company is exposed to various risks which include economic, regulatory and most importantly investment outlook towards the Indian real estate sector. Your company has implemented effective monitoring and control systems designed to identify, evaluate and mitigate the relevant risks. The risk framework of the company is constantly reviewed by the management to evaluate any incremental risks that arise and also monitor the existing risk mitigation controls.

During the year real estate sector in India has experienced an average income loss of 38% from due to risks Economic slowdown and slow recovery.

Your Company, despite the growing complexity of risk remained stable on an aggregate level, due to the effective risk management strategy adopted by the management.

## Financial performance with respect to operational performance

The Company's total Income is Rs.69.13 crores during the financial year 2012-13 as against Rs. 144 crores in the previous year 2011-12 and the Earnings before Interest, Depreciation and Tax (EBIDT) is Rs. 12.83 Crores during the financial year 2012-13 as against Rs. 14.32 Crores in the previous year 2011-12. The Profit after tax (PAT) for the financial year is Rs.1.67 crores compared to previous year profit of Rs. 2.13 crores. On consolidated basis, the total income of your Company and its subsidiaries and Joint venture stands at Rs.141.83 crores and consolidated loss after tax stood at Rs. 18.56 crores as compared to the previous year consolidated PAT of Rs. 4.84 crores. The earnings per Share (EPS) basic and diluted stands at Rs.1.94 considering the total equity capital of Rs.8.60 crores (86,00,000 equity shares of Rs.10/- each) as on 30th September, 2013.

The decrease in revenue and profit was primarily due to the lower sales and general negative outlook towards the real estate sector in India.

## Review of Projects:

Project "Villa Viviana" under the SPV, Escapade Real Estate Private Limited of 45 acres approximately, located at Maraimalai Nagar, sub-urban of Chennai, which is a Joint venture between your Company and J P Morgan India Property Fund Mauritius Company of

50:50 equity participation is progressing well. The 1st phase of the project comprises 161 Villas out of which 155 villas had been sold. The 2nd phase comprises of plot sale.

Project "Green Wood" under the SPV, Arihant Unitech Realty Projects Limited of 39.665 acres located at Navalur village in the sub-urban of Chennai is a joint venture between your Company and Unitech Limited of 50:50 equity participation. This project is for development and selling of plots of different sizes. During the year 124 plots have been sold.

Project "Arihant Frangipani" a residential complex containing 332 flats of 2 BHK and 3 BHK categories. The Project is located at Chennai sub-urban is nearing completion and hand over is in progress

The Project "Arihant Panache" a residential complex located at Arumbakkam Chennai, containing 72 flats of 2 BHK, 3 BHK and Duplex category. The project is being completed.

Project "North Town Estates" a joint venture between your Company and Unitech Ltd on a 50:50 partnership to develop a 70 acres land owned by PVP Ventures Ltd. This Venture is a mixed development and is under construction.

Project "Arihant Esta", a joint venture project comprising of 1,94,145 Sq ft. to be developed as residential apartment of 140 units. The project was launched during the year. The project is located in Mugappair, Chennai. The work is in progress.

Project "Arihant Tiara", a joint venture project comprising of 1,48,020 Sq ft of 96 units. The project is located in Nandambakkam, Chennai and approval is in position and construction just started.

Project "Arihant Jashn" a residential-cum-commercial complex comprising of 36,831 Sq.ft consists of 8 residential flats and commercial complex. The project is located at Egmore, Chennai.

## Internal Control System and their Adequacy

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

## Human Resources

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

## Cautionary Statement

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

## ANNEXURE - 3

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 constituted Remuneration Committee w.e.f 28.01.2010. The details about the Committee given in the Report on Corporate Governance.

### (IV) Shareholders Rights:

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

### (V) Postal Ballot:

There was no such transaction of business which falls under the purview of Section 192A of the Companies Act, 2013, which require passing of the resolution by postal ballot.

### (VI) Audit Qualifications

The remarks/ comments of the Auditors on the financial

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

## VII) Training of Board Members

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

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

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

## (IX) Whistle Blower Policy

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

## ANNEXURE - 4

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Shareholders of Arihant Foundations & Housing Limited

We have examined the compliance of conditions of Corporate Governance by Arihant Foundations & Housing Limited for the year ended on 30th September 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

Sd/-  
Mrs. V. Padma Priya  
Practicing Company Secretary  
C.P.No. 8702

Place: Chennai  
Date: 14.02.2014

## AUDITOR'S REPORT

To the Members of  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of ARIHANT FOUNDATIONS & HOUSING LIMITED ("the Company"), which comprise the Balance Sheet as at September 30, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion:

*The management has not made provision for interest of Rs.88,69,620/- during the year as payable to HUDCO on account of belated payment of interest and incidental cost that is payable as per order of Debt Recovery Tribunal dated 26/08/2011 for the period (01/07/2004 to 26/07/2011), which constitute a departure from the accounting standards referred to in sub-section (3C) of section 211 of Companies Act 1956. The company's records indicate that, had management provided above provisions in books, the Indirect Expenses would have gone up by Rs.88,69,620/-. Accordingly, net profit and shareholder's fund would have been reduced by the said figure.*

### Qualified Opinion:

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion Paragraph the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India*

- in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2013;
- in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

*d. except for the matters described in the Basis for Qualified Opinion Paragraph, in our opinion the Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act,*

e. on the basis of written representations received from the directors as on September 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B.P.JAIN & CO.  
CHARTERED ACCOUNTANTS  
Firm Reg No. 050105S

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

Place: Chennai  
Date: 29.11.2013

## ANNEXURE

### Re: M/s ARIHANT FOUNDATIONS AND HOUSING LTD

#### Annexure to the Auditors' report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

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

(b) The fixed assets have been physically verified by the management at reasonable interval and no material discrepancies are noticed on such verification.

(c) The company has not disposed off substantial part of fixed assets during year so as to affect its going concern status.

(ii) (a) The stock of construction materials has been physically verified at periodic intervals and no significant discrepancies has been noticed on such verification during the year.

(b) The procedure of physical verification of stock of building material, followed by the management is reasonable and adequate in relation to the size of the company and nature of its company.

(c) The company does not maintain stock records of raw materials. We are of the opinion that the valuation of the stock of building is as per normally accepted accounting principles. The company has not identified slow moving building materials separately.

(III) (a) The company has granted unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the companies Act 1956, and the details are as follows

- No of parties : (6)
- Maximum amount involved in the transaction :  
Rs. 18,75,45,887/-
- Closing balance of the loan is Rs. 48,33,85,778/-

(b) In our opinion the rate of interest and other terms and conditions of such loans are not *prima facie* prejudicial to the interest of the company.

(c) The receipt of principal and interest thereon are regular.

(d) Where the overdue amount exceeds rupees one lakh the company has taken necessary steps to recover the amount and interest thereon.

(e) The company has taken loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the companies Act 1956 and the details are as follows

- No of parties : (2)
- Maximum amount involved in the transaction :  
Rs. 5,74,21,102/-
- Closing balance of the loan is Rs. 16,11,05,132/-

(f) In our opinion the rate of interest and other terms and conditions of the loan taken by the company, secured and unsecured are not *prima facie*, prejudicial to the interest of the company.

(g) The repayment of principal and interest thereon to the concerned parties is also regular.

(iv) In our opinion and according to information and explanation given to us the company has an adequate internal control procedure commensurate with the size and nature of business for the purchase of stores and raw materials, plant & machinery, equipment and other assets for the sale of finished stocks. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

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

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the companies Act 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at a price which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanation given to us the company has not accepted deposits from the public during the year. Therefore, the provision of clause 4(vi) of the Order are not applicable to the Company.

(vii) In our opinion the company has an internal audit system commensurate with size and nature of its business.

(viii) We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the cost records have been maintained by the company. We have however not made a detailed examination of the same as the same has been certified by a cost accountant.

(ix) According to the information and explanations given to us and on the basis of our examination of books of account, in our opinion

a) The Company is regular in depositing undisputed statutory dues including, Investor Education and protection fund, Income Tax, Wealth Tax, Service Tax, Cess, Sales tax, VAT, Excise duty and any other material statutory dues during the year with the appropriate authorities except in case of following:

Statement of Arrears of statutory dues outstanding for more than six months.

| Name of statue       | Nature of the dues | Amount( Rs.)  | Period to which the amount relates | Due Date   | Date of Payment |
|----------------------|--------------------|---------------|------------------------------------|------------|-----------------|
| Income Tax Act, 1961 | Income Tax         | Rs.2,02,950/- | 2010-2011                          | 04/05/2013 | Not Paid        |

- b) According to the information and explanation given to us there are dues in respect of following taxes on account of dispute , which are as follows:-

Statement of Disputed Dues

| Name of the Statue              | Nature of Dues | Amount (Rs.)      | Period to which the Amount relates | Forum where dispute                  |
|---------------------------------|----------------|-------------------|------------------------------------|--------------------------------------|
| Income Tax Act, 1961            | Income Tax     | Rs.76,38,692/-    | 1999-2000                          | CIT Appeals                          |
| Income Tax Act, 1961            | Income Tax     | Rs.95,58,275/-    | 2005-2006                          | CIT Appeals                          |
| Income Tax Act, 1961            | Income Tax     | Rs.5,57,61,612/-  | 2007-2008                          | CIT Appeals                          |
| Income Tax Act, 1961            | Income Tax     | Rs. 1,19,53,006/- | 2007- 2008                         | Income Tax Appellate Tribunal (ITAT) |
| Income Tax Act, 1961            | Income Tax     | Rs.5,58,07,850/-  | 2009-2010                          | Income Tax Appellate Tribunal (ITAT) |
| Finance Act, 1994 (Service Tax) | Service Tax    | Rs.23,16,081/-    | June 16, 2005 to March 2007        | CESTAT, Chennai                      |

- (x) The company has no accumulated losses as at September 30, 2013 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

- (xi) According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or Bank or debenture holders as at the balance sheet date. (Except in case of HUDCO, wherein the company is disputing the amount of interest payment / Principal payment and rate of interest due to non release of NOC in favor of prospective buyers vide court case No Q.A.No 78 of 2004. The company had filed contempt of court petition vide petition No 384/2004 against HUDCO

for not obeying the directions of High Court. HUDCO had filed a suit in the Debt Recovery Tribunal). The company has paid a sum of the above dispute as to principal and interest thereon, a sum of Rs. 15,48,54,845/- was determined as principal by the Debt Recovery Tribunal. The company has paid the principal amount of Rs.15,48,54,845/- to HUDCO. The company has not accrued interest to the tune of Rs.9,93,77,130.40 as payable to HUDCO as per the order of the Debt Recovery Tribunal Dated 26/8/2011 for the period (01/07/2004 to 26/07/2011) and further consequent interest as per recovery officer amounting to Rs.1,96,60,340.70/-for the period (27/07/2011 to 30/09/2013) has also not been provided for belated payment of (interest and incidental cost).

- |  |  |
|--|--|
| <p>(xii) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p>  | <p>(xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.</p> |
| <p>(xiii) The provision of any special statute applicable to a chit fund / mutual benefit fund / societies are not applicable to the company.</p>  | <p>For B.P.JAIN &amp; CO.<br/>CHARTERED ACCOUNTANTS<br/>Firm Reg No. 050105S</p>   |
| <p>(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.</p>  | <p>Sd/-<br/>CA. DEVENDRA KUMAR BHANDARI<br/>Partner<br/>Membership No.: 208862</p>   |
| <p>(xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.</p>  | <p>Place: Chennai<br/>Date: 29/11/2013</p>   |
| <p>(xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has applied term loans for the purpose for which the loans were obtained.</p>   |  |
| <p>(xvii) According to the information and explanation given to us and on an overall examination of balance sheet of the company, we report that no funds raised for short term basis utilised for long term investment and vice versa.</p>  |  |
| <p>(xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clause 4(xviii) of the order is not applicable.</p> |  |
| <p>(xix) The company has not issued any debenture during the year hence question of having security or registering a charge with the Registrar of Companies does not arise during the year.</p>  |  |
| <p>(xx) The company has not raised any money by way of public issue during the year, accordingly, clause 4(xx) of the Order is not applicable to the Company.</p>  |  |

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**BALANCE SHEET AS AT 30.09.2013**

|   | Note No. | AMOUNT AS ON<br>30/9/2013<br>₹ |               | AMOUNT AS ON<br>30/9/2012<br>₹ |               |
|---|----------|--------------------------------|---------------|--------------------------------|---------------|
| <b>EQUITY AND LIABILITIES</b>                                     |          |                                |               |                                |               |
| <b>(1) SHARE HOLDER'S FUNDS</b>                                   |          |                                |               |                                |               |
| (A) Share capital   | 2        | 86,000,000                     |               | 86,000,000                     |               |
| (B) Reserves & surplus  | 3        | 1,572,541,310                  |               | 1,555,828,486                  |               |
|   |          |                                | 1,658,541,310 |                                | 1,641,828,486 |
| <b>(2) NON CURRENT LIABILITIES</b>                                |          |                                |               |                                |               |
| (A) Long term borrowings  | 4        | 770,189,206                    |               | 552,443,854                    |               |
| (B) Deferred tax liability  | 5        | 672,599                        |               | 1,308,375                      |               |
| (C) Other Long term Liabilities                                   | 6        | 254,625,307                    |               | 205,699,876                    |               |
| (D) Long Term Provisions  | 7        | 3,842,035                      |               | 4,901,978                      |               |
|   |          |                                | 1,029,329,147 |                                | 764,354,083   |
| <b>(3) CURRENT LIABILITIES</b>                                    |          |                                |               |                                |               |
| (A) Trade Payables  | 8        | 312,236,855                    |               | 247,441,187                    |               |
| (B) Other curent liabilities                                      | 9        | 851,894,098                    |               | 714,069,086                    |               |
| (C) Short term provisions   | 10       | 25,412,600                     | 1,189,543,553 | 23,450,000                     | 984,960,273   |
| <b>TOTAL</b>  |          |                                | 3,877,414,010 |                                | 3,391,142,842 |
| <b>ASSETS</b>   |          |                                |               |                                |               |
| <b>(1) NON CURRENT ASSETS</b>                                     |          |                                |               |                                |               |
| <b>(A) FIXED ASSETS</b>   |          |                                |               |                                |               |
| I- Tangible assets  | 11       | 136,593,195                    |               | 132,675,113                    |               |
| II- Intangible assets   |          | 554,741                        |               | 647,719                        |               |
| (B) Non-current investment  | 12       | 169,502,241                    |               | 102,135,290                    |               |
| (C) Long Term Loans and Advances                                  | 13       | 660,583,318                    | 967,233,495   | 583,285,617                    | 818,743,739   |
| <b>(2) CURRENT ASSETS</b>   |          |                                |               |                                |               |
| (A) Inventories   | 14       | 919,229,586                    |               | 722,735,335                    |               |
| (B) Trade receivables   | 15       | 885,612,730                    |               | 623,316,343                    |               |
| (C) Cash and cash equivalent                                      | 16       | 101,312,035                    |               | 90,938,105                     |               |
| (D) Short term loans and advances                                 | 17       | 933,349,157                    |               | 804,367,457                    |               |
| (E) Other current assets  | 18       | 70,677,007                     | 2,910,180,515 | 331,041,863                    | 2,572,399,103 |
| <b>TOTAL</b>  |          |                                | 3,877,414,010 |                                | 3,391,142,842 |
| Significant accounting policies and notes to financial statements | (1 - 38) |                                |               |                                |               |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**  
FIRM REG NO-050105S  
sd/-

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

CHENNAI  
29.11.2013

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

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**J. Meenakshi**  
Company Secretary



## ARIHANT FOUNDATIONS &amp; HOUSING LIMITED

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30.09.2013**

|  | NOTE<br>NO | AMOUNT AS ON<br>30.09.2013<br>₹ | AMOUNT AS ON<br>30.09.2012<br>₹ |
|--|------------|---------------------------------|---------------------------------|
| <b>INCOME</b>  |            |                                 |                                 |
| (A) Revenue from operations  | 19         | <b>586,542,239</b>              | 1,335,270,456                   |
| (B) Other income   | 20         | <b>104,743,734</b>              | 103,983,720                     |
| <b>TOTAL REVENUE</b>   |            | <b>691,285,973</b>              | <b>1,439,254,176</b>            |
| <b>EXPENSES</b>  |            |                                 |                                 |
| (A) Construction and project expenses  | 21         | <b>691,333,664</b>              | 1,225,946,920                   |
| (B) Changes in inventories of Materials,<br>Work-in-progress and finished good | 22         | <b>(196,494,251)</b>            | --                              |
| (C) Employees benefit expenses   | 23         | <b>13,346,560</b>               | 14,450,491                      |
| (D) Finance cost   | 24         | <b>81,591,932</b>               | 82,082,955                      |
| (E) Depreciation and amortization  | 25         | <b>6,004,825</b>                | 5,635,081                       |
| (F) Other expenses   | 26         | <b>54,780,369</b>               | 55,610,466                      |
| <b>TOTAL EXPENSES</b>  |            | <b>650,563,099</b>              | <b>1,383,725,913</b>            |
| Profit before Exceptional and Extraordinary items                              |            | <b>40,722,874</b>               | 55,528,263                      |
| Exceptional items  |            | <b>(18,010,050)</b>             | (28,003,796)                    |
| Profit before Tax  |            | <b>22,712,824</b>               | 27,524,467                      |
| <b>Less: Tax Expense</b>   |            |                                 |                                 |
| a. Current Tax   |            | <b>6,635,776</b>                | 7,342,750                       |
| b. Deferred Tax Charge / (Credit)  |            | <b>(635,776)</b>                | (1,143,590)                     |
| <b>PROFIT FOR THE PERIOD</b>   |            | <b>16,712,824</b>               | <b>21,325,307</b>               |
| Earning per share (Basic)  |            | <b>1.94</b>                     | 2.48                            |
| Earning per share (Diluted)  |            | <b>1.94</b>                     | 2.48                            |
| Significant accounting policies and<br>notes to financial statements           | (1 - 38)   |                                 |                                 |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**  
FIRM REG NO-050105S  
sd/-

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

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

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**J. Meenakshi**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30.09.2013

| PARTICULARS   | 30.09.2013<br>₹      | 30.09.2012<br>₹      |
|---|----------------------|----------------------|
| <b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>  |                      |                      |
| Net Profit/Loss Before Tax and Extraordinary Items                                      | 22,712,824           | 27,524,467           |
| Adjustments for :   |                      |                      |
| Depreciation  | 6,004,825            | 5,635,081            |
| Dividend received   | (2,329,196)          | (1,915,148)          |
| Interest and Finance Income   | (51,324,457)         | (64,914,026)         |
| Loss on sale of Fixed Assets  | 1,055,904            | 27,285               |
| Interest and Finance Charges  | 81,591,932           | 82,082,955           |
|   | 34,999,008           | 20,916,147           |
| Operating Profit Before Working capital Changes   | 57,711,832           | 48,440,614           |
| Adjustments for Working Capital changes   |                      |                      |
| (Increase) / Decrease in Inventories  | (196,494,253)        | (172,696,938)        |
| (Increase) / Decrease in trade receivables, loans and advances and other current assets | (130,913,231)        | 817,033,848          |
| (Increase) / Decrease in Long Term Loans & Advances                                     | (144,659,652)        | (583,285,617)        |
| Increase / (Decrease) in Other long term liabilities                                    | 48,925,431           | 205,699,876          |
| Increase / (Decrease) in Trade Payables & other current liabilities                     | 202,620,680          | 3,515,409            |
| Increase / (Decrease) in Long Term Provisions   | (1,059,943)          | 887,213              |
| Increase / (Decrease) in Short Term Provisions  | 22,776,824           | -                    |
|   | (198,804,143)        | 271,153,792          |
| Cash From operations before Tax and Extraordinary items                                 | (141,092,311)        | 319,594,406          |
| Income Tax Paid   | (26,276,824)         | (1,572,542)          |
| Cash From operations before Extraordinary items   | <b>(167,369,135)</b> | <b>318,021,864</b>   |
| Extraordinary Items   | -                    | -                    |
| Cash flow from Operating Activities   | (167,369,135)        | 318,021,864          |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                      |                      |
| Purchase of fixed Assets  | (12,285,832)         | (4,177,218)          |
| Sale of fixed Assets  | 1,400,000            | 634,113              |
| Dividend received   | 2,329,196            | 1,915,148            |
| Interest received during the year   | 51,324,457           | 64,914,026           |
| Purchase of Investment  | (5,000)              | -                    |
| Proceeds from sale of Investment  | -                    | 100,000              |
| Net Cash from Investing Activities  | <b>42,762,822</b>    | <b>63,386,069</b>    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                      |                      |
| Fresh loans taken / (Loans repaid)  | 217,745,352          | (241,141,040)        |
| Payment of Dividend   | (1,173,176)          | (8,597,324)          |
| Interest & Finance Charges  | (81,591,932)         | (82,082,955)         |
| Net Cash from Financing Activities  | <b>134,980,244</b>   | <b>(331,821,319)</b> |
| D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)                         | 10,373,930           | 49,586,614           |
| E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR                               | 90,938,105           | 41,351,491           |
| <b>F. CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>                            | <b>101,312,035</b>   | <b>90,938,105</b>    |

The accompanying notes are an integral part of the financial statements

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

**Chartered Accountants**

FIRM REG NO-050105S

sd/-

**CA Devendra Kumar Bhandari**

Partner

Membership No.: 208862

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

sd/-

**Vimal Lunawath**

Wholetime Director

sd/-

**J. Meenakshi**

Company Secretary

## **ARIHANT FOUNDATIONS & HOUSING LIMITED NOTES TO FINANCIAL STATEMENTS**

### **COMPANY OVERVIEW**

The company, Arihant Foundations and Housing Ltd was incorporated on 6th March, 1992. The Company is engaged in the business of real estate development of residential, commercial complexes and IT Parks.

### **NOTE-1: SIGNIFICANT ACCOUNTING POLICIES**

#### **A. BASIS OF PREPARATION**

a) The financial statements have been prepared on accrual basis of accounting under the historical cost convention in accordance with the generally accepted accounting principles in India.

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

#### **B. USE OF ESTIMATES**

The preparation of financial statement in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at date of the financial statements and the reported accounts of revenues and expenses for the years presented. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **C. FIXED ASSETS AND DEPRECIATION**

a) The fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all related expenses incurred up to the date the assets are put to use.

b) Depreciation on fixed assets is provided on straight line method as per rate and manner prescribes in schedule-XIV of the companies Act 1956. The depreciation has

been provided at 100% on the Assets purchased during the year the cost of which is less than Rs 5000/-.

### **D. INTANGIBLES AND AMORTIZATION**

Intangible assets are recognized when it is probable that future economic benefits that are attributable to these assets will flow to the company and the cost of the asset can be measured reliably.

### **E. IMPAIRMENT OF ASSETS**

Management at each balance sheet date assesses using internal sources whether there is an indication that an asset or group of assets or a cash generating unit as the case may be, is impaired. Impairment occurs where the carrying value exceeds the higher of value in use represented by present value of future cash flows expected to arise from the continuing use of the asset and its realizable value. The impairment asset is charged off to statement of profit and loss.

### **F. INVESTMENTS**

Trade investments are those made to enhance the Group's business interests. Investments are classified as either current or long-term, based on the Management's intention at the time of purchase.

#### **Long-term investments**

Long-term investments are stated at cost. However, provision is made for diminution in the value of the asset, which is other than temporary.

#### **Quoted**

The company holds investment in quoted securities. They are classified as long-term as the Management intends to hold the same for a period of more than twelve months. These investments are classified as non-trade.

#### **Unquoted**

The company holds investment in unquoted securities of its subsidiaries, joint ventures and associates. These investments are classified as trade.

## **G. INVENTORIES**

### **a) Raw materials and consumables**

The cost of inventories comprise of purchase cost and conversion cost, if any.

### **b) Work -in-progress**

Costs generally include cost of land, construction costs, job work allocated borrowing costs and other costs that are attributable to project and such other costs as are specifically chargeable to the project. Work-in-progress are valued at cost less cost of sales.

### **c) Finished stock**

Finished stock consists of completed real estate projects which are unsold at the end of the financial year.

## **H. BORROWING COST**

Borrowing cost that are directly attributable to the acquisition or construction or development of qualifying assets of the company are capitalized until the time all substantial activities necessary to prepare the qualifying assets for the intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale.

Borrowing cost that are attributable to any work-in-progress, qualifying land advances as well as capital work-in-progress are charged to the respective qualifying project. All other borrowing costs, not eligible for inventorisation or capitalization are charged to revenue in the year in which they are incurred.

## **I. REVENUE RECOGNITION**

### **i) Construction Contracts**

In construction contracts, revenue is recognized on percentage of completion method. The revenue is recognized on the basis of the Accounting Standard and as prescribed by Institute of Chartered Accountants of India.

Revenue on sale of land is recognized upon enter in to contract with the customer in the purchase of the said undivided share of land. The revenue also recognized at the time of registration of sale deed or completion of the project whichever is earlier.

### **ii) Revenue from lease rentals and related income**

Lease income is recognized on accrual basis as per the Contract.

### **iii) Interest Income**

Interest is recognised on accrual basis of accounting.

### **iv) Dividend Income**

Dividend income is recognized when the right to receive the same is established or the receipt of the same whichever is earlier.

## **J. FOREIGN EXCHANGE TRANSACTIONS**

The foreign exchange transaction recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount, the prevailing exchange rate, as at the date of transaction.

## **K TAXES ON INCOME**

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws that are enacted or substantially enacted.

Deferred Tax is recognized on timing differences, being the differences between taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward, only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. They can be realized against future taxable profits.

## L. EMPLOYEE BENEFITS

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment and as required by law are recorded in accordance with Accounting Standard (AS) 15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India.

### i) Gratuity

Gratuity is a defined benefit plan. Liability for gratuity in respect of past services are provided for based on the actuarial valuation carried out annually as at the balanced sheet date by an independent actuary using the Projected Unit Credit (PUC) method.

### ii) Provident Fund

The company's contribution to Provident fund is considered as a defined contribution plan. Company's contribution to provident fund is charged to the statement of profit and loss when the contribution is due.

## M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized in respect of liabilities which can be measured only by using a substantial degree of estimation when:

- a) the company has a present obligation as a result of past event;
- b) a probable outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) the amount of obligation can be reliably estimated

Re-imbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of:

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

b) a possible obligation, that arises out of past events and the existence of which will be confirmed only by one or more uncertain future events unless the probability of outflow of resources is remote.

Contingents assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

## N. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and at bank and short-term investments with an original maturity of three months or less.

## O. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue, share split and share warrants conversion.

Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity shareholders and the weighted number of shares outstanding during the period for the effect of all dilutive potential equity shares.

**ARIHANT FOUNDATIONS & HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30.09.2013**

| PARTICULARS  | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                      | AMOUNT<br>AS ON 30.09.2012<br>₹ |                      |
|--|---------|---------------------------------|----------------------|---------------------------------|----------------------|
| SHARE CAPITAL<br>AUTHORISED<br>1,00,00,000 equity shares of Rs.10/- each                         | 2       |                                 | 100,000,000          |                                 | 100,000,000          |
| ISSUED, SUBSCRIBED & PAID UP<br>86,00,000 equity shares of Rs.10/- each<br>fully paid up         |         |                                 | 86,000,000           |                                 | 86,000,000           |
| <b>Reconciliation of No of Shares outstanding at the beginning and end of the reporting year</b> |         |                                 |                      |                                 |                      |
|  |         | Nos                             | Amount in<br>₹       | Nos                             | Amount in<br>₹       |
| Opening balance of number of Equity Shares   |         | 8,600,000                       | 86,000,000           | 8,600,000                       | 86,000,000           |
| Changes during the year  |         | -                               | -                    | -                               | -                    |
| Closing balance of number of Equity Shares   |         | 8,600,000                       | 86,000,000           | 8,600,000                       | 86,000,000           |
| <b>SHAREHOLDERS HOLDING MORE<br/>THAN 5% OF THE TOTAL<br/>SHARE CAPITAL</b>                      |         | <b>NO OF<br/>SHARES</b>         | <b>% HELD</b>        | <b>NO OF<br/>SHARES</b>         | <b>% HELD</b>        |
| Smt. Snehlatha Lunawath  |         | 1,407,000                       | 16.36                | 1,407,000                       | 16.36                |
| Smt. S. Jayalakshmi  |         | 796,202                         | 9.26                 | 796,202                         | 9.26                 |
| Mr. Kamal Lunawath   |         | 749,100                         | 8.71                 | 749,100                         | 8.71                 |
| Mr. Vimal Lunawath   |         | 696,400                         | 8.10                 | 696,400                         | 8.10                 |
| Taj Foundation Private Limited   |         | 690,000                         | 8.02                 | 690,000                         | 8.02                 |
| Ocean Dial Asset Management Ltd A/c ICGQ Ltd   |         | 592,400                         | 6.89                 | 592,400                         | 6.89                 |
| <b>RESERVES &amp; SURPLUS</b>  | 3       |                                 |                      |                                 |                      |
| <b>SECURITIES PREMIUM RESERVE</b>  |         |                                 |                      |                                 |                      |
| Opening Balance  |         | 570,650,000                     |                      | 570,650,000                     |                      |
| Add: Additions during the year   |         | -                               |                      | -                               |                      |
| Closing Balance  |         |                                 | <b>570,650,000</b>   |                                 | <b>570,650,000</b>   |
| <b>GENERAL RESERVE</b>   |         |                                 |                      |                                 |                      |
| Opening Balance  |         | 88,308,752                      |                      | 88,308,752                      |                      |
| Add: Additions during the year   |         | -                               |                      | -                               |                      |
| Closing Balance  |         |                                 | <b>88,308,752</b>    |                                 | <b>88,308,752</b>    |
| <b>SURPLUS IN THE STATEMENT OF<br/>PROFIT AND LOSS</b>   |         |                                 |                      |                                 |                      |
| Opening Balance  |         | 896,869,734                     |                      | 875,544,427                     |                      |
| Add: Profit for the year   |         | 16,712,824                      |                      | 21,325,307                      |                      |
| Closing Balance  |         |                                 | <b>913,582,558</b>   |                                 | <b>896,869,734</b>   |
|  |         |                                 | <b>1,572,541,310</b> |                                 | <b>1,555,828,486</b> |

| LONG TERM BORROWINGS  | 4 | 30.09.2013         |                    | 30.09.2012         |                    |
|---|---|--------------------|--------------------|--------------------|--------------------|
| i) SECURED  |   | Current            | Non - Current      | Current            | Non - Current      |
| Banks   |   | 201,094,574        | 265,158,731        | 123,314,170        | 111,590,618        |
| Others  |   |                    |                    |                    |                    |
| - From Related parties  |   | -                  | -                  | 4,735,816          | 15,820,995         |
| - Others  |   | 69,292,656         | 327,392,200        | 199,405,020        | 252,889,658        |
| <b>Sub - Total</b>  |   | <b>270,387,230</b> | <b>592,550,931</b> | <b>327,455,006</b> | <b>380,301,271</b> |
| ii) UNSECURED   |   |                    |                    |                    |                    |
| (A) Intercompany Deposits   |   |                    |                    |                    |                    |
| - Others  |   | -                  | 16,010,353         | 10,000,000         | 17,860,353         |
| (B) Other Loan  |   |                    |                    |                    |                    |
| - from Directors  |   | -                  | 161,627,922        | 7,411,815          | 132,713,611        |
| - from Others   |   | -                  | -                  | -                  | 21,568,620         |
| <b>TOTAL</b>  |   | <b>-</b>           | <b>177,638,275</b> | <b>17,411,815</b>  | <b>172,142,584</b> |
|   |   | <b>270,387,230</b> | <b>770,189,206</b> | <b>344,866,821</b> | <b>552,443,854</b> |
| Intercompany deposits and other loans are repayable on demand. Intercompany deposits and some of the loans are interest-free. |   |                    |                    |                    |                    |

| LONG TERM BORROWINGS   |                    |                                 |              |
|--|--------------------|---------------------------------|--------------|
| (i) SECURED  |                    |                                 |              |
| A. FROM BANKS - TERM LOANS   |                    |                                 |              |
| Particulars  | Interest Rate P.A. | Amount Outstanding 30.09.2013 ₹ | 30.09.2012 ₹ |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company and on receivables from the project. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Twelve monthly installments: Eleven monthly installments of Rs.2 Crores commenced from 9/4/2012 and one monthly installment of Rs.3 Crores. No amount is outstanding as on the balance sheet date   | 15%                | -                               | 104,925,477  |
| Secured against the vehicle for which the loan has been taken. Repayment -Thirty five monthly installments of Rs.22,675/- starting from 1-4-2012. Seventeen installments are outstanding as on the balance sheet date.   | 10.89%             | 355,719                         | 575,880      |
| Secured against the vehicle for which the loan has been taken. Repayment - Thirty six monthly installments of Rs.22,880/- starting from 1-4-2012. Eighteen installments are outstanding as on the balance sheet date.  | 10.89%             | 378,389                         | 598,550      |
| Secured by way of equitable mortgage on certain immovable properties, owned by company. Further the loan has been guaranteed by way of personal guarantee of the managing director of the company. Repayment - One monthly installment of Rs.6,82,771/- subsequently thirty five instalments of Rs.6,79,011/- and twenty three installment of Rs. 6,90,715/- and one installment Rs.6,90,698/- totalling sixty installments, starting from 01.12.2011. Thirty Eight installments are outstanding as on the balance sheet date. | 15%                | 20,629,351                      | 25,306,900   |

| Particulars   | Interest Rate P.A. | Amount Outstanding |                    |
|---|--------------------|--------------------|--------------------|
|   |                    | 30.09.2013<br>₹    | 30.09.2012<br>₹    |
| Secured by way of equitable mortgage on certain immovable properties, owned by company and on receivables from the project. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. The date of commencement of loan is 10-01-2013. Repayment - The term of loan is twelve months, Rs. 2 Crores must be repaid by the end of sixth month from the commencement of the loan and subsequently and Rs. 2 Crores is repayable in six monthly installments. However, more amount is repaid during the year and the loan will be closed by 2014. | 14.25%             | 30,724,724         | -                  |
| Secured against the vehicle for which the loan has been taken. Repayment - Two loans totalling one hundred and twenty monthly installments: sixty monthly installments of Rs.35,745/- for each loan, starting from 1-9-2011. Thirty four installments are outstanding as on the balance sheet date.   | 10.76%             | 2,087,152          | 2,685,085          |
| Secured by way of equitable mortgage on certain immovable properties, owned by its associate company Heirloom Real Estate Private Limited and by the co-venturers. Repayment - Twenty monthly installments of Rs.1.5 Crores which will commence from 15-08-2014. However, the company has already commenced the repayment based on the availability of funds.   | 14.00%             | 109,770,048        | -                  |
| Secured by way of equitable mortgage on certain immovable properties, owned by its associate company Arihant Hospitality (Chennai) Private Limited. Repayment - Twelve monthly installments of Rs.1.25 Crores which will commence from 15-12-2014. However, the company has already commenced the repayment based on the availability of funds.   | 14.50%             | 136,893,818        | -                  |
| Secured by way of charge on the lease rentals from let out properties of the company and by way of equitable mortgage of immovable properties owned by the company. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Sixty monthly installments of Rs.18,45,275/- which commenced from 5-02-2012. Fifty two installments are outstanding as on the balance sheet date.  | 13.00%             | 72,852,864         | -                  |
| Secured by way of charge on the lease rentals from let out properties of the company and by way of equitable mortgage of immovable properties owned by the company. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - One hundred and one monthly installments of Rs.15,62,689/- which commenced from 15-01-2013. Ninty Two installments are outstanding as on the balance sheet date.   | 12.25%             | 92,561,239         | -                  |
| Secured against the future rental incomes for which the loan has been taken. Repayment - One hundred and thirteen monthly installments of Rs.10,23,984/- starting from 10-8-2011. No amount is outstanding as on the balance sheet date.  | 13.50%             | -                  | 60,666,153         |
| Secured by way of equitable mortgage on certain immovable properties. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Sixty two Monthly Instalments of Rs.11,03,525/- starting from 10-08-2011.No amount is outstanding as on the balance sheet date.  | 13.50%             | -                  | 40,146,742         |
| <b>TOTAL</b>  |                    | <b>466,253,304</b> | <b>234,904,787</b> |



| Particulars  | Interest Rate P.A. | Amount Outstanding |                   |
|--|--------------------|--------------------|-------------------|
|  |                    | 30.09.2013<br>₹    | 30.09.2012<br>₹   |
| <b>B. OTHERS - TERM LOANS</b>  |                    |                    |                   |
| <b>from Related Parties</b><br>secured against the asset/ property for which the loan has been obtained<br>No amount is outstanding as on the balance sheet date.  | 12% to 18%         | -                  | 20,556,811        |
| <b>TOTAL</b>   |                    | -                  | <b>20,556,811</b> |
| <b>from Others</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - One hundred and eighty monthly installments of Rs.1,90,646/- starting from 1-01-2013. One hundred and seventy one installments are outstanding as on the balance sheet date  | 11.75%             | 15,791,096         | -                 |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - sixty monthly installments of Rs.4,07,194/- starting from 1-11-2011. Thrity nine installments are outstanding as on the balance sheet date   | 14.00%             | 12,700,247         | 15,585,120        |
| Secured against the immovable property for which the loan has been taken. Repayment - Two hundred and sixty two monthly installments of Rs.79,589/- starting from 10-3-2008. One Hundred and Ninty installments are outstanding as on the balance sheet date   | 13.25%             | 6,352,982          | 6,458,548         |
| Secured by way of equitable mortgage on certain immovable properties, owned by associate company, Heirloom Real Estate (P) Ltd and by hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Twenty five monthly installments of Rs. 40 Lakhs starting from 15-05-2012. Eight installments are outstanding as on the balance sheet date  | 15.00%             | 32,000,000         | 80,000,000        |
| Secured by way of equitable mortgage on certain immovable properties, owned by associate company, Heirloom Real Estate (P) Ltd and by hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Fifteen monthly instalments of Rs.20 Lakhs, starting from 15-10-2012. Three installments are outstanding as on the balance sheet date   | 15.00%             | 6,000,000          | 30,000,000        |
| Secured by way of equitable mortgage on immovable properties, owned by the company and its associate Arihant Hospitality (Chennai) Private Ltd. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Two monthly installments of Rs.1,10,12,171/- starting from 5-11-2011 and Twelve monthly instalments of Rs.1,10,40,926/- starting from 5-1-2012. Totally Fourteen installments. No amount is outstanding as on the balance sheet date. | 16.25%             | -                  | 32,245,542        |

| Particulars  | Interest Rate P.A. | Amount Outstanding |                 |
|--|--------------------|--------------------|-----------------|
|  |                    | 30.09.2013<br>₹    | 30.09.2012<br>₹ |
| Secured by way of equitable mortgage on immovable properties, owned by the company and its associate Arihant Hospitality (Chennai) Private Ltd. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - One Monthly Instalment of Rs.43,44,819/- and fourteen monthly installments of Rs.36,93,976/-. Totalling Fifteen installments commencing from 05.02.2012. No amount is outstanding as on the balance sheet date  | 16.25%             | -                  | 23,230,408      |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Nine monthly installments of Rs.88,98,698/- starting from 5-10-2012. No amount is outstanding as on the balance sheet date   | 16.00%             | -                  | 75,000,000      |
| Secured against the vehicle for which the loan has been taken. Repayment -Sixty monthly installments of Rs.1,79,690/- starting from 10-01-2013. Fifty one installments are outstanding as on the balance sheet date  | 10.00%             | 7,459,745          | -               |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the managing director of the company. Repayment - Fifteen monthly installments of Rs.17,20,917/- then forty Six monthly installment of Rs.16,87,376/- and one installments of Rs. 106,754/- totalling 62 installments starting from 01.08.2011. Thirty seven installments are outstanding as on the balance sheet date | 16.50%             | 48,061,670         | 59,284,723      |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - two installments of interest amount of Rs. 1,24,375/- and Rs. 2,49,320/- each, then, eleven monthly installments of Rs. 3,22,670/- then, one hundred and fifteen montly installments of Rs. 3,10,451/- and one installment of Rs.59,287/- starting from 15.11.2011. One Hundred and Six montly installments are outstanding as on the balance sheet date   | 16.50%             | 18,429,660         | 19,461,427      |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - Three installments of interest amount of Rs. 10,273/-, Rs. 3,45,971/- and Rs. 4,02,058/- each then, ten monthly installments of Rs. 7,29,542/- then, Fifty one montly installments of Rs. 7,15,795/- and one installment of Rs.54,749/- totalling sixty five installments starting from 01.11.2011. Forty two monthly installments are outstanding as on the balance sheet date  | 16.50%             | 22,705,935         | 27,528,910      |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - one installment of Rs. 1,66,073/- and then one hundred and twenty monthly installments of Rs. 7,96,995/- totalling one hundred and twenty one installment starting from 01.06.2012. One hundred and seventeen monthly installment are outstanding as on the balance sheet date.  | 15.00%             | 48,854,756         | -               |

|  |            |                    |                    |
|--|------------|--------------------|--------------------|
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment one installment of Rs. 2,28,403/- and then one hundred and twenty monthly installments of Rs. 11,39,025/- totalling one hundred and twenty one installments, starting from 01.06.2013. One hundred and seventeen monthly installment are outstanding as on balance sheet date. | 15.00%     | 69,820,765         | -                  |
| Secured against the asset/ property for which the loan has been obtained   | 12% to 18% | 108,508,000        | 83,500,000         |
| <b>TOTAL</b>   |            | <b>396,684,856</b> | <b>452,294,678</b> |
| <b>GRAND TOTAL</b>   |            | <b>862,938,160</b> | <b>707,756,276</b> |
|  |            |                    |                    |

| PARTICULARS  | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                    | AMOUNT<br>AS ON 30.09.2012<br>₹ |                    |
|--|---------|---------------------------------|--------------------|---------------------------------|--------------------|
| <b>DEFERRED TAX</b>                                      | 5       |                                 |                    |                                 |                    |
| Deferred Tax Liability                                   |         | 1,308,375                       |                    | 2,451,965                       |                    |
| LESS:- Deferred Tax Asset provided during the year       |         | 635,776                         | <b>672,599</b>     | 1,143,590                       | <b>1,308,375</b>   |
| <b>OTHER LONG TERM LIABILITIES</b>                       | 6       |                                 | <b>254,625,307</b> |                                 | <b>205,699,876</b> |
| other long term liabilities                              |         |                                 |                    |                                 |                    |
| <b>LONG TERM PROVISIONS</b>                              | 7       |                                 | <b>3,842,035</b>   |                                 | <b>4,901,978</b>   |
| Provision for Employment benefits                        |         |                                 |                    |                                 |                    |
| <b>TRADE PAYABLES</b>                                    | 8       |                                 | <b>312,236,855</b> |                                 | <b>247,441,187</b> |
| <b>OTHER CURRENT LIABILITIES</b>                         | 9       |                                 |                    |                                 |                    |
| Advance from customers and for projects                  |         | 452,095,591                     |                    | 294,764,294                     |                    |
| Interest Accrued but not due                             |         | 6,153,140                       |                    | 4,511,413                       |                    |
| Current maturities of Long term Loans (refer note no. 4) |         | 270,387,230                     |                    | 344,866,821                     |                    |
| Duties & Taxes Payable                                   |         | 3,710,089                       |                    | 2,493,605                       |                    |
| Investor Education and Protection fund                   |         | 55,010                          |                    | 55,010                          |                    |
| Other sundry current liabilities                         |         | 119,493,038                     | <b>851,894,098</b> | 67,377,943                      | <b>714,069,086</b> |
| <b>SHORT TERM PROVISIONS</b>                             | 10      |                                 |                    |                                 |                    |
| Provision for Dividend                                   |         | -                               |                    | 1,173,176                       |                    |
| Provision for Taxation                                   |         | 2,635,776                       |                    | 22,276,824                      |                    |
| Other Provision  |         | 22,776,824                      | <b>25,412,600</b>  | -                               | <b>23,450,000</b>  |

**Note No. 11**  
**FIXED ASSETS**

| Name of<br>The Asset      | GROSS BLOCK                    |  |   |                              | DEPRECIATION                   |   |   |                           | NET BLOCK           |                     |
|---------------------------|--------------------------------|--|---|------------------------------|--------------------------------|---|---|---------------------------|---------------------|---------------------|
|                           | Balance As<br>On<br>01.10.2012 | Additions<br>During<br>01.10.2012 To<br>30.09.2013 | Deletions<br>During<br>01.10.2012<br>To<br>30.09.2013 | Balance<br>As At<br>30.09.13 | Balance As<br>On<br>01.10.2012 | For The<br>Period<br>01.10.2012<br>To<br>30.09.2013 | Deletions<br>During<br>01.10.2012<br>To<br>30.09.2013 | Total As On<br>30.09.2013 | As On<br>01.10.2012 | As On<br>30.09.2013 |
| <u>i. Tangible Assets</u> |                                |  |   |                              |                                |   |   |                           |                     |                     |
| Land                      | 17,931,721                     | -  | -   | 17,931,721                   | -                              | -   | -   | -                         | 17,931,721          | 17,931,721          |
| <u>Buildings</u>          |                                |  |   |                              |                                |   |   |                           |                     |                     |
| Freehold Buildings        | 90,762,170                     | -  | -   | 90,762,170                   | 12,990,334                     | 1,479,289   | -   | 14,469,623                | 77,771,836          | 76,292,547          |
| Leasehold Buildings       | 5,795,307                      | -  | -   | 5,795,307                    | 760,102                        | 90,336  | -   | 850,438                   | 5,035,205           | 4,944,869           |
| Furniture & Fixtures      | 21,269,937                     | 40,598   | -   | 21,310,535                   | 10,716,286                     | 1,211,079   | -   | 11,927,365                | 10,553,651          | 9,383,170           |
| Plant & Equipments        | 13,531,779                     | -  | -   | 13,531,779                   | 4,919,451                      | 642,761   | -   | 5,562,212                 | 8,612,328           | 7,969,567           |
| Office Equipments         | 5,926,501                      | 477,075  | -   | 6,403,576                    | 4,614,061                      | 392,152   | -   | 5,006,213                 | 1,312,440           | 1,397,363           |
| Vehicles                  | 16,999,113                     | 11,764,788   | 5,055,645   | 23,708,256                   | 5,541,181                      | 2,092,858   | 2,599,741   | 5,034,298                 | 11,457,932          | 18,673,958          |
| <b>TOTAL</b>              | <b>172,216,527</b>             | <b>12,282,461</b>                                  | <b>5,055,645</b>                                      | <b>179,443,343</b>           | <b>39,541,414</b>              | <b>5,908,475</b>                                    | <b>2,599,741</b>                                      | <b>42,850,148</b>         | <b>132,675,113</b>  | <b>136,593,196</b>  |
| <u>Intangible Assets</u>  |                                |  |   |                              |                                |   |   |                           |                     |                     |
| Computer Software         | 1,782,619                      | 3,371  | -   | 1,785,990                    | 1,134,899                      | 96,350  | -   | 1,231,249                 | 647,720             | 554,741             |
| <b>Total</b>              | <b>1,782,619</b>               | <b>3,371</b>                                       | <b>-</b>  | <b>1,785,990</b>             | <b>1,134,899</b>               | <b>96,350</b>                                       | <b>-</b>  | <b>1,231,249</b>          | <b>647,720</b>      | <b>554,741</b>      |
| <b>Grand Total</b>        | <b>173,999,146</b>             | <b>12,285,832</b>                                  | <b>5,055,645</b>                                      | <b>181,229,333</b>           | <b>40,676,313</b>              | <b>6,004,825</b>                                    | <b>2,599,741</b>                                      | <b>44,081,397</b>         | <b>133,322,833</b>  | <b>137,147,936</b>  |
| Previous Year Values      | 170,826,536                    | 41,77,218  | 1,004,635   | 173,999,146                  | 35,384,468                     | 5,635,081   | 343,236   | 40,676,313                | 135,442,094         | 133,322,833         |

| PARTICULARS  | NOTE<br>NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |  | AMOUNT<br>AS ON 30.09.2012<br>₹ |  |
|--|------------|---------------------------------|--|---------------------------------|--|
| <b>NON-CURRENT INVESTMENTS</b>   | 12         |                                 |  |                                 |  |
| <b>1. UNQUOTED - TRADE</b>   |            |                                 |  |                                 |  |
| <b>a. INVESTMENT IN EQUITY INSTRUMENT</b>  |            |                                 |  |                                 |  |
| <b>i) WHOLLY OWNED SUBSIDIARIES</b>  |            |                                 |  |                                 |  |
| Arihant Griha Limited<br>(50,000 Equity shares of R.10/- Each<br>fully paid)   |            | 500,000                         |  | 500,000                         |  |
| Varenya Construction Limited<br>(50,000 Equity shares of R.10/- Each<br>fully paid)  |            | 500,000                         |  | 500,000                         |  |
| Transperent Heights Real Estate Limited<br>(50,000 Equity shares of R.10/- Each<br>fully paid)   |            | 500,000                         |  | 500,000                         |  |
| Vaikunt Housing Limited<br>(5,00,000 Equity shares of R.1/- Each<br>fully paid)  |            | 500,000                         |  | 500,000                         |  |
| <b>ii) JOINT VENTURES</b>  |            |                                 |  |                                 |  |
| (i) Arihant Indo African Infra Developers<br>& Builders Pvt.Ltd.<br>(2,03,274 Equity shares of R.10/- Each<br>Fully Paid Up)                   |            | 2,032,740                       |  | 2,032,740                       |  |
| (ii) Arihant Unitech Realty Projects Ltd.<br>(5,00,000 Equity shares of R.10/- Each<br>Fully Paid Up)  |            | 5,000,000                       |  | 5,000,000                       |  |
| (iii) Escapade Real Estate Pvt Ltd<br>(11,00,000 Equity Shares of R.10/- Each<br>Fully Paid Up)  |            | 11,000,000                      |  | 11,000,000                      |  |
| (iv) Heirloom Real Estate Pvt.Ltd.<br>(2,500 Equity shares of R.10/- Each<br>Fully Paid Up)  |            | 25,000                          |  | 25,000                          |  |
| (vi) North Town Estates Pvt Ltd<br>(25,000 Equity shares of R.10/- Each<br>Fully Paid Up)  |            | 250,000                         |  | 250,000                         |  |
| <b>b. INVESTMENT IN DEBENTURES</b>   |            |                                 |  |                                 |  |
| Arihant Indo African Infra Developers &<br>Builders Pvt Ltd<br>(13% 8,07,345 Optionally Redeemable<br>Convertible Debenetures of R.100/- Each) |            | 80,734,500                      |  | 80,734,500                      |  |
| <b>C. INVESTMENT IN PARTNERSHIP<br/>FIRMS</b>  |            |                                 |  |                                 |  |
| Arihant Heirloom   |            | 67,361,951                      |  | --                              |  |

| PARTICULARS   | NOTE<br>NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                    | AMOUNT<br>AS ON 30.09.2012<br>₹ |                    |
|---|------------|---------------------------------|--------------------|---------------------------------|--------------------|
| <b>2. QUOTED - NON-TRADE<br/>(FULLY PAID AT COST)</b>   |            |                                 |                    |                                 |                    |
| Happy Homes Profin Ltd<br>(44,800 Equity shares of Rs 10/- each<br>Fully Paid Up)                               |            | 1                               |                    | 1                               |                    |
| Hindustan Construction Company Ltd<br>(500 Shares of Rs 45.20 Each Fully<br>Paid Up; market value is ₹ 4,950/-) |            | 22,767                          |                    | 22,767                          |                    |
| IDBI Bank Ltd<br>(500 Shares of Rs 155.40 Each Fully Paid<br>Up; market value is ₹ 29,225/-)                    |            | 78,100                          |                    | 78,100                          |                    |
| Indotech Transformers<br>(691 Equity Shares of Rs 130/- Each Fully<br>Paid up; market value is ₹ 34,861/-)      |            | 89,830                          |                    | 89,830                          |                    |
| Tata Consultancy Services Ltd<br>(3,600 Shares of Rs 1/- Each Fully Paid up;<br>market value is ₹ 69,40,080/-)  |            | 902,352                         |                    | 902,352                         |                    |
| <b>3. UNQUOTED - NON-TRADE<br/>(FULLY PAID AT COST)</b>   |            |                                 |                    |                                 |                    |
| c. INVESTMENT IN GOVT. BONDS<br>National Savings Certificate  |            | 5,000                           |                    | -                               |                    |
|   |            |                                 | <b>169,502,241</b> |                                 | <b>102,135,290</b> |

| Details of quoted/unquoted investments:<br>Particulars              | AS ON<br>30.09.2013 | AS ON<br>30.09.2012 |
|---|---------------------|---------------------|
| (a) Aggregate amount of quoted investments and market value thereof |                     |                     |
| Book Value  | 1,093,050           | 1,093,050           |
| Market Value  | 7,009,116           | 4,787,183           |
| (b) Aggregate amount of unquoted investments                        |                     |                     |
| Book Value  | 168,409,191         | 101,142,240         |
| (c) Aggregate provision for diminution in value of investments      | NIL                 | NIL                 |

| PARTICULARS  | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                    | AMOUNT<br>AS ON 30.09.2012<br>₹ |                    |
|--|---------|---------------------------------|--------------------|---------------------------------|--------------------|
| <b>LONG TERM LOANS AND ADVANCES</b>  |         |                                 |                    |                                 |                    |
| Security Deposit   | 13      | 660,583,318                     | <b>660,583,318</b> | 583,285,617                     | <b>583,285,617</b> |
| <b>INVENTORIES</b>   | 14      |                                 |                    |                                 |                    |
| (as taken, valued and certified by the Management)   |         |                                 |                    |                                 |                    |
| Raw Materials  |         | 2,092,396                       |                    | 1,482,653                       |                    |
| Work in Progress   |         | 715,022,125                     |                    | 507,621,074                     |                    |
| Finished Properties  |         | 202,115,065                     | <b>919,229,586</b> | 213,631,607                     | <b>722,735,334</b> |
| <b>TRADE RECEIVABLES</b>   | 15      |                                 |                    |                                 |                    |
| Debt outstanding for a period of exceeding six months from the date they are due for payment |         |                                 |                    |                                 |                    |
| unsecured and considered goods   |         |                                 |                    |                                 |                    |
| - Debts due by private companies in which directors are directors                            |         | 52,152,421                      |                    |                                 |                    |
| - Others   |         | 586,136,037                     |                    | 575,704,139                     |                    |
| Debt outstanding for a period of less than six months from the date they are due for payment |         |                                 |                    |                                 |                    |
| unsecured and considered goods   |         |                                 |                    |                                 |                    |
| - Debts due by private companies in which directors are directors                            |         | 811,508                         |                    |                                 |                    |
| - Others   |         | 246,512,764                     | <b>885,612,730</b> | 47,612,204                      | <b>623,316,343</b> |
| <b>CASH AND CASH EQUIVALENTS</b>   | 16      |                                 |                    |                                 |                    |
| Balance with Banks   |         | 14,954,413                      |                    | 2,903,103                       |                    |
| Cash in Hand   |         | 5,992,653                       |                    | 6,080,916                       |                    |
| Others* mutual funds (daily dividend)  |         | 43,400,000                      |                    | 54,680,441                      |                    |
| Other Bank balances  |         |                                 |                    |                                 |                    |
| - Deposit accounts   |         | 36,563,137                      |                    | 26,805,337                      |                    |
| - Earmarked accounts: Unpaid dividend  |         | 401,832                         | <b>101,312,035</b> | 468,308                         | <b>90,938,105</b>  |
| <b>SHORT TERM LOANS AND ADVANCES</b>   | 17      |                                 |                    |                                 |                    |
| Unsecured and considered good  |         |                                 |                    |                                 |                    |
| <u>Related Parties</u>   |         |                                 |                    |                                 |                    |
| Other loans and advances   |         | 404,844,473                     |                    | --                              |                    |
| <u>Others</u>  |         |                                 |                    |                                 |                    |
| Advance for land   |         | 68,045,685                      |                    | 32,965,685                      |                    |
| Advance tax and others   |         | 62,874,103                      |                    | 54,779,775                      |                    |
| Advance given to suppliers and others  |         | 189,145,306                     |                    | --                              |                    |
| Other loans and advances   |         | 208,439,590                     | <b>933,349,157</b> | 716,621,997                     | <b>804,367,457</b> |
| <b>OTHER CURRENT ASSETS</b>  | 18      |                                 |                    |                                 |                    |
| Other Deposits   |         | 6,9864,909                      |                    | 330,716,861                     |                    |
| Prepaid Expenses   |         | 812,098                         | <b>70,677,007</b>  | 325,002                         | <b>331,041,363</b> |
|  |         | --                              |                    | --                              |                    |

| PARTICULARS  | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                      | AMOUNT<br>AS ON 30.09.2012<br>₹ |                      |
|--|---------|---------------------------------|----------------------|---------------------------------|----------------------|
| <b>REVENUE FROM OPERATION</b>  | 19      |                                 |                      |                                 |                      |
| Sales  |         | 583,804,436                     |                      | 564,013,395                     |                      |
| Marketing fees received  |         | 3,514,854                       |                      | 48,482,328                      |                      |
| Project management fees received   |         | 6,419,555                       |                      | -                               |                      |
| Share of profit from firms   |         | (7,196,606)                     |                      | 39,398                          |                      |
| Materials  |         | --                              |                      | 1,482,652                       |                      |
| Work in progress   |         | --                              |                      | 507,621,074                     |                      |
| Finished Goods   |         | --                              |                      | 213,631,609                     |                      |
|  |         |                                 | <b>586,542,239</b>   |                                 | <b>1,335,270,456</b> |
| <b>OTHER INCOME</b>  | 20      |                                 |                      |                                 |                      |
| Lease rentals  |         | 27,657,392                      |                      | 20,513,132                      |                      |
| Maintenance charges received   |         | 18,928,840                      |                      | 15,791,617                      |                      |
| Other operating income   |         | 3,892,768                       |                      | -                               |                      |
| Dividend income  |         | 2,329,196                       |                      | 1,915,148                       |                      |
| Interest received  |         | 51,324,457                      |                      | 64,914,026                      |                      |
| Miscellaneous income   |         | 611,081                         |                      | 849,797                         |                      |
|  |         |                                 | <b>104,743,734</b>   |                                 | <b>103,983,720</b>   |
| <b>CONSTRUCTION AND PROJECT EXPENSES</b>   | 21      |                                 |                      |                                 |                      |
| Cost of land   |         | -                               |                      | 442,958,306                     |                      |
| Materials  |         | 178,475,464                     |                      | 66,953,668                      |                      |
| Labour & sub-contract expenses   |         | 228,621,447                     |                      | 529,556,106                     |                      |
| Legal expenses   |         | 120,971,589                     |                      | 11,805,600                      |                      |
| Consultancy charges  |         | 7,538,473                       |                      | 4,011,156                       |                      |
| Interest charges and other finance costs related to projects                     |         | 82,269,284                      |                      | 84,463,915                      |                      |
| Marketing Expenses   |         | 15,308,134                      |                      | 6,762,372                       |                      |
| Other Project Expenses   |         | 58,149,273                      |                      | 79,435,797                      |                      |
|  |         |                                 | <b>691,333,664</b>   |                                 | <b>1,225,946,920</b> |
| <b>CHANGES IN INVENTORIES OF MATERIALS, WORK- IN-PROGRESS AND FINISHED GOODS</b> | 22      |                                 |                      |                                 |                      |
| a. Inventories at the beginning of the year                                      |         |                                 |                      |                                 |                      |
| i. Raw Materials   |         | 1,482,652                       |                      | --                              |                      |
| ii. Work-in-progress   |         | 507,621,074                     |                      | --                              |                      |
| iii. Finished goods  |         | 213,631,609                     |                      | --                              |                      |
|  |         | <u>722,735,335</u>              |                      |                                 | ---                  |
| b. Inventories at the end of the year  |         |                                 |                      |                                 |                      |
| i. Raw Materials   |         | 2,092,396                       |                      | --                              |                      |
| ii. Work-in-progress   |         | 715,022,125                     |                      | --                              |                      |
| iii. Finished goods  |         | 202,115,065                     |                      |                                 |                      |
|  |         | <u>919,229,586</u>              |                      |                                 |                      |
| Net (increase) / decrease  |         |                                 | <b>(196,494,251)</b> |                                 | --                   |
| <b>EMPLOYEES BENEFIT EXPENSES</b>  | 23      |                                 |                      |                                 |                      |
| Staff Salary   |         | 12,981,651                      |                      | 14,084,958                      |                      |
| Staff Welfare  |         | 364,909                         |                      | 365,533                         |                      |
|  |         |                                 | <b>13,346,560</b>    |                                 | <b>14,450,491</b>    |



| PARTICULARS   | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                   | AMOUNT<br>AS ON 30.09.2012<br>₹ |                   |
|---|---------|---------------------------------|-------------------|---------------------------------|-------------------|
| <b>FINANCE COST</b>                                       | 24      |                                 | <b>81,591,932</b> |                                 | <b>82,082,955</b> |
| Interest Expense  |         |                                 |                   |                                 |                   |
| <b>DEPRECIATION AND AMORTIZATION</b>                      | 25      |                                 |                   |                                 |                   |
| Depreciation of tangible fixed asset                      |         | 5,908,475                       |                   | 5,345,331                       |                   |
| Amortization of intangible fixed asset                    |         | 96,350                          |                   | 289,750                         |                   |
|   |         |                                 | <b>6,004,825</b>  |                                 | <b>5,635,081</b>  |
| <b>OTHER EXPENSES</b>                                     | 26      |                                 |                   |                                 |                   |
| Power & Fuel  |         | 2,739,222                       |                   | 2,202,016                       |                   |
| Rent  |         | 4,766,784                       |                   | 4,564,457                       |                   |
| Contribution to employee funds & defined benefit expenses |         | --                              |                   | 2,257,097                       |                   |
| General Expenses  |         | 1,189,931                       |                   | 2,810,754                       |                   |
| Resale compensation                                       |         | 3,597,335                       |                   | --                              |                   |
| Insurance   |         | 84,891                          |                   | 362,051                         |                   |
| Rates & Taxes   |         | 2,576,413                       |                   | 2,464,556                       |                   |
| Repairs & Office Maintenance                              |         | 22,925,222                      |                   | 17,822,153                      |                   |
| Advertisement & Business Promotion                        |         | 2,103,934                       |                   | 4,049,633                       |                   |
| Legal, Professional & Consultancy Charges                 |         | 3,202,465                       |                   | 6,904,793                       |                   |
| Travelling & Conveyance                                   |         | 1,313,711                       |                   | 2,542,194                       |                   |
| Vehicle Maintenance                                       |         | 1,110,400                       |                   | 626,393                         |                   |
| Telephone, Postage, Printing & Stationery                 |         | 2,249,917                       |                   | 2,261,174                       |                   |
| Miscellaneous Expenditure                                 |         | 7419                            |                   | 81,553                          |                   |
| Donation  |         | 561,073                         |                   | 983,200                         |                   |
| Directors' Remuneration                                   |         | 4,200,000                       |                   | 4,407,973                       |                   |
| Directors' Fees   |         | 72,000                          |                   | 54,000                          |                   |
| Other Borrowing Costs                                     |         | 277,529                         |                   | 480,649                         |                   |
| Bank Charges  |         | 72,060                          |                   | 40,555                          |                   |
| Audit Fees  |         |                                 |                   |                                 |                   |
| - For Statutory Audit                                     |         | 337,080                         |                   | 337,080                         |                   |
| - For Tax Audit   |         | 168,540                         |                   | 165,450                         |                   |
| - For Income tax representation                           |         | 168,540                         |                   | 165,450                         |                   |
| Loss on sale of fixed assets                              |         | 1,055,904                       |                   | 27,285                          |                   |
|   |         |                                 | <b>54,780,369</b> |                                 | <b>55,610,466</b> |

**27. INTEREST INCOME**

Interest from Arihant Indo African Infra Developers & Builders Private Limited has accrued only for first quarter. However, for the balance period, income recognition has been deferred because there is no certainty as to its collection. The said treatment is in conformity with Accounting Standard 9 Revenue Recognition.

**28. CONTINGENT LIABILITIES, PROVISIONS AND CONTINGENT ASSETS**

- i) Sales tax liability, if any on works contracts carried out by the company is considered by management as not material but if any liability arises it will be recovered from customers
- ii) The income tax department has filed appeal against the order of the CIT (Appeal) before the income tax appellate tribunal for various assessment years which is as follows:-

| Period to which the amount relates | Amount (Rs)   |
|------------------------------------|---------------|
| 2004-2005                          | 13,71,638/-   |
| 2005-2006                          | 53,23,956/-   |
| 2007-2008                          | 1,19,53,006/- |
| 2009-2010                          | 5,58,07,850/- |

iii) Amount of service tax under dispute: R.23,16,081/- pertaining to period october 2004 to march 2007 (Previous year: R.23,16,081/- for the period october 2004 to march 2007). Stay has been granted by the CESTAT. If the appeal is disallowed it may result in penalty of equivalent amount

iv) HUDCO has filed a counter suit against the order of DRT to increase the interest rate payable from 9%. As such, the interest liability of the company may be increased  
v) The company may receive interest on amounts paid by it for various appeals which are pending

**Notes:**

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters stated above pending resolution of the arbitration/appellate proceedings.

**29. INVESTMENT IN PARTNERSHIP FIRMS**

| Name of the firm                 | Name of all the partners   | Share of each partner                | Total Capital as on 31.03.13 in Rs |
|----------------------------------|--|--------------------------------------|------------------------------------|
| 1. Arihant Heirloom              | Arihant Foundations & Housing Limited<br>A.V.Krishnan<br>R. Raghavan<br>Vasantha Lakshmi   | 49.39%<br>13.24%<br>16.17%<br>21.20% | 20,726,443                         |
| 2. Arihant Foundations           | Arihant Foundations & Housing Limited<br>Ultramarine Investments Private Limited<br>Vimal Lunawath - Nominee of Arihant Foundations & Housing Limited<br>Swaroop Reddy | 4.00%<br>95.00%<br>0.50%<br>0.50%    | 47,603,889                         |
| 3. Arihant Foundations & Housing | Arihant Foundations & Housing Limited<br>Ultramarine Investments Private Limited<br>Vimal Lunawath - Nominee of Arihant Foundations & Housing Limited<br>Swaroop Reddy | 3.00%<br>95.00%<br>0.50%<br>1.50%    | 15,442,109                         |

**30. SEGMENT REPORTING**

The company is primarily in the business of real estate development and related activities including construction. Major exposure is to residential and commercial construction and development of IT parks. Further majority of the business conducted is within the geographic boundaries of India.

In view of the above, in the opinion of the Management and based on the organizational and internal reporting structure, the company's business activities as described above are subject to similar risks and returns. Further, since the business activities undertaken by the company are within India, in the opinion of the Management, the environment in India is considered to have similar risks and returns. Consequently the company's business activities primarily represent a single business segment. Similarly, this business operations in India represent a single geographical segment.

**31. LEASED ASSETS**

**A. Operating lease taken**

The company has taken buildings and office equipments on operating lease basis. The details of the same are given below:-

|   | 30-09-13        | 30-09-12        |
|---|-----------------|-----------------|
| The total of lease payments recognized in the profit and loss account are (in Rs.): | 4,766,784       | 4,477,883       |
| <b>Particulars</b>  | <b>30-09-13</b> | <b>30-09-12</b> |
| a) Not later than one year (in Rs.)   | 4,371,924       | 6,957,500       |
| b) Later than one year, but not later than five years (in Rs.)                      | 6,957,500       | -               |
| c) More than five years (in Rs.)  | -               | -               |

**B. Operating lease given**

(i) The company has given buildings on operating lease. The lease rentals are receivable by the company on a monthly basis.

| Particulars  | 30-09-13   | 30-09-12   |
|--|------------|------------|
| (ii) The total of lease income recognized in the profit and loss account is (in Rs): | 27,657,392 | 20,513,132 |

(iii) Future minimum lease rentals receivable as at 30th September, 2013 as per the lease agreement as under:

| Particulars   | 30-09-13    | 30-09-12    |
|---|-------------|-------------|
| a) Not later than one year (in Rs)                            | -           | 29,781,941  |
| b) Later than one year, but not later than five years (in Rs) | 29,781,941  | 114,164,316 |
| c) More than five years (in Rs)                               | 114,164,316 | 39,564,450  |

**32. EARNINGS PER SHARE****BASIC EARNINGS PER SHARE**

|  | 30-09-13   | 30-09-12   |
|--|------------|------------|
| a) Weighted Average number of shares considered for calculation of EPS | 8,600,000  | 8,600,000  |
| b) Net profit after tax (in Rs)  | 16,712,824 | 21,325,307 |
| c) Basic earnings per share (in Rs)                                    | 1.94       | 2.48       |
| d) Face value per share (in Rs)  | 10         | 10         |

**DILUTED EARNINGS PER SHARE**

|  | 30-09-13   | 30-09-12   |
|--|------------|------------|
| a) Weighted Average number of shares considered for calculation of EPS | 8,600,000  | 8,600,000  |
| b) Net profit after tax (in Rs.)                                       | 16,712,824 | 21,325,307 |
| c) Basic earnings per share (in Rs.)                                   | 1.94       | 2.48       |
| d) Face value per share (in Rs.)                                       | 10         | 10         |

**33. a) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The company does not own any manufacturing facility. Hence, the requirements pertaining to disclosure of particulars relating to conservation of energy, technology absorption as prescribed under the Companies (Disclosure of particulars in the report of board of directors) Rules, 1988, are not applicable. However, the company

has commissioned a device named power factor, which reduces the consumption of energy. The company has also taken initiative to reduce the power and fuel consumption.

**b) FOREIGN EXCHANGE EARNINGS AND OUTGO**

|             | 30-09-13 | 30-09-12 |
|-------------|----------|----------|
| i) Earnings | -        | -        |
| ii) Outgo*  | 16.84    | 12.84    |

\* Foreign Exchange outgo comprises of expenses on travelling and participating in exhibitions abroad and professional charges paid to foreign consultants

**34. INTEREST IN JOINT VENTURES AND ASSOCIATES:**

| Name of the Company  | Country of incorporation | Proportion of ownership interest as at 30-09-2013 | Proportion of ownership interest as at 30-09-2012 |
|--|--------------------------|---|---|
| Joint Ventures Companies                                     |                          |   |   |
| (a) Escapade Real Estate Private Limited                     | India                    | 50%   | 50%   |
| (b) Arihant Unitech Realty Projects Limited                  | India                    | 50%   | 50%   |
| (c) Arihant Indo African Infra Developers and Builders P Ltd | India                    | 26%   | 26%   |
| (d) North town Estates Private Limited                       | India                    | 50%   | 50%   |
| Partnership firms  |                          |   |   |
| (a) Arihant Heirloom   | India                    | 49.39%  | 49.39%  |
| (b) Arihant Foundations                                      | India                    | 4.5%  | 4.5%  |
| (c) Arihant Foundations & Housing                            | India                    | 3.5%  | 3.5%  |

The above joint venture entities are incorporated in India. The Company's share of the assets and liabilities as on 31st March, 2013 and income and expenses for the year ended 31st March, 2013, in respect of joint venture entities based on audited accounts are considered for consolidation as shown below:

| Particulars          | 30-09-2013           | 30-09-2012           |
|----------------------|----------------------|----------------------|
| A. Assets            |                      |                      |
| - Non-current assets | 571,636,302          | 606,196,483          |
| - Current assets     | 968,738,173          | 913,492,937          |
| <b>TOTAL</b>         | <b>1,540,374,476</b> | <b>1,519,689,420</b> |

|                           |               |               |
|---------------------------|---------------|---------------|
| B. Liabilities            |               |               |
| - Non-current liabilities | (35,897,568)  | 77,048,416    |
| - Current liabilities     | 1,348,093,240 | 1,083,820,665 |
| TOTAL                     | 1,312,195,672 | 1,160,869,081 |
| C. Contingent Liabilities | NIL           | NIL           |
| D. Capital commitments    | NIL           | NIL           |
| E. Income                 | 744,419,006   | 822,234,501   |
| F. Expenses               | 900,619,927   | 770,602,117   |

### 35. BENEFITS TO EMPLOYEES

As per accounting standard (AS) 15 revised, 'employee benefits', the disclosures of employee benefits are as given below:

#### (a) Defined contribution plans

Contributions recognized as expense for the year are as under:

| Particulars  | 30-09-2013 | 30-09-2012 |
|--|------------|------------|
| Employer's contribution to provident fund (in Rs.) | 184,411    | 688,380    |

#### (b) Defined Benefit plans

The cost of providing gratuity are determined using the projected unit credit method, on the basis of actuarial valuation techniques, conducted at the end of the financial year.

|  |                   |
|--|-------------------|
| <b>i. Expense to be recognized in the statement of profit &amp; loss</b>   | <b>30-09-2013</b> |
| a) Interest Cost   | 374,502.00        |
| b) Current Service Cost  | 617,358.00        |
| c) Past Service Cost   | --                |
| d) Expected Return on Plan Assets  | --                |
| e) Curtailment Cost (Credit)   | --                |
| f) Settlement Cost (Credit)  | --                |
| g) Net Actuarial (gain) / loss   | (1,382,041.00)    |
| h) Net Expenses to be recognized in the statement of profit & loss account | (390,181.00)      |
| <b>ii. Amounts to be recognized in the Balance Sheet</b>                   | <b>30-09-2013</b> |
| a) Present Value of Obligations as on the Accounting Date                  | 3,842,035.00      |
| b) Fair Value of the Plan Assets   | --                |
| c) Liability Recognized in the Balance Sheet                               | 3,842,035.00      |

|  |                   |
|--|-------------------|
| <b>iii. Movements in accrued liability</b>                           | <b>30-09-2013</b> |
| a) Accrued Liability as at the beginning of the period               | 4,841,318.00      |
| b) Correction subsequently effected to last year's closing liability | 60,660.00         |
| c) Interest Cost   | 374,502.00        |
| d) Current Service Cost  | 617,358.00        |
| e) Past Service Cost   | -                 |
| f) Curtailment Cost  | -                 |
| g) Settlement Cost   | -                 |
| h) Benefits paid   | (669,762.00)      |
| i) Net Actuarial (gain) / loss                                       | (1,382,041.00)    |
| j) Accrued Liability as at the end of the period                     | 3,842,035.00      |
| <b>iv. Reconciliation</b>  | <b>30-09-2013</b> |
| a) Net Liability as at the beginning of the period                   | 4,841,318.00      |
| b) Correction subsequently effected to last year's closing liability | 60,660.00         |
| c) Net Expenses in statement of profit and loss                      | (390,181.00)      |
| d) Benefits paid   | (669,762.00)      |
| e) Net Liability at the end of the period                            | 3,842,035.00      |
| <b>v. Experience Rated Adjustments</b>                               | <b>30-09-2013</b> |
| a) Liability side  | 1,382,041.00      |
| b) Asset side  | NA                |

#### vi. Principal Actuarial Assumptions:

| Particulars  | 30-09-2013     | 30-09-2012 |
|--|----------------|------------|
| a) Mortality table - Indian assured lives Ultimate | Ind. (2006-08) | (1994-96)  |
| b) Discounting rate (per annum)                    | 8.20%          | 8.20%      |
| c) Rate of escalation in salary (per annum)        | 10.00%         | 10.00%     |
| d) rate of return on plan assets                   | NA             | NA         |
| e) Attrition rate fixed by the enterprise          | 5.00%          | 5.00%      |

**36. RELATED PARTY DISCLOSURES****A) Name of the related party and nature of relationship where control exists****Wholly owned subsidiaries**

Vaikunt Housing Limited  
 Arihant Griha Limited  
 Trasperent Heights Real Estate Limited  
 Varenya Constructions Ltd

**Joint Venture Entities**

Arihant Unitech Realty Projects Limited  
 Arihant Indo African Infra Developers and  
 Builders Private Limited  
 Escapade Real Estate Private Limited  
 North Town Estates Private Limited  
 Arihant Foundations  
 Arihant Foundations & Housing  
 Arihant Heirloom

**B) Name of the related party and nature of relationship where transaction exists****Wholly owned subsidiaries**

Vaikunt Housing Limited  
 Arihant Griha Limited  
 Trasperent Heights Real Estate Limited  
 Varenya Constructions Ltd

**Associates**

Arihant Hospitality Chennai Private Limited \*  
 Heirloom Real Estate Private Limited

**Joint Venture Entities**

Arihant Unitech Realty Projects Limited  
 Arihant Indo African Infra Developers and  
 Builders Private Limited  
 Escapade Real Estate Private Limited  
 North Town Estates Private Limited  
 Arihant Foundations  
 Arihant Foundations & Housing  
 Arihant Heirloom

\* Ceased to be related party w.e.f 25.03.2013

**Key Management Personnel**

| Name               | Designation                    |
|--------------------|--------------------------------|
| Mr. Kamal Lunawath | Chairman and Managing Director |
| Mr. Vimal Lunawath | Whole time Director            |
| Mr. Bharat Jain    | Whole time Director            |

**Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise and relatives of any such individual:**

Mrs. Snehlatha Lunawath  
 Mrs. Preethi Lunawath  
 Mrs. Kavita Lunawath

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

| Amount in ₹ |                                    |                                   |                                     |                                   |   |                                     |
|-------------|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|---|-------------------------------------|
| S. No       | Description                        | 100% Subsidiaries                 | Associates/ Joint Ventures          | Key management personnel          | Entities, relatives of key management personnel and individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise and relatives of any such individual | TOTAL                               |
| 1           | Service rendered                   | -<br>(-)                          | <b>9,934,409</b><br>(48,482,328)    | -<br>(-)                          | -<br>(-)  | <b>9,934,409</b><br>(48,482,328)    |
| 2           | Interest received                  | <b>46,784,272</b><br>(46,174,328) | <b>2,645,437</b><br>(10,466,728)    | -<br>(-)                          | -<br>(-)  | <b>49,429,709</b><br>(56,641,056)   |
| 3           | Interest paid                      | -<br>(-)                          | -<br>(-)                            | <b>26,052,370</b><br>(32,154,046) | -<br>(-)  | <b>26,052,370</b><br>(32,154,046)   |
| 4           | Loans received from                | -<br>(-)                          | -<br>(-)                            | <b>31,873,970</b><br>(9,580,939)  | -<br>(-)  | <b>31,873,970</b><br>(9,580,939)    |
| 5           | Loans repaid to                    | -<br>(-)                          | -<br>(-)                            | <b>23,849,342</b><br>(555,458)    | -<br>(-)  | <b>23,849,342</b><br>(555,458)      |
| 6           | Advances received from             | -<br>(-)                          | <b>56,588,933</b><br>(279,725,075)  | -<br>(-)                          | -<br>(-)  | <b>56,588,933</b><br>(279,725,075)  |
| 7           | Advances repaid to                 | -<br>(-)                          | <b>124,144,398</b><br>(302,076,166) | -<br>(-)                          | -<br>(-)  | <b>124,144,398</b><br>(302,076,166) |
| 8           | Advances made to                   | <b>80,183,588</b><br>(13,760,906) | <b>16,008,944</b><br>(-)            | -<br>(-)                          | -<br>(-)  | <b>96,192,532</b><br>(13,760,906)   |
| 9           | Advances - repayment received from | <b>38,197,111</b><br>(36,325,672) | <b>5,091,719</b><br>(-)             | -<br>(-)                          | -<br>(-)  | <b>43,288,830</b><br>(36,325,672)   |
| 10          | Remuneration paid                  | -<br>(-)                          | -<br>(-)                            | <b>3,300,000</b><br>(4,857,973)   | -<br>(-)  | <b>3,300,000</b><br>(4,857,973)     |
| 11          | Share of Profit / (Loss)           | -<br>(-)                          | <b>(7,196,606)</b><br>(-)           | -<br>(-)                          | -<br>(-)  | <b>(7,196,606)</b><br>(-)           |

Note: Previous years' figures are given within brackets

37. The exceptional item of Rs. 1,80,10,050/- as show in the statement of profit and loss for the year ended 30th September, 2013, represents the reversal of accrued interest income.

### 38. PREVIOUS YEAR FIGURES

Previous year figures have been regrouped, rearranged and reclassified wherever considered necessary.

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**  
FIRM REG NO-050105S

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

CHENNAI  
29.11.2013

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

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**J. Meenakshi**  
Company Secretary

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

| SI No. | Name of Subsidiary Company              | Financial Year of the Subsidiary Company ended on | Interest of the Company in the Subsidiary Companies |                       | Net aggregate of Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of Arihant Foundations & Housing Limited at the end of their respective financial years which are |   |   |                                       |
|--------|---|---|---|-----------------------|---|---|---|---------------------------------------|
|        |   |   |   |                       | Dealt with in the accounts of the Company amounted to   |   | Not dealt with in the accounts of Company amounted to   |                                       |
|        |   |   |   |                       | (Rupees in Lacs)  |   |   |                                       |
|        |   |   | Share holding (No. of shares)                       | Extent of holding (%) | For subsidiary's financial year ended   | For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited | For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited | For subsidiary's financial year ended |
| 1.     | Varenya Constructions Limited           | 31.03.2013  | 50000   | 100                   | Nil   | Nil   | 0.01  | (-) 434.26                            |
| 2.     | Transperent Heights Real Estate Limited | 31.03.2013  | 50000   | 100                   | Nil   | Nil   | (-) 20.26   | (-) 32.78                             |
| 3.     | Arihant Griha Limited                   | 30.06.2013  | 50000   | 100                   | Nil   | Nil   | 24.46   | (-) 14.95                             |
| 4.     | Vaikunt Housing Limited                 | 31.03.2013  | 500000  | 100                   | Nil   | Nil   | 0.83  | 0.16                                  |

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

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**J. Meenakshi**  
Company Secretary

CHENNAI  
29.11.2013

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

To the Members of  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of ARIHANT FOUNDATIONS & HOUSING LIMITED ("the Company"), which comprise the consolidated Balance Sheet as at September 30, 2013, and the Statement of consolidated Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion:**

*The management has not made provision for interest of Rs.88,69,620/-during the year as payable to HUDCO on account of belated payment of interest and incidental cost that is payable as per order of Debt Recovery Tribunal dated 26/08/2011 for the period(01/07/2004 to 26/07/2011),which constitute a departure from the accounting standards referred to in sub-section (3C) of section 211 of Companies Act 1956. The company's records indicate that, had management provided above provisions in books, the Indirect Expenses would have gone up by Rs.88,69,620/-. Accordingly, net loss would have been increased and shareholder's fund would have been reduced by the said figure.*

**Qualified Opinion:**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion Paragraph the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India*

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at September 30, 2013;
- b) in the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For B.P.JAIN & CO.  
CHARTERED ACCOUNTANTS  
Firm Reg No. 050105S

s/d  
CA. DEVENDRA KUMAR BHANDARI  
Partner  
Membership No.: 208862

Place: Chennai  
Date: 29.11.2013



**CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2013**

| Particulars   | Note No  | Amount As On<br>30.09.2013<br>₹ |                      | Amount As On<br>30.09.2012<br>₹ |                      |
|---|----------|---------------------------------|----------------------|---------------------------------|----------------------|
| <b>EQUITY AND LIABILITIES</b>                                     |          |                                 |                      |                                 |                      |
| <b>(1) SHARE HOLDER'S FUNDS</b>                                   |          |                                 |                      |                                 |                      |
| (A) Share capital   | 2        | 86,000,000                      |                      | 86,000,000                      |                      |
| (B) Reserves & surplus  | 3        | 1,590,478,772                   | <b>1,676,478,772</b> | 1,790,535,004                   | <b>1,876,535,004</b> |
| <b>(2) NON CURRENT LIABILITIES</b>                                |          |                                 |                      |                                 |                      |
| (A) Long term borrowings  | 4        | 809,321,649                     |                      | 578,914,819                     |                      |
| (B) Deferred tax liability (Net)                                  | 5        | --                              |                      | 963,974                         |                      |
| (C) Other Long Term Liabilities                                   | 6        | 254,625,307                     |                      | 205,699,876                     |                      |
| (D) Long term provisions  | 7        | 5,827,869                       | <b>1,069,774,825</b> | 5,664,697                       | <b>791,243,366</b>   |
| <b>(3) CURRENT LIABILITIES</b>                                    |          |                                 |                      |                                 |                      |
| (A) Short Term Borrowings   | 8        | 449,200,000                     |                      | -                               |                      |
| (B) Trade payables  | 9        | 411,156,885                     |                      | 376,421,509                     |                      |
| (C) Other current liabilities                                     | 10       | 1,651,881,086                   |                      | 1,670,140,378                   |                      |
| (D) Short term provisions   | 11       | 34,266,713                      | <b>2,546,504,684</b> | 38,875,952                      | <b>2,085,437,839</b> |
| <b>TOTAL</b>  |          |                                 | <b>5,292,758,281</b> |                                 | <b>4,753,216,209</b> |
| <b>ASSETS</b>   |          |                                 |                      |                                 |                      |
| <b>(1) NON CURRENT ASSETS</b>                                     |          |                                 |                      |                                 |                      |
| (A) FIXED ASSETS  | 12       |                                 |                      |                                 |                      |
| I- Tangible assets  |          | 140,534,497                     |                      | 354,591,457                     |                      |
| II- Intangible assets   |          | 239,390,377                     |                      | 647,719                         |                      |
| (B) Non-current investment  | 13       | 151,254,710                     |                      | 83,887,759                      |                      |
| (D) Deferred tax Asset (Net)                                      | 5        | 56,141,045                      |                      | --                              |                      |
| (C) Long-term loans and advances                                  | 14       | 1,109,275,850                   | <b>1,696,596,479</b> | 1,066,807,014                   | <b>1,505,933,950</b> |
| <b>(2) CURRENT ASSETS</b>   |          |                                 |                      |                                 |                      |
| (A) Current Investments   | 15       | 5,122,489                       |                      | -                               |                      |
| (B) Inventories   | 16       | 1,065,198,235                   |                      | 1,083,644,343                   |                      |
| (C) Trade receivables   | 17       | 925,994,759                     |                      | 654,492,903                     |                      |
| (D) Cash and cash equivalents                                     | 18       | 206,003,412                     |                      | 180,934,435                     |                      |
| (E) Short term loans and advances                                 | 19       | 1,093,818,242                   |                      | 994,746,825                     |                      |
| (F) Other current assets  | 20       | 300,024,664                     | <b>3,596,161,802</b> | 333,463,753                     | <b>3,247,282,259</b> |
| <b>TOTAL</b>  |          |                                 | <b>5,292,758,281</b> |                                 | <b>4,753,216,209</b> |
| Significant accounting policies and notes to financial statements | (1 - 40) |                                 |                      |                                 |                      |

The accompanying notes are an integral part of the financial statements

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

**Chartered Accountants**

FIRM REG NO-050105S

sd/-

**CA Devendra Kumar Bhandari**

Partner

Membership No.: 208862

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

sd/-

**Vimal Lunawath**

Wholetime Director

sd/-

**J. Meenakshi**

Company Secretary

Place : CHENNAI

Date : 29.11.2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 30.9.2013**

|  | NOTE<br>NO | AMOUNT AS ON<br>30.09.2013 (Rs.)<br>₹ | AMOUNT AS ON<br>30.09.2012 (Rs.)<br>₹ |
|--|------------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>  |            |                                       |                                       |
| (A) Revenue from operations  | 21         | 1,316,199,556                         | 2,171,997,775                         |
| (B) Other income   | 22         | 102,077,627                           | 85,397,033                            |
| <b>TOTAL REVENUE</b>   |            | <b>1,418,277,183</b>                  | <b>2,257,394,808</b>                  |
| <b>EXPENSES</b>  |            |                                       |                                       |
| (A) Construction and project expenses  | 23         | 1,365,857,960                         | 2,018,313,352                         |
| (B) Changes in inventories of materials,<br>work-in- progress and finished goods | 24         | 18,446,108                            | -                                     |
| (C) Employees benefit expenses   | 25         | 15,098,023                            | 17,859,763                            |
| (D) Finance cost   | 26         | 145,146,071                           | 82,086,945                            |
| (E) Depreciation and amortization  | 27         | 6,675,608                             | 6,190,101                             |
| (F) Other expenses   | 28         | 68,037,906                            | 66,141,385                            |
| <b>TOTAL EXPENSES</b>  |            | <b>1,619,261,676</b>                  | <b>2,190,591,546</b>                  |
| Profit before Exceptional and<br>Extraordinary items                             |            | (200,984,493)                         | 66,803,262                            |
| Exceptional items  |            | (18,010,050)                          | -                                     |
| Profit before Tax  |            | (218,994,542)                         | 66,803,262                            |
| Less : Tax Expense   |            |                                       |                                       |
| a. Current tax   |            | 23,642,351                            | 19,557,750                            |
| b. Earlier year's tax  |            | 74,523                                |                                       |
| b. Deferred tax charge / (Credit)  |            | (57,105,020)                          | (1,143,590)                           |
| <b>PROFIT FOR THE PERIOD</b>   |            | <b>(185,606,397)</b>                  | <b>48,389,102</b>                     |
| <b>Earning per share (Basic)</b>   | 34         | <b>(21.58)</b>                        | <b>5.63</b>                           |
| <b>Earning per share (Diluted)</b>   |            | <b>(21.58)</b>                        | <b>5.63</b>                           |
| Significant accounting policies and notes<br>to financial statements             | (1 - 40)   |                                       |                                       |

The accompanying notes are an integral part of the financial statements

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

**Chartered Accountants**

FIRM REG NO-050105S

sd/-

**CA Devendra Kumar Bhandari**

Partner

Membership No.: 208862

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

sd/-

**Kamal Lunawath**

Managing Director

sd/-

**Vimal Lunawath**

Wholetime Director

sd/-

**J. Meenakshi**

Company Secretary

Place : CHENNAI

Date : 29.11.2013

**ARIHANT FOUNDATIONS & HOUSING LIMITED****CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2013**

| <b>PARTICULARS</b>   | <b>30.09.2013</b><br>₹ | <b>30.09.2012</b><br>₹ |
|--|------------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>  |                        |                        |
| Net Profit/Loss Before Tax and Extraordinary Items   | (200,984,493)          | 66,803,262             |
| Adjustments for :  |                        |                        |
| Depreciation   | 6,675,608              | 6,190,101              |
| Adjustments of non-cash nature   | 702                    | -                      |
| Dividend received  | (2,413,874)            | (1,952,959)            |
| Interest and Finance Income  | (11,970,723)           | (22,206,628)           |
| Profit on sale of Land   | (17,642,420)           | -                      |
| Loss on sale of Fixed Assets   | 1,055,904              | 27,285                 |
| Interest and Finance Charges   | 145,146,071            | 82,086,945             |
|  | <b>120,851,269</b>     | <b>64,144,744</b>      |
| Operating Profit Before Working capital Changes  | (80,133,224)           | 130,948,006            |
| - Adjustments for Working Capital changes  |                        |                        |
| (Increase) / Decrease in Inventories   | 18,446,108             | 179,356,392            |
| (Increase) / Decrease in trade receivables, loans and advances and other current assets          | (379,603,020)          | (115,779,391)          |
| Increase / (Decrease) in Trade Payables, other long term liabilities & other current liabilities | (1,960,436)            | 624,581,341            |
| Increase / (Decrease) in Long Term Provisions  | 163,172                | (852,223)              |
| Increase / (Decrease) in Short Term Provisions   | 21,615,335             | 9,223                  |
|  | <b>(341,338,841)</b>   | <b>687,315,343</b>     |
| Cash From operations before Tax and Extraordinary items  | <b>(421,472,065)</b>   | <b>818,263,348</b>     |
| Income Tax Paid  | (49,941,449)           | (2,099,979)            |
| Cash From operations before Extraordinary items  | <b>(471,413,513)</b>   | <b>816,163,370</b>     |
| Extraordinary Items  | (18,010,050)           | -                      |
| Cash flow from Operating Activities  | <b>(489,423,563)</b>   | <b>816,163,370</b>     |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>  |                        |                        |
| Purchase of fixed Assets   | (255,077,755)          | (68,766,791)           |
| Sale of fixed Assets   | 240,302,264            | 634,113                |
| Dividend received  | 2,413,874              | 1,952,959              |
| Interest received during the year  | 11,970,723             | 22,206,628             |
| Investments made   | (19,577,325)           | (119,000,000)          |
| Proceeds from sale of Investment   | -                      | 100,000                |
| <b>Net Cash from Investing Activities</b>  | <b>(19,968,219)</b>    | <b>(162,873,091)</b>   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>  |                        |                        |
| Fresh loans taken / (Loans repaid)   | 679,606,830            | (522,522,115)          |
| Payment of Dividend  | -                      | (8,597,324)            |
| Interest & Finance Charges   | (145,146,071)          | (82,086,945)           |
| <b>Net Cash from Financing Activities</b>  | <b>534,460,759</b>     | <b>(613,206,384)</b>   |
| <b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                           | <b>25,068,977</b>      | <b>40,083,895</b>      |
| <b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>                                 | <b>180,934,435</b>     | <b>140,850,541</b>     |
| <b>F. CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                     | <b>206,003,412</b>     | <b>180,934,435</b>     |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For **B.P. Jain & Co.**

**Chartered Accountants**

FIRM REG NO-050105S

sd/-

**CA Devendra Kumar Bhandari**

Partner

Membership No.: 208862

CHENNAI / 29.11.2013

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

sd/-

**Vimal Lunawath**

Wholetime Director

sd/-

**J. Meenakshi**

Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICES:

#### (A) Principles of consolidation.

- The consolidated financial statements include the financial statements of parent company and its subsidiaries, joint ventures and associates.
- The consolidated financial statements have been prepared by adding, line by line, each and every item of financial statements of the parent company (Arihant Foundations and Housing Limited) and its subsidiaries and joint ventures. During the process of consolidation the inter-company balances and transaction have been eliminated fully in order to avoid the inclusion of unrealized profit and loss.
- Investments in associates have been accounted as per Accounting Standard 23 on "Accounting for Investment in Associates in Consolidated Financial Statement" as issued by the Institute of Chartered Accountants of India. The investment in associates is accounted by following the equity method of accounting as recommended by the AS 23.
- Investment in Joint ventures has been accounted as per Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. Proportional consolidation method has been adopted to account the interest in the joint ventures as recommended by the concerned Accounting Standard.
- No Goodwill / (Capital Reserve) have been recognized in the consolidated financial statements during the process of consolidation.

#### (B) Basis of presentation

- The consolidated financial statements relate to Arihant Foundations & Housing Limited and its joint venture and associates.
- Notes to these consolidated financial statements are intended to serve as a means of informative disclosure to understand the consolidated position of the Companies.

#### A. BASIS OF ACCOUNTING

- The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India.

- Accounting policies not specially referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles.

#### B. USE OF ESTIMATES

The preparation of financial statement in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at date of the financial statements and the reported accounts of revenues and expenses for the years presented. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

#### C. FIXED ASSETS AND DEPRECIATION

- The fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all related expenses incurred up to the date the assets are put to use.

- Depreciation on fixed assets is provided on straight line method as per rate and manner prescribes in schedule-XIV of the companies Act 1956. The depreciation has been provided at 100% on the Assets purchased during the year the cost of which is less than Rs 5000/-.

#### D. INTANGIBLES AND AMORTIZATION

Intangible assets are recognized when it is probable that future economic benefits that are attributable to these assets will flow to the company and the cost of the asset can be measured reliably.

Intangible assets (acquired or developed in-house) are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

#### E. IMPAIRMENT OF ASSETS

Management at each balance sheet date assesses using internal sources whether there is an indication that an asset or group of assets or a cash generating unit as the case may be, is impaired. Impairment occurs where the carrying value exceeds the higher of value in use represented by present value of future cash flows expected to arise from the continuing use of the asset and its realizable value. The impairment asset is charged off to statement of profit and loss.

## F. INVESTMENTS

Trade investments are those made to enhance the Group's business interests. Investments are classified as either current or long-term, based on the Management's intention at the time of purchase.

### Long-term investments

Long-term investments are stated at cost. However, provision is made for diminution in the value of the asset, which is other than temporary.

### Quoted

The company holds investment in quoted securities. They are classified as long-term as the Management intends to hold the same for a period of more than twelve months. These investments are classified as non-trade.

### Unquoted

The company holds investment in unquoted securities of its subsidiaries, joint ventures and associates. These investments are classified as trade.

### Current investments

Current investments are carried at the lower of cost and fair value.

## G. INVENTORIES

### a) Raw materials and consumables

The cost of inventories comprise of purchase cost and conversion cost, if any.

### b) Work -in-progress

Costs generally include cost of land, construction costs, job work allocated borrowing costs and other costs that are attributable to project and such other costs as are specifically chargeable to the project. Work-in-progress are valued at cost less cost of sales.

### c) Finished stock

Finished stock consists of completed real estate projects which are unsold at the end of the financial year.

## H. BORROWING COST

Borrowing costs that are directly attributable to the acquisition or construction or development of qualifying assets of the company are capitalized until the time all substantial activities necessary to prepare the qualifying assets for the intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale.

Borrowing costs that are attributable to any work-in-progress, qualifying land advances as well as capital work-in-progress are

charged to the respective qualifying project. All other borrowing costs, not eligible for inventorisation or capitalization are charged to revenue in the year in which they are incurred.

## I. REVENUE RECOGNITION

### i) Construction Contracts

In construction contracts, revenue is recognized on percentage of completion method. The revenue is recognized on the basis of the Accounting Standard and as prescribed by Institute of Chartered Accountants of India.

Revenue on sale of land is recognized upon enter in to contract with the customer in the purchase of the said undivided share of land. The revenue also recognized at the time of registration of sale deed or completion of the project whichever is earlier.

### ii) Revenue from lease rentals and related income

Lease income is recognized on accrual basis as per the Contract.

### iii) Interest Income

Interest is recognized on accrual basis of accounting.

### iv) Dividend Income

Dividend income is recognized when the right to receive the same is established or the receipt of the same whichever is earlier.

## J. FOREIGN EXCHANGE TRANSACTIONS

The foreign exchange transaction recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount, the prevailing exchange rate, as at the date of transaction.

## K. TAXES ON INCOME

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws that are enacted or substantially enacted.

Deferred Tax is recognized on timing differences, being the differences between taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward, only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all

deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. They can be realized against future taxable profits.

#### **L.EMPLOYEE BENEFITS**

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment and as required by law are recorded in accordance with Accounting Standard (AS) 15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India.

##### **i) Gratuity**

Gratuity is a defined benefit plan. Liability for gratuity in respect of past services are provided for based on the actuarial valuation carried out annually as at the balanced sheet date by an independent actuary using the Projected Unit Credit (PUC) method.

##### **ii) Provident Fund**

The company's contribution to Provident fund is considered as a defined contribution plan. Company's contribution to provident fund is charged to the statement of profit and loss when the contribution is due.

#### **M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognized in respect of liabilities which can be measured only by using a substantial degree of estimation when:

- a) the company has a present obligation as a result of past event;
- b) a probable outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) the amount of obligation can be reliably estimated

Re-imbursment expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of:

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- b) a possible obligation, that arises out of past events and the existence of which will be confirmed only by one or more uncertain future events unless the probability of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

#### **N. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand and at bank and short-term investments with an original maturity of three months or less.

#### **O. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, share split and share warrants conversion.

Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity shareholders and the weighted number of shares outstanding during the period for the effect of all dilutive potential equity shares.

## ARIHANT FOUNDATIONS &amp; HOUSING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30.09.2013**

| PARTICULARS  | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ |                      | AMOUNT<br>AS ON 30.09.2012<br>₹ |                      |
|--|---------|---------------------------------|----------------------|---------------------------------|----------------------|
| SHARE CAPITAL<br>AUTHORISED<br>1,00,00,000 equity shares of R.10/- each                          | 2       |                                 | 100,000,000          |                                 | 100,000,000          |
| ISSUED, SUBSCRIBED & PAID UP<br>86,00,000 equity shares of R.10/- each<br>fully paid up          |         |                                 | 86,000,000           |                                 | 86,000,000           |
| <b>Reconciliation of No of Shares outstanding at the beginning and end of the reporting year</b> |         |                                 |                      |                                 |                      |
|  |         | No.s                            | Amount in<br>₹       | No.s                            | Amount in<br>₹       |
| Opening balance of number of Equity Shares   |         | 8,600,000                       | 86,000,000           | 8,600,000                       | 86,000,000           |
| Changes during the year  |         | -                               | -                    | -                               | -                    |
| Closing balance of number of Equity Shares   |         | 8,600,000                       | 86,000,000           | 8,600,000                       | 86,000,000           |
| <b>SHAREHOLDERS HOLDING MORE<br/>THAN 5% OF THE TOTAL<br/>SHARE CAPITAL</b>                      |         | <b>NO OF<br/>SHARES</b>         | <b>% HELD</b>        | <b>NO OF<br/>SHARES</b>         | <b>% HELD</b>        |
| Smt. Snehlatha Lunawath  |         | 1,407,000                       | 16.36                | 1,407,000                       | 16.36                |
| Smt. S. Jayalakshmi  |         | 796,202                         | 9.26                 | 796,202                         | 9.26                 |
| Mr. Kamal Lunawath   |         | 749,100                         | 8.71                 | 749,100                         | 8.71                 |
| Mr. Vimal Lunawath   |         | 696,400                         | 8.10                 | 696,400                         | 8.10                 |
| Taj Foundation Private Limited   |         | 690,000                         | 8.02                 | 690,000                         | 8.02                 |
| Ocean Dial Asset Management Ltd A/c ICGQ Ltd   |         | 592,400                         | 6.89                 | 592,400                         | 6.89                 |
| <b>RESERVES &amp; SURPLUS<br/>SECURITIES PREMIUM RESERVE</b>                                     | 3       |                                 |                      |                                 |                      |
| Opening Balance  |         | 735,350,000                     |                      | 735,350,000                     |                      |
| Add: Additions during the year   |         | -                               |                      | -                               |                      |
| Closing Balance  |         |                                 | <b>735,350,000</b>   |                                 | <b>735,350,000</b>   |
| <b>GENERAL RESERVE</b>   |         |                                 |                      |                                 |                      |
| Opening Balance  |         | 88,308,752                      |                      | 88,308,752                      |                      |
| Add: Additions during the year   |         | -                               |                      | -                               |                      |
| Closing Balance  |         |                                 | <b>88,308,752</b>    |                                 | <b>88,308,752</b>    |
| <b>SURPLUS IN THE STATEMENT OF<br/>PROFIT AND LOSS</b>   |         |                                 |                      |                                 |                      |
| Opening Balance  |         | 966,876,252                     |                      | 921,347,766                     |                      |
| Add: Profit for the year   |         | (185,606,397)                   |                      | 48,389,102                      |                      |
| Add : Addition during the year   |         | -                               |                      | -                               |                      |
| Less: Appropriations made during the year  |         | 14,449,836                      |                      | 2,860,616                       |                      |
| Closing Balance  |         |                                 | <b>766,820,020</b>   |                                 | <b>966,876,252</b>   |
|  |         |                                 | <b>1,590,478,772</b> |                                 | <b>1,790,535,004</b> |

| LONG TERM BORROWINGS  | 4 | 30.09.2013         |                    | 30.09.2012         |                    |
|---|---|--------------------|--------------------|--------------------|--------------------|
| i) SECURED  |   | Current            | Non - Current      | Current            | Non - Current      |
| Banks   |   | 201,876,029        | 282,660,410        | 135,164,323        | 114,728,275        |
| Others  |   |                    |                    |                    |                    |
| - From Related parties  |   | -                  | -                  | 4,735,816          | 15,820,995         |
| - Others  |   | 69,292,656         | 327,392,200        | 199,405,021        | 252,889,658        |
| <b>Sub - Total</b>  |   | <b>271,168,685</b> | <b>610,052,611</b> | <b>339,305,160</b> | <b>383,438,928</b> |
| ii) UNSECURED   |   |                    |                    |                    |                    |
| (B) Intercompany Deposits   |   |                    |                    |                    |                    |
| - From Related parties  |   | -                  | -                  | -                  | 21,704,579         |
| - Others  |   | -                  | 36,010,353         | 10,000,000         | 17,985,353         |
| (C) Loan from Directors   |   | -                  | 161,705,122        | 7,411,815          | 132,790,811        |
| (D) Loan from Related Parties   |   | -                  | 1,428,564          | -                  | 1,426,529          |
| (E) Loan from Others  |   | -                  | 125,000            | -                  | 21,568,620         |
| <b>Sub - Total</b>  |   | -                  | 199,269,038        | 17,411,815         | 195,475,891        |
| <b>TOTAL</b>  |   | <b>271,168,685</b> | <b>809,321,649</b> | <b>356,716,975</b> | <b>578,914,819</b> |
| Intercompany deposits and the loans are repayable on demand. Intercompany deposits and some of the loans are interest-free. |   |                    |                    |                    |                    |

| LONG TERM BORROWINGS   |                    |                                       |                 |
|--|--------------------|---------------------------------------|-----------------|
| (i) SECURED  |                    |                                       |                 |
| A. FROM BANKS - TERM LOANS   |                    |                                       |                 |
| Particulars  | Interest Rate P.A. | Amount Outstanding<br>30.09.2013<br>₹ | 30.09.2012<br>₹ |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company and on receivables from the project. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Twelve monthly installments: Eleven monthly 'installments of Rs.2 Crores commenced from 9/4/2012 and one monthly installment of Rs.3 Crores. No amount is outstanding as on the balance sheet date.   | 15.00%             | -                                     | 104,925,477     |
| Secured against the vehicle for which the loan has been taken. Repayment - Thirty five monthly installments of Rs.22,675/- starting from 1-4-2012. Seventeen installments are outstanding as on the balance sheet date.  | 10.89%             | 355,719                               | 575,880         |
| Secured against the vehicle for which the loan has been taken. Repayment - Thirty six monthly installments of Rs.22,880/- starting from 1-4-2012. Eighteen installments are outstanding as on the balance sheet date.  | 10.89%             | 378,389                               | 598,550         |
| Secured by way of equitable mortgage on certain immovable properties, owned by company. Further the loan has been guaranteed by way of personal guarantee of the managing director of the company. Repayment - One monthly installment of Rs.6,82,771/- , subsequently thirty five installments of Rs.6,79,011/- and twenty three installment of Rs. 6,90,715/- and one installment Rs.6,90,698/- totalling sixty installments, starting from 1-12-2011. Thirty eight installments are outstanding as on the balance sheet date. | 15.00%             | 20,629,351                            | 25,306,900      |



| Particulars   | Interest Rate P.A. | Amount Outstanding |                 |
|---|--------------------|--------------------|-----------------|
|   |                    | 30.09.2013<br>₹    | 30.09.2012<br>₹ |
| Secured by way of equitable mortgage on certain immovable properties, owned by company and on receivables from the project. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. The date of commencement of loan is 10-01-2013. Repayment - The term of loan is twelve months, Rs. 2 Crores must be repaid by the end of sixth month from the commencement of the loan and subsequently Rs. 2 Crores is repayable in six monthly installments. However, more amount is repaid during the year and the loan will be closed by november 2014 | 14.25%             | 30,724,724         | -               |
| Secured against the vehicle for which the loan has been taken. Repayment - Two loans totalling one hundred and twenty monthly installments: sixty monthly installments of Rs.35,745/- for each loan, starting from 1-9-2011. Thirty four installments are outstanding as on the balance sheet date.   | 10.76%             | 2,087,152          | 2,685,085       |
| Secured by way of equitable mortgage on certain immovable properties, owned by its associate company Heirloom Real Estate Private Limited and by the co-venturers. Repayment - Twenty monthly installments of Rs.1.50 Crores which will commence from 15-08-2014. However, the company has already commenced the repayment based on the availability of funds   | 14.00%             | 109,770,048        | -               |
| Secured by way of equitable mortgage on certain immovable properties, owned by its associate company Arihant Hospitality (Chennai) Private Limited. Repayment - Twelve monthly installments of Rs.1.25 Crores which will commence from 15-12-2014. However, the company has already commenced the repayment based on the availability of funds  | 14.50%             | 136,893,818        | -               |
| Secured by way of charge on the lease rentals from let out properties of the company and by way of equitable mortgage of immovable properties owned by the company. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Sixty monthly installments of Rs.18,45,275/- which commenced from 5-02-2013. Fifty two installments are outstanding as on the balance sheet date.  | 13.00%             | 72,852,865         | -               |
| Secured by way of charge on the lease rentals from let out properties of the company and by way of equitable mortgage of immovable properties owned by the company. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - One hundred and one monthly installments of Rs.15,62,689/- which commenced from 15-01-2013. Ninety two installments are outstanding as on the balance sheet date.  | 12.25%             | 92,561,239         | -               |
| Secured against the future rental incomes for which the loan has been taken. Repayment - One hundred and thirteen monthly installments of Rs.10,23,984/- starting from 10-8-2011. No amount is outstanding as on the balance sheet date.  | 13.50%             | -                  | 60,666,153      |
| Secured by way of equitable mortgage on certain immovable properties. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Sixty two Monthly installments of Rs.11,03,525/- starting from 10-08-2011. No amount is outstanding as on the balance sheet date.  | 13.50%             | -                  | 40,146,742      |

| Particulars  | Interest Rate P.A. | Amount Outstanding |                    |
|--|--------------------|--------------------|--------------------|
|  |                    | 30.09.2013<br>₹    | 30.09.2012<br>₹    |
| Secured by way of equitable mortgage on certain immovable properties. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Loan is repayable at a specific percentage (at present 10%) of collection from customers determined from time to time.  | 10.00%             | 18,085,323         | 14,699,213         |
| Secured against the vehicles for which the loan has been taken. Repayment - Thirty five monthly installments:- of Rs.20,192/- Starting from 7-03-2012.   | 12.25%             | 197,812            | 288,598            |
| <b>TOTAL</b>   |                    | <b>484,536,438</b> | <b>249,892,598</b> |
| <b>B. OTHERS - TERM LOANS</b>  |                    |                    |                    |
| <b>From Related Parties</b>  |                    |                    |                    |
| secured against the asset/ property for which the loan has been obtained. No amount is outstanding as on the balance sheet date.   | 12% to 18%         | -                  | 20,556,811         |
| <b>TOTAL</b>   |                    | <b>-</b>           | <b>20,556,811</b>  |
| <b>From Others</b>   |                    |                    |                    |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - One hundred and eighty monthly installments of Rs.1,90,646/- starting from 1-01-2013. One hundred and seventy one installments are outstanding as on the balance sheet date.   | 11.75%             | 15,791,096         | -                  |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - sixty monthly installments of Rs.4,07,194/- starting from 1-11-2011. Thirty nine installments are outstanding as on the balance sheet date.  | 14.00%             | 12,700,247         | 15,585,120         |
| Secured against the immovable property for which the loan has been taken. Repayment - Two hundred and sixty two monthly installments of Rs.79,589/- starting from 10-3-2008. One hundred and ninety five installments are outstanding as on the balance sheet date.  | 13.25%             | 6,352,982          | 6,458,548          |
| Secured by way of equitable mortgage on certain immovable properties, owned by associate company, Heirloom Real Estate (P) Ltd and by hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Twenty five monthly installments of Rs. 40 Lakhs starting from 15-05-2012. Eight installments are outstanding as on the balance sheet date. | 15.00%             | 32,000,000         | 80,000,000         |
| Secured by way of equitable mortgage on certain immovable properties, owned by associate company, Heirloom Real Estate (P) Ltd and by hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Fifteen monthly installments of Rs.20 Lakhs, starting from 15-10-2012. Three installments are outstanding as on the balance sheet date.     | 15.00%             | 6,000,000          | 30,000,000         |

|   |        |            |            |
|---|--------|------------|------------|
| Secured by way of equitable mortgage on immovable properties, owned by the company and its associate Arihant Hospitality (Chennai) Private Ltd. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Two monthly installments of Rs.1,10,12,171/- starting from 5-11-2011 and Twelve monthly installments of Rs.1,10,40,926/- starting from 5-1-2012 totalling fourteen installments. No amount is outstanding as on the balance sheet date.  | 16.25% | -          | 32,245,542 |
| Secured by way of equitable mortgage on immovable properties, owned by the company and its associate Arihant Hospitality (Chennai) Private Ltd. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - One installment of Rs.43,44,819/- and fourteen monthly installments of Rs.36,93,976/- totalling fifteen installments commencing from 5-02-2012. No amount is outstanding as on the balance sheet date.   | 16.25% | -          | 23,230,408 |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - Nine monthly installments of Rs.88,98,698/- starting from 5-10-2012. No amount is outstanding as on the balance sheet date.   | 16.00% | -          | 75,000,000 |
| Secured against the vehicle for which the loan has been taken. Repayment - Sixty monthly installments of Rs.1,79,690/- starting from 10-01-2013. Fifty one installments are outstanding as on the balance sheet date.   | 10.00% | 7,459,745  | -          |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the managing director of the company. Repayment - Fifteen monthly installments of Rs.17,20,917/-, then forty six monthly installments of Rs.16,87,376/- and one installment of Rs.1,06,754/- totalling sixty two installments starting from 1-8-2011. Thirty seven installments are outstanding as on the balance sheet date. | 16.50% | 48,061,670 | 59,284,723 |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - Two installments of interest amounts of Rs. 1,24,375/- and 2,49,320/- each, then, eleven monthly installments of Rs.3,22,670/-, then, one hundred and fifteen monthly installments of Rs. 3,10,451/- and one installment of Rs. 59,287/- starting from 15-11-2011. One hundred and six monthly installments are outstanding as on the balance sheet date  | 16.50% | 18,429,660 | 19,461,427 |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - Three installments of interest amounts of Rs.10,273/-, Rs.3,45,971/- and Rs.4,02,058/- each, then, ten monthly installments of Rs.7,29,542/-, then, fifty one monthly installments of Rs. 7,15,795/- and one installment of Rs. 54,749/- totalling sixty five installments starting from 1-11-2011. Forty two monthly installments are outstanding as on the balance sheet date   | 16.50% | 22,705,935 | 27,528,910 |
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - one installment of Rs.1,66,073/- and then one hundred and twenty monthly installments of Rs.7,96,995/- totalling one hundred and twenty one installments, starting from 1-06-2012. One hundred and seventeen monthly installments are outstanding as on the balance sheet date  | 15.00% | 48,854,756 | -          |

|   |            |                    |                    |
|---|------------|--------------------|--------------------|
| Secured by way of equitable mortgage on certain immovable properties, owned by the company. Repayment - one installment of Rs.2,28,403/- and then one hundred and twenty monthly installments of Rs.11,39,025/- totalling one hundred and twenty one installments, starting from 1-06-2013. One hundred and seventeen monthly installments are outstanding as on the balance sheet date | 15.00%     | 69,820,765         | -                  |
| secured against the asset/ property for which the loan has been obtained  | 12% to 18% | 108,508,000        | 83,500,000         |
| <b>TOTAL</b>  |            | <b>396,684,856</b> | <b>452,294,678</b> |
| <b>GRAND TOTAL</b>  |            | <b>881,221,295</b> | <b>722,744,087</b> |

| PARTICULARS  | NOTE NO  | AMOUNT<br>AS ON 30.09.2013<br>₹ | AMOUNT<br>AS ON 30.09.2012<br>₹ |
|--|----------|---------------------------------|---------------------------------|
| <b>DEFERRED TAX</b>  | <b>5</b> |                                 |                                 |
| Deferred Tax Liability / (Assets) at the beginning of the year |          | 963,974                         | 2,451,965                       |
| LESS:- Deferred Tax Asset provided during the year             |          | <u>57,105,020</u>               | <u>1,487,991</u>                |
| Deferred Tax Liability / (Assets) at the end of the year       |          | <b>(56,141,045)</b>             | <b>963,974</b>                  |

The amounts available in the above accounts do not belong to the company. The company does not have the authority to use the money, hence classified as long term in nature.

|  |           |                    |                    |                      |
|--|-----------|--------------------|--------------------|----------------------|
| <b>OTHER LONG TERM LIABILITIES</b>                       | <b>6</b>  |                    | <b>254,625,307</b> | <b>205,699,876</b>   |
| Other long term liabilities                              |           |                    |                    |                      |
| <b>LONG TERM PROVISIONS</b>                              | <b>7</b>  |                    |                    |                      |
| Provision for Employment benefits                        |           | 4,532,250          | 5,332,750          |                      |
| Other provisions   |           | <u>1,295,619</u>   | <u>331,947</u>     | <b>5,664,697</b>     |
| <b>SHORT TERM BORROWINGS</b>                             | <b>8</b>  |                    |                    |                      |
| Unsecured  |           |                    |                    |                      |
| Loans and Advances from Related Parties                  |           |                    | <b>449,200,000</b> | -                    |
| <b>TRADE PAYABLES</b>                                    | <b>9</b>  |                    | <b>411,156,885</b> | <b>376,421,509</b>   |
| <b>OTHER CURRENT LIABILITIES</b>                         | <b>10</b> |                    |                    |                      |
| Advance for Project                                      |           | 1,216,673,975      | 321,835,279        |                      |
| Interest Accrued but not due                             |           | 6,153,140          | 4,511,413          |                      |
| Current maturities of Long term Loans (refer note no. 4) |           | 271,168,685        | 356,716,975        |                      |
| Duties & Taxes Payable                                   |           | 8,438,729          | 7,854,420          |                      |
| Investor Education and Protection fund                   |           | 55,010             | 55,010             |                      |
| Loans, deposits and advances                             |           | 19,630,940         | 858,772,367        |                      |
| Other sundry current liabilities                         |           | <u>129,760,608</u> | <u>120,394,914</u> | <b>1,670,140,378</b> |
| <b>SHORT TERM PROVISIONS</b>                             | <b>11</b> |                    |                    |                      |
| Provision for Dividend                                   |           | -                  | 1,173,176          |                      |
| Provision for Employment benefits - short term           |           | 37,828             | 26,141             |                      |
| Provision for Taxation                                   |           | 11,452,061         | 37,676,636         |                      |
| Other Provisions   |           | <u>22,776,824</u>  |                    | <b>38,875,952</b>    |

**Note No. 12**  
**CONSOLIDATED FIXED ASSETS**

| Name of The Asset             | GROSS BLOCK              |   |   |                        | DEPRECIATION             |   |   |                        | NET BLOCK          |                    |
|-------------------------------|--------------------------|---|---|------------------------|--------------------------|---|---|------------------------|--------------------|--------------------|
|                               | Balance As On 01.10.2012 | Additions During 01.10.2012 To 30.09.2013 | Deletions During 01.10.2012 To 30.09.2013 | Balance As At 30.09.13 | Balance As On 01.10.2012 | For The Period 01.10.2012 To 30.09.2013 | Deletions During 01.10.2012 To 30.09.2013 | Total As On 30.09.2013 | As On 01.10.2012   | As On 30.09.2013   |
| <u>i. Tangible Assets</u>     |                          |   |   |                        |                          |   |   |                        |                    |                    |
| Land                          | 236,175,448              | 2,949,489                                 | 221,193,216                               | 17,931,721             | -                        | -                                       | -   | -                      | 236,175,448        | 17,931,721         |
| Buildings                     |                          |   |   |                        |                          |   |   |                        |                    |                    |
| Freehold Buildings            | 93,027,216               | -   | -   | 93,027,216             | 13,921,004               | 1,764,028                               | -   | 15,685,032             | 79,106,211         | 77,342,183         |
| Leasehold Buildings           | 5,795,307                | -   | -   | 5,795,307              | 760,102                  | 90,336                                  | -   | 850,438                | 5,035,205          | 4,944,869          |
| Furniture & Fixtures          | 21,359,765               | 150,515                                   | -   | 21,510,280             | 10,755,062               | 1,222,195                               | -   | 11,977,257             | 10,604,703         | 9,533,023          |
| Plant & Equipments            | 14,269,229               | -   | -   | 14,269,229             | 4,974,014                | 677,790                                 | -   | 5,651,804              | 9,295,215          | 8,617,425          |
| Office Equipments             | 6,841,778                | 989,188                                   | 639                                       | 7,830,327              | 4,982,760                | 538,188                                 | -   | 5,520,948              | 1,859,018          | 2,309,378          |
| Vehicles                      | 18,450,423               | 12,149,556                                | 5,166,158                                 | 25,433,821             | 5,934,766                | 2,286,721                               | 2,643,563                                 | 5,577,924              | 12,515,657         | 19,855,898         |
| <b>TOTAL</b>                  | <b>395,919,165</b>       | <b>16,238,748</b>                         | <b>226,360,013</b>                        | <b>185,797,900</b>     | <b>41,327,708</b>        | <b>6,579,258</b>                        | <b>2,643,563</b>                          | <b>45,263,403</b>      | <b>354,591,457</b> | <b>140,534,497</b> |
| <u>ii - Intangible Assets</u> |                          |   |   |                        |                          |   |   |                        |                    |                    |
| Computer Software             | 1,782,619                | 3,371                                     | -   | 1,785,990              | 1,134,899                | 96,350                                  | -   | 1,231,249              | 647,720            | 554,741            |
| Trns. Development Rights      | -                        | 238,835,636                               | -   | 238,835,636            | -                        | -                                       | -   | -                      | -                  | 238,835,636        |
| <b>TOTAL</b>                  | <b>1,782,619</b>         | <b>238,839,007</b>                        | <b>-</b>                                  | <b>240,621,626</b>     | <b>1,134,899</b>         | <b>96,350</b>                           | <b>-</b>                                  | <b>1,231,249</b>       | <b>647,720</b>     | <b>239,390,377</b> |
| <b>GRAND TOTAL</b>            | <b>397,701,784</b>       | <b>255,077,755</b>                        | <b>226,360,013</b>                        | <b>426,419,526</b>     | <b>42,462,608</b>        | <b>6,675,608</b>                        | <b>2,643,563</b>                          | <b>46,494,652</b>      | <b>355,239,177</b> | <b>379,924,874</b> |
| Previous Year Values          | 329,939,628              | 68,766,791                                | 1,004,635                                 | 397,701,784            | 36,615,743               | 6,190,101                               | 343,236                                   | 42,462,608             | 293,323,885        | 355,239,177        |

| PARTICULARS   | NOTE NO   | AMOUNT<br>AS ON 30.09.2013<br>₹ |  | AMOUNT<br>AS ON 30.09.2012<br>₹ |  |
|---|-----------|---------------------------------|--|---------------------------------|--|
| <b>NON-CURRENT INVESTMENTS</b>  | <b>13</b> |                                 |  |                                 |  |
| <b>1. UNQUOTED - TRADE</b>  |           |                                 |  |                                 |  |
| <b>a. INVESTMENT IN EQUITY INSTRUMENT</b>   |           |                                 |  |                                 |  |
| <b>ii) JOINT VENTURES / ASSOCIATES</b>  |           |                                 |  |                                 |  |
| Arihant Indo African Infra Developers & Builders Pvt.Ltd<br>(2,03,274 Equity shares of Rs.10/- Each Fully Paid Up)                        |           | 2,032,740                       |  | 2,032,740                       |  |
| Heirloom Real Estate Pvt.Ltd.<br>(2,500 Equity shares of Rs.10/- Each Fully Paid Up)  |           | 25,000                          |  | 25,000                          |  |
| <b>b. INVESTMENT IN DEBENTURES</b>  |           |                                 |  |                                 |  |
| Arihant Indo African Infra Developers & Builders Pvt Ltd<br>(13% 8,07,345 Optionally Redeemable Convertible Debenetures of Rs.100/- Each) |           | 80,734,500                      |  | 80,734,500                      |  |
| <b>c. INVESTMENT IN PARTNERSHIP FIRMS</b>   |           |                                 |  |                                 |  |
| Arihant Heirloom  |           | 67,361,951                      |  | -                               |  |
| <b>2. UNQUOTED - NONTRADE</b>   |           |                                 |  |                                 |  |
| <b>d. INVESTMENT IN GOVT. BONDS</b>   |           |                                 |  |                                 |  |
| National Savings Certificate  |           | 7,470                           |  | 2,470                           |  |
| <b>3. QUOTED - NON-TRADE (FULLY PAID AT COST)</b>   |           |                                 |  |                                 |  |
| Happy Homes Profin Ltd<br>(44800 Equity shares of Rs.10/- each Fully Paid Up)   |           | 1                               |  | 1                               |  |
| Hindustan Construction Company Ltd<br>(500 Shares of R.45.20 Each Fully Paid Up; market Value Rs.4950/-)                                  |           | 22,767                          |  | 22,767                          |  |
| IDBI Bank Ltd<br>(500 Shares of Rs.155.40 Each Fully Paid Up; market value Rs.29,225/-)   |           | 78,100                          |  | 78,100                          |  |
| Indotech Transformers<br>(691 Equity Shares of Rs.130/- Each Fully Paid Up; market value Rs.34,861/-)                                     |           | 89,830                          |  | 89,830                          |  |
| Tata Consultancy Servies Ltd<br>(3600 Shares of Rs.1/- Each Fully Paid up; market value Rs.69,40,080/-)                                   |           | 902,352                         |  | 902,352                         |  |
|   |           | <b>151,254,710</b>              |  | <b>83,887,759</b>               |  |

| Details of quoted/unquoted investments:<br>Particulars              | AS ON<br>30.09.2013 | AS ON<br>30.09.2012 |
|---|---------------------|---------------------|
| (a) Aggregate amount of quoted investments and market value thereof |                     |                     |
| Book Value  | 1,093,050           | 1,093,050           |
| Market Value  | 7,009,116           | 4,787,183           |
| (b) Aggregate amount of unquoted investments                        |                     |                     |
| Book Value  | 150,161,660         | 82,794,710          |
| (c) Aggregate provision for diminution in value of investments      | -                   | -                   |

| PARTICULARS  | NOTE NO   | AMOUNT<br>AS ON 30.09.2013<br>₹ |                      | AMOUNT<br>AS ON 30.09.2012<br>₹ |                      |
|--|-----------|---------------------------------|----------------------|---------------------------------|----------------------|
| <b>LONG TERM LOANS AND ADVANCES</b>  | <b>14</b> |                                 |                      |                                 |                      |
| Security deposits  |           |                                 |                      |                                 |                      |
| Security deposits - unsecured and considered good  |           | 1,109,268,731                   |                      | 1,058,266,187                   |                      |
| Others   |           | 7,119                           |                      | 8,540,827                       |                      |
|  |           |                                 | <b>1,109,275,850</b> |                                 | <b>1,066,807,014</b> |
| <b>CURRENT INVESTMENTS</b>   | <b>15</b> |                                 |                      |                                 |                      |
| Units of mutual funds under daily dividend plan  |           | 5,122,489                       |                      | -                               | -                    |
|  |           |                                 | <b>5,122,489</b>     |                                 |                      |
| <b>INVENTORIES</b><br>(as taken, valued and certified by the Management)                     | <b>16</b> |                                 |                      |                                 |                      |
| Land   |           | 80,635,801                      |                      | 79,927,364                      |                      |
| Raw Materials  |           | 2,092,396                       |                      | 1,482,654                       |                      |
| Work in Progress   |           | 921,167,182                     |                      | 775,630,929                     |                      |
| Finished Properties  |           | 61,302,856                      |                      | 226,603,397                     |                      |
|  |           |                                 | <b>1,065,198,235</b> |                                 | <b>1,083,644,343</b> |
| <b>TRADE RECEIVABLES</b>   | <b>17</b> |                                 |                      |                                 |                      |
| Debt outstanding for a period of exceeding six months from the date they are due for payment |           |                                 |                      |                                 |                      |
| Unsecured and considered good  |           |                                 |                      |                                 |                      |
| - Debts due by Directors   |           | 4,606,356                       |                      | 600,000                         |                      |
| - Debts due by Firms where the directors are partners  |           | 2,572,000                       |                      | -                               |                      |
| - Debts due by Private companies in which directors are directors                            |           | 52,152,421                      |                      | -                               |                      |
| - Others   |           | 598,876,212                     |                      | 593,206,533                     |                      |
| Debt outstanding for a period of less than six months from the date they are due for payment |           |                                 |                      |                                 |                      |
| Unsecured and considered good  |           |                                 |                      |                                 |                      |
| - Debts due by Directors   |           | 496,704                         |                      | -                               |                      |
| - Debts due by Private companies in which directors are directors                            |           | 811,508                         |                      | -                               |                      |
| - Others   |           | 266,479,558                     |                      | 60,686,370                      |                      |
|  |           |                                 | <b>925,994,759</b>   |                                 | <b>654,492,903</b>   |
| <b>CASH AND CASH EQUIVALENTS</b>   | <b>18</b> |                                 |                      |                                 |                      |
| Balance with Banks   |           | 92,081,033                      |                      | 39,027,377                      |                      |
| Cash in Hand   |           | 9,192,410                       |                      | 8,815,161                       |                      |
| Others* (mutual funds under daily dividend plan)   |           | 43,400,000                      |                      | 55,718,252                      |                      |
| Other Bank balances  |           |                                 |                      |                                 |                      |
| - Deposit accounts   |           | 60,928,137                      |                      | 76,905,337                      |                      |
| - Earmarked accounts: Unpaid dividend  |           | 401,832                         |                      | 468,308                         |                      |
|  |           |                                 | <b>206,003,412</b>   |                                 | <b>180,934,435</b>   |
| <b>SHORT TERM LOANS AND ADVANCES</b>   | <b>19</b> |                                 |                      |                                 |                      |
| Unsecured and considered good  |           |                                 |                      |                                 |                      |
| Related Parties  |           |                                 |                      |                                 |                      |
| Other loans and advances   |           | 10,991,725                      |                      | -                               |                      |

| PARTICULARS   | NOTE NO   | AMOUNT<br>AS ON 30.09.2013<br>₹ |                      | AMOUNT<br>AS ON 30.09.2012<br>₹ |                      |
|---|-----------|---------------------------------|----------------------|---------------------------------|----------------------|
| Others  |           |                                 |                      |                                 |                      |
| Advance for land  |           | 310,687,539                     |                      | 240,857,539                     |                      |
| Advance tax and others                                    |           | 178,553,373                     |                      | 125,389,242                     |                      |
| Advance given to suppliers and others                     |           | 209,346,961                     |                      | -                               |                      |
| Other loans and advances                                  |           | 384,238,645                     |                      | 628,500,044                     |                      |
|   |           |                                 | <b>1,093,818,242</b> |                                 | <b>994,746,825</b>   |
| <b>OTHER CURRENT ASSETS</b>                               | <b>20</b> |                                 |                      |                                 |                      |
| Security deposits   |           | -                               |                      | -                               |                      |
| Other deposits  |           | 69,864,909                      |                      | 312,682,425                     |                      |
| Prepaid Expenses  |           | 812,098                         |                      | 325,002                         |                      |
| Others  |           | 229,347,657                     |                      | 20,456,326                      |                      |
|   |           |                                 | <b>300,024,664</b>   |                                 | <b>333,463,753</b>   |
| <b>REVENUE FROM OPERATION</b>                             | <b>21</b> |                                 |                      |                                 |                      |
| Sales   |           | 1,313,461,753                   |                      | 1,131,642,320                   |                      |
| Marketing fees received                                   |           | 3,514,854                       |                      | 30,115,099                      |                      |
| Project Management fees received                          |           | 6,419,555                       |                      | -                               |                      |
| Share of profit from firms                                |           | (7,196,606)                     |                      | 39,398                          |                      |
| Other operating income                                    |           | -                               |                      | -                               |                      |
| Materials   |           |                                 |                      | 81,410,016                      |                      |
| Work-in-progress  |           |                                 |                      | 702,187,545                     |                      |
| Finished Goods  |           |                                 |                      | 226,603,398                     |                      |
|   |           |                                 | <b>1,316,199,556</b> |                                 | <b>2,171,997,775</b> |
| <b>OTHER INCOME</b>                                       | <b>22</b> |                                 |                      |                                 |                      |
| Lease rentals   |           | 27,657,392                      |                      | 20,513,132                      |                      |
| Maintenance charges received                              |           | 18,928,840                      |                      | 15,791,617                      |                      |
| Other operating income                                    |           | 11,401,538                      |                      | -                               |                      |
| Dividend income   |           | 2,413,874                       |                      | 1,952,959                       |                      |
| Interest received   |           | 11,970,723                      |                      | 22,206,628                      |                      |
| Compensation received                                     |           | -                               |                      | 23,000,000                      |                      |
| Miscellaneous income                                      |           | 12,062,840                      |                      | 1,932,697                       |                      |
| Profit on sale of land                                    |           | 17,642,420                      |                      | -                               |                      |
|   |           |                                 | <b>102,077,627</b>   |                                 | <b>85,397,033</b>    |
| <b>CONSTRUCTION AND PROJECT EXPENSES</b>                  | <b>23</b> |                                 |                      |                                 |                      |
| Cost of land, materials, labour and sub-contract expenses |           | 1,035,204,334                   |                      | 1,807,237,152                   |                      |
| Consumption and stores                                    |           | -                               |                      | 42,449                          |                      |
| Salary and staff welfare expenses                         |           | 7,555,191                       |                      | 109,567                         |                      |
| Power and fuel  |           | -                               |                      | 100,822                         |                      |
| Transport and delivery charges                            |           | -                               |                      | 20,607                          |                      |
| Professional, consultancy charges and other services      |           | 120,971,589                     |                      | 4,011,236                       |                      |
| Legal & Registration expenses                             |           | 7,538,473                       |                      | 11,805,600                      |                      |
| Commission  |           | -                               |                      | 4,431                           |                      |
| Advertisement Expenses - Projects                         |           | -                               |                      | 15,162                          |                      |
| Marketing fees paid                                       |           | 82,269,284                      |                      | 29,420,458                      |                      |
| Finance costs directly attributable to construction       |           | 54,169,816                      |                      | 84,463,915                      |                      |
| Compensation paid   |           | -                               |                      | 1,347,741                       |                      |
| Other Project expenses                                    |           | 58,149,273                      |                      | 79,734,211                      |                      |
|   |           |                                 | <b>1,365,857,960</b> |                                 | <b>2,018,313,352</b> |



| PARTICULARS  | NOTE NO   | AMOUNT<br>AS ON 30.09.2013<br>₹ |                    | AMOUNT<br>AS ON 30.09.2012<br>₹ |                   |
|--|-----------|---------------------------------|--------------------|---------------------------------|-------------------|
| <b>CHANGES IN INVENTORIES OF MATERIALS, WORK- IN-PROGRESS AND FINISHED GOODS</b> | <b>24</b> |                                 |                    |                                 |                   |
| a. Inventories at the beginning of the year                                      |           |                                 |                    |                                 |                   |
| i. Land  |           | 79,927,364                      |                    | -                               |                   |
| ii. Raw Materials  |           | 1,482,652                       |                    | -                               |                   |
| iii. Work-in-progress  |           | 775,630,929                     |                    | -                               |                   |
| iv. Finished goods   |           | 226,603,398                     |                    | -                               |                   |
|  |           | <u>1,083,644,343</u>            |                    | <u>-</u>                        |                   |
| b. Inventories at the end of the year  |           |                                 |                    |                                 |                   |
| i. Land  |           | 80,635,801                      |                    | -                               |                   |
| ii. Raw Materials  |           | 2,092,396                       |                    | -                               |                   |
| iii. Work-in-progress  |           | 921,167,182                     |                    | -                               |                   |
| iv. Finished goods   |           | 61,302,856                      |                    | -                               |                   |
|  |           | <u>1,065,198,235</u>            |                    | <u>-</u>                        |                   |
| Net (increase) / decrease  |           |                                 | <b>18,446,108</b>  |                                 | -                 |
| <b>EMPLOYEES BENEFIT EXPENSES</b>  | <b>25</b> |                                 |                    |                                 |                   |
| Staff Salary   |           | 14,250,964                      |                    | 17,013,148                      |                   |
| Contribution to funds and defined benefit expenses                               |           | 441,952                         |                    | 285,186                         |                   |
| Staff Welfare  |           | 405,108                         | <b>15,098,023</b>  | 561,430                         | <b>17,859,763</b> |
| <b>FINANCE COST</b>  | <b>26</b> |                                 |                    |                                 |                   |
| Interest Expense   |           | 142,455,049                     |                    | 82,086,945                      |                   |
| Loan processing expenses   |           | 2,247,200                       |                    | -                               |                   |
| Loan closure charges   |           | 443,822                         | <b>145,146,071</b> | -                               | <b>82,086,945</b> |
| <b>DEPRECIATION AND AMORTIZATION</b>   | <b>27</b> |                                 |                    |                                 |                   |
| Depreciation of tangible fixed asset   |           | 6,579,258                       |                    | 5,900,351                       |                   |
| Amortization of intangible fixed asset   |           | 96,350                          | <b>6,675,608</b>   | 289,750                         | <b>6,190,101</b>  |
| <b>OTHER EXPENSES</b>  | <b>28</b> |                                 |                    |                                 |                   |
| Power & Fuel   |           | 2,739,222                       |                    | 2,202,016                       |                   |
| Rent   |           | 4,766,784                       |                    | 4,564,457                       |                   |
| General Expenses   |           | 1,302,788                       |                    | 5,262,971                       |                   |
| Resale compensation  |           | 3,597,335                       |                    | -                               |                   |
| Insurance  |           | 112,391                         |                    | 514,261                         |                   |
| Rates & Taxes  |           | 2,691,894                       |                    | 6,259,595                       |                   |
| Repairs & Office Maintenance   |           | 27,218,567                      |                    | 20,073,875                      |                   |
| Advertisement & Business Promotion   |           | 4,051,944                       |                    | 6,074,116                       |                   |
| Commission paid and other selling and distribution expenses                      |           | 1,203,310                       |                    | -                               |                   |
| Legal, Professional & Consultancy Charges  |           | 5,968,529                       |                    | 7,820,747                       |                   |
| Travelling & Conveyance  |           | 1,399,881                       |                    | 2,692,436                       |                   |
| Vehicle Maintenance  |           | 1,110,400                       |                    | 626,393                         |                   |
| Telephone, Postage, Printing & Stationery  |           | 2,376,940                       |                    | 2,571,085                       |                   |
| Interest on taxes paid   |           | 161,491                         |                    | 2,098                           |                   |
| Miscellaneous Expenditure  |           | 2,003,430                       |                    | 214,883                         |                   |
| Donation   |           | 561,073                         |                    | 983,200                         |                   |
| Directors' Remuneration  |           | 4,200,000                       |                    | 4,407,973                       |                   |
| Directors' Fees  |           | 72,000                          |                    | 54,000                          |                   |
| Other Borrowing Costs  |           | 277,529                         |                    | 480,649                         |                   |

| PARTICULARS                  | NOTE NO | AMOUNT<br>AS ON 30.09.2013<br>₹ | AMOUNT<br>AS ON 30.09.2012<br>₹ |
|------------------------------|---------|---------------------------------|---------------------------------|
| Bank Charges                 |         | 74,000                          | 44,611                          |
| Audit Fees                   |         |                                 |                                 |
| - For Statutory Audit        |         | 746,988                         | 851,108                         |
| - For other services         |         | 345,507                         | 330,900                         |
| Prior period expense         |         | -                               | 82,725                          |
| Loss on sale of fixed assets |         | 1,055,904                       | 27,285                          |
|                              |         | <b>68,037,906</b>               | <b>66,141,385</b>               |

## 29. INTEREST INCOME

Interest from Arihant Indo African Infra Developers & Builders Private Limited has accrued only for first quarter. However, for the balance period, income recognition has been deferred because there is no certainty as to its collection. The said treatment is in conformity with Accounting Standard 9 Revenue Recognition.

## 30. CONTINGENT LIABILITIES, PROVISIONS AND CONTINGENT ASSETS

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

ii) The income tax department has filed appeal against the order of the CIT (Appeal) before the income tax appellate tribunal for various assessment years which is as follows:-

| Period to which the amount relates | Amount in Rs. |
|------------------------------------|---------------|
| 2004-2005                          | 13,71,638/-   |
| 2005-2006                          | 53,23,956/-   |
| 2007-2008                          | 1,19,53,006/- |
| 2009-2010                          | 5,58,07,850/- |

## 31. INVESTMENT IN PARTNERSHIP FIRMS

| Name of the firm                 | Name of all the partners   | Share of each                        | Total Capital |
|----------------------------------|--|--------------------------------------|---------------|
| 1. Arihant Heirloom              | Arihant Foundations & Housing Limited<br>A.V.Krishnan<br>R. Raghavan<br>Vasanth Lakshmi  | 49.39%<br>13.24%<br>16.17%<br>21.20% | 20,726,443    |
| 2. Arihant Foundations           | Arihant Foundations & Housing Limited<br>Ultramarine Investments Private Limited<br>Vimal Lunawath - Nominee of Arihant Foundations & Housing Limited<br>Swaroop Reddy | 4.00%<br>95.00%<br>0.50%<br>0.50%    | 47,603,889    |
| 3. Arihant Foundations & Housing | Arihant Foundations & Housing Limited<br>Ultramarine Investments Private Limited<br>Vimal Lunawath - Nominee of Arihant Foundations & Housing Limited<br>Swaroop Reddy | 3.00%<br>95.00%<br>0.50%<br>1.50%    | 15,442,109    |

iii) Amount of service tax under dispute: Rs.23,16,081/- pertaining to the period from October 2004 to March 2007 (Previous year: Rs.23,16,081/- for the period October 2004 to March 2007); Rs. 7,87,509/- pertaining to the period from July 2007 to April 2008 (Previous year: Rs. 7,87,509/- pertaining to the period from July 2007 to April 2008)

iv) HUDCO has filed a counter suit against the order of DRT to increase the interest rate payable from 9%. As such, the interest liability of the company may be increased.

v) The company may receive interest on amounts paid by it for various appeals which are pending.

Notes:-

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.

2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters stated above pending resolution of the arbitration/appellate proceedings.

### 32. SEGMENT REPORTING

The company is primarily in the business of real estate development and related activities including construction. Major exposure is to residential and commercial construction and development of IT parks. Further majority of the business conducted is within the geographic boundaries of India.

In view of the above, in the opinion of the Management and based on the organizational and internal reporting structure, the company's business activities as described above are subject to similar risks and returns. Further, since the business activities undertaken by the company are within India, in the opinion of the Management, the environment in India is considered to have similar risks and returns. Consequently the company's business activities primarily represent a single business segment. Similarly, this business operations in India represent a single geographical segment.

### 33. LEASED ASSETS

#### A. Operating lease taken

The company has taken buildings and office equipments on operating lease basis. The details of the same are given below:-

| Particulars  | 30-09-2013 | 30-09-2012 |
|--|------------|------------|
| The total of lease payments recognized in the profit and loss account are (in Rs): | 4,766,784  | 4,477,883  |
| Particulars  | 30-09-2013 | 30-09-2012 |
| a) Not later than one year (in Rs.)  | 4,371,924  | 6,957,500  |
| b) Later than one year, but not later than five years (in Rs.)                     | 6,957,500  | -          |
| c) More than five years (in Rs.)   | -          | -          |

#### B. Operating lease given

(i) The company has given buildings on operating lease. The lease rentals are receivable by the company on a monthly basis.

| Particulars   | 30-09-2013 | 30-09-2012 |
|---|------------|------------|
| (ii) The total of lease income recognized in the profit and loss account are (in Rs): | 27,657,392 | 20,513,132 |

(iii) Future minimum lease rentals receivable as at 30th September, 2013 as per the lease agreement as under:

| Particulars  | 30-09-2013  | 30-09-2012  |
|--|-------------|-------------|
| a) Not later than one year (in Rs.)                            | -           | 29,781,941  |
| b) Later than one year, but not later than five years (in Rs.) | 29,781,941  | 114,164,316 |
| c) More than five years (in Rs.)                               | 114,164,316 | 39,564,450  |

### 34. EARNINGS PER SHARE

#### BASIC EARNINGS PER SHARE

| Particulars  | 30-09-2013    | 30-09-2012 |
|--|---------------|------------|
| a) Weighted Average number of shares considered for calculation of EPS | 8,600,000     | 8,600,000  |
| b) Net profit after tax (in Rs)  | (185,606,397) | 48,389,101 |
| c) Basic earnings per share (in Rs)                                    | (21.58)       | 5.63       |
| d) Face value per share (in Rs)  | 10            | 10         |

#### DILUTED EARNINGS PER SHARE

| Particulars  | 30-09-2013    | 30-09-2012 |
|--|---------------|------------|
| a) Weighted Average number of shares considered for calculation of EPS | 8,600,000     | 8,600,000  |
| b) Net profit after tax (in Rs.)                                       | (185,606,397) | 48,389,101 |
| c) Basic earnings per share (in Rs.)                                   | (21.58)       | 5.63       |
| d) Face value per share (in Rs.)                                       | 10            | 10         |

### 35. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in Rs. Lakhs)

| Particulars | 30-09-2013 | 30-09-2012 |
|-------------|------------|------------|
| a) Earnings | -          | -          |
| b) Outgo*   | 16.84      | 12.84      |

\* Foreign Exchange outgo comprises of expenses on travelling and participating in exhibitions abroad and professional charges paid to foreign consultants

### 36. INTEREST IN JOINT VENTURES AND ASSOCIATES:

| Name of the Company  | Country of incorporation | Proportion of ownership interest as at |            |
|--|--------------------------|--|------------|
|  |                          | 30-09-2013                             | 30-09-2012 |
| JV Companies   |                          |  |            |
| (a) Escapade Real Estate Private Limited                               | India                    | 50.00%                                 | 50.00%     |
| (b) Arihant Unitech Realty Projects Limited                            | India                    | 50.00%                                 | 50.00%     |
| (c) Arihant Indo African Infra Developers and Builders Private Limited | India                    | 26.00%                                 | 26.00%     |
| (d) North town Estates Private Limited                                 | India                    | 50.00%                                 | 50.00%     |
| Partnership firms  |                          |  |            |
| (a) Arihant Heirloom   | India                    | 49.39%                                 | 49.39%     |
| (b) Arihant Foundations  | India                    | 4.50%                                  | 4.50%      |
| (c) Arihant Foundations & Housing                                      | India                    | 3.50%                                  | 3.50%      |

The company's share of the assets and liabilities as on 31st March, 2013 and income and expenses for the year ended in respect of joint venture entities based on audited/ unaudited accounts are given below:

| Particulars                      | 30-09-2013           | 30-09-2012           |
|----------------------------------|----------------------|----------------------|
| <b>A. Assets</b>                 |                      |                      |
| - Non-current assets             | 571,636,302          | 606,196,483          |
| - Current assets                 | 968,738,173          | 913,492,937          |
| <b>TOTAL</b>                     | <b>1,540,374,476</b> | <b>1,519,689,420</b> |
| <b>B. Liabilities</b>            |                      |                      |
| - Non-current liabilities        | (35,897,568)         | 77,048,416           |
| - Current liabilities            | 1,348,093,240        | 1,083,820,665        |
| <b>TOTAL</b>                     | <b>1,312,195,672</b> | <b>1,160,869,081</b> |
| <b>C. Contingent Liabilities</b> | <b>NIL</b>           | <b>NIL</b>           |
| <b>D. Capital commitments</b>    | <b>NIL</b>           | <b>NIL</b>           |
| <b>E. Income</b>                 | <b>744,419,006</b>   | <b>822,234,501</b>   |
| <b>F. Expenses</b>               | <b>900,619,927</b>   | <b>770,602,117</b>   |

### 37. BENEFITS TO EMPLOYEES

As per accounting standard (AS) 15 revised, 'employee benefits', the disclosures of employee benefits are as given below:

#### (a) Defined contribution plans

Contributions recognized as expense for the year are as under:

| Particulars   | 30-09-2013 | 30-09-2012 |
|---|------------|------------|
| Employer's contribution to provident fund and others (in Rs.) | 441,952    | 688,380    |
|   |            |            |

#### (a) Defined Benefit plans

The cost of providing gratuity are determined using the projected unit credit method, on the basis of actuarial valuation techniques, conducted at the end of the financial year.

| Particulars  |             |
|--|-------------|
| <b>i. Expense to be recognized in the statement of profit &amp; loss</b>   | 30-09-2013  |
| a) Interest Cost   | 374,502     |
| b) Current Service Cost  | 617,358     |
| c) Past Service Cost   | -           |
| d) Expected Return on Plan Assets  | -           |
| e) Curtailment Cost (Credit)   | -           |
| f) Settlement Cost (Credit)  | -           |
| g) Net Actuarial (gain) / loss   | (1,382,041) |
| h) Net Expenses to be recognized in the statement of profit & loss account | (390,181)   |
| <b>ii. Amounts to be recognized in the Balance Sheet</b>                   | 30-09-2013  |
| a) Present Value of Obligations as on the Accounting Date                  | 3,842,035   |
| b) Fair Value of the Plan Assets   |             |
| c) Liability Recognized in the Balance Sheet                               | 3,842,035   |
| <b>iii. Movements in accrued liability</b>                                 | 30-09-2013  |
| a) Accrued Liability as at the beginning of the period                     | 4,841,318   |
| b) Correction subsequently effected to last year's closing liability       | 60,660      |
| c) Interest Cost   | 374,502     |
| d) Current Service Cost  | 617,358     |

|  |                   |
|--|-------------------|
| e) Past Service Cost   | --                |
| f) Curtailment Cost  | --                |
| g) Settlement Cost   |                   |
| h) Benefits paid   | (669,762)         |
| i) Net Actuarial (gain) / loss                                       | (1,382,041)       |
| j) Accrued Liability as at the end of the period                     | 3,842,035         |
| <b>iv. Reconciliation</b>  | <b>30-09-2013</b> |
| a) Net Liability as at the beginning of the period                   | 4,841,318         |
| b) Correction subsequently effected to last year's closing liability | 60,660            |
| c) Net Expenses in statement of profit and loss                      | (390,181)         |
| d) Benefits paid   | (669,762)         |
| e) Net Liability at the end of the period                            | 3,842,035         |
| <b>v. Experience Rated Adjustments</b>                               | <b>30-09-2013</b> |
| a) Liability side  | 1,382,041         |
| b) Asset side  | NA                |

| <b>vi. Principal Actuarial Assumptions:</b>    |                   |                       |
|--|-------------------|-----------------------|
| Particulars                                    | 30-09-2013        | 30-09-2012            |
| a) Mortality table - Indian assured lives      | Ind.<br>(2006-08) | Ultimate<br>(1994-96) |
| b) Discounting rate<br>(per annum)             | 8.20%             | 8.20%                 |
| c) Rate of escalation in salary<br>(per annum) | 10.00%            | 10.00%                |
| d) rate of return on plan assets               | NA                | NA                    |
| e) Attrition rate fixed by the enterprise      | 5.00%             | 5.00%                 |

**38. RELATED PARTY DISCLOSURES**

Related parties are classified as:

**Associates**

Arihant Hospitality Chennai Private Limited\*  
Heirloom Real Estate Private Limited

\* Ceased to be related party w.e.f 25.03.2013

**Key Management Personnel**

| Name               | Designation                    |
|--------------------|--------------------------------|
| Mr. Kamal Lunawath | Chairman and Managing Director |
| Mr. Vimal Lunawath | Whole time Director            |
| Mr. Bharat Jain    | Whole time Director            |

Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise and relatives of any such individual:

Mrs. Snehlatha Lunawath  
Mrs. Preethi Lunawath  
Mrs. Kavita Lunawath

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

| Amount (₹) |                                    |                                   |  |                                  |
|------------|------------------------------------|-----------------------------------|--|----------------------------------|
| S. No      | Description                        | Key management personnel          | Entities, relatives of key management personnel and individuals owning directly indirectly, an interest in the voting power of the reporting enterprise and relatives of any such individual | TOTAL                            |
| 1.         | Service rendered                   | -<br>(-)                          | -<br>(-)   | -<br>-                           |
| 2.         | Interest received                  | (-)                               | (-)  | (-)                              |
| 3.         | Interest paid                      | <b>26,052,370</b><br>(32,154,046) | -<br>(-)   | <b>26,052,370</b><br>(-)         |
| 4.         | Loans received from                | <b>31,873,970</b><br>(9,580,939)  | -<br>(-)   | <b>31,873,970</b><br>(9,580,939) |
| 5.         | Loans repaid to                    | <b>23,849,342</b><br>(555,458)    | -<br>(-)   | <b>23,849,342</b><br>(555,458)   |
| 6.         | Advances received from             | (-)                               | (-)  | -<br>-                           |
| 7.         | Advances repaid to                 | (-)                               | (-)  | -<br>-                           |
| 8.         | Advances made to                   | (-)                               | (-)  | -<br>-                           |
| 9.         | Advances - repayment received from | (-)                               | (-)  | -<br>-                           |
| 10.        | Receipts for shares and warrants   | (-)                               | (-)  | -<br>-                           |
| 11.        | Remuneration paid                  | <b>3,300,000</b><br>(4,857,973)   | -<br>(-)   | <b>3,300,000</b><br>(4,857,973)  |

Note: Previous years' figures are given within brackets

**39.** The exceptional item of Rs. 1,80,10,050/- as show in the statement of profit and loss for the year ended 30th September, 2013, represents the reversal of interest income accrued.

**40. PREVIOUS YEAR FIGURES**

Previous year figures have been regrouped, rearranged and reclassified wherever considered necessary.

As per our attached report of even date  
For **B.P. Jain & Co.**  
**Chartered Accountants**  
FIRM REG NO-050105S  
sd/-  
**CA Devendra Kumar Bhandari**  
Partner  
Membership No.: 208862

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

sd/-  
**Kamal Lunawath**  
Managing Director

sd/-  
**Vimal Lunawath**  
Wholetime Director

sd/-  
**J. Meenakshi**  
Company Secretary

Place : Chennai  
Date : 29.11.2013

## NOTES

[illegible]

[illegible]



## NOTES

[illegible]

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

**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Chennai

**PROXY**

I/We .....

c/o.....

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

Mr. Mrs.....

c/o.....

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

c/o.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Friday, 28th March 2014 and any adjournment thereof. As witness my/our hand (s) this 28th day of March 2014.

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 : 9.30 a.m. Friday, 28th March, 2014

Place : "ARIHANT ESCAPADE", Devaraj Nagar, No. 48, Okkiyum, Thoraipakkam, Chennai - 97.

Full name of the shareholder.....

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

.....

Folio No.....

Date.....



Signature

