



a p a s s i o n t o r i s e a b o v e t h e o r d i n a r y



14th annual | report | 2005 – 2006



**Late - Shri Navratan Lunawath**  
Founder Chairman

A passion to excel in every sphere of our business stems from our deep-rooted commitment towards our investors. We have strived to keep our customers interest as our focus while working on projects that are unique as they are long lasting. Building lasting relationships on trust is the crux of our business and we forge ahead everyday in accordance to these principles, with renewed passion and vigour, in our quest to rise above the ordinary.

**CORPORATE STRUCTURE****BOARD OF DIRECTORS**

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

**KEY MANAGEMENT PERSONNEL**

Rashmi R. Parekh	Chief Financial Officer
Priti Venkatesan	Company Secretary

**BANKERS**

Indian Overseas Bank  
IDBI Limited  
ICICI Bank Limited  
Punjab and Sind Bank  
Corporation Bank  
Vijaya Bank

**AUDITORS**

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

**LEGAL ADVISOR**

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

**REGISTERED OFFICE**

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

**REGISTRAR AND SHARE TRANSFER AGENTS**

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

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## CHAIRMAN'S SPEECH

Dear Shareholders,

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

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

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

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

## COMPANY'S PERFORMANCE FOR THE YEAR

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

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

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

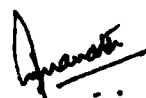
## CONCLUSION

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

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

Thank You,

Sincerely



**KAMAL LUNAWATH**  
Chairman

## NOTICE

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held at 10.00 A.M. on Friday, the 23rd March, 2007 at "The Residency Tower", Sir Thyagaraya Road, T.Nagar, Chennai - 17 to transact with or without modifications, as may be permissible the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited balance sheet as at 30<sup>th</sup> September 2006 and Audited profit and loss account for the period from 01.10.2005 to 30.09.2006, together with the Directors' Report and the Auditors' Report.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Alex Jacob, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. A Damodaran, who retires by rotation and being eligible, offer himself for re-appointment.
5. To Appoint Auditors and fix their remuneration to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting. The retiring Auditors M/s. B.P Jain & Co., being eligible offer themselves for reappointment.

### SPECIAL BUSINESS:

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

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

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

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

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

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

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

"RESOLVED THAT In accordance with the provision of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 or any statutory modification(s) or re enactment thereof, approval of the Company be and is hereby accorded to the revision of remuneration of Mr. Kamal Lunawath, Managing Director of the Company from Rs.40000/- per month to Rs.75000/- per month and that the Board of Directors(herein after referred to as "the Board") authorised to alter and vary remuneration, subject to the same not exceeding the limits specified under schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re enactment thereof."

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

"RESOLVED THAT In accordance with the provision of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 or any statutory modification(s) or re enactment thereof,

approval of the Company be and is hereby accorded to the revision of remuneration of Mr. Vimal Lunawath, Whole time Director of the Company from Rs.25000/- per month to Rs.75000/- per month and that the Board of Directors(herein after referred to as "the Board") authorised to alter and vary remuneration, subject to the same not exceeding the limits specified under schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re enactment thereof."

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

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

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

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

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

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

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

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

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

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

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

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

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

sd/-

Place : Chennai  
Date : 21-2-2007

**Priti Venkatesan**  
Company Secretary



**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company. The instrument appointing a proxy should, however be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16.03.2007 to 23.03.2007 (Both days inclusive).
4. The dividend on equity shares, if declared at the Meeting, will be payable to those shareholder, whose names appear on the Company's Register of Members at the close of business hours on 15.03.2007. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the close of business hours on 15.03.2007.
5. Members are requested to notify immediately the changes in their address, if any.
6. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of meeting.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's share department enclosing their share certificates, to enable the Company to consolidate their holdings in one folio.
9. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM 6**

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

*Memorandum of Interest*

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

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

**ITEM 7**

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

Terms of appointment: 5 years with effect from 21.02.2007.

Remuneration: Rs.75000/- per month

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



*Memorandum of Interest*

Save and except Mr. A.L Jayabhanu, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.7 of the notice.

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

**ITEM 8**

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

Terms of appointment: 5 years with effect from 21.02.2007.

Remuneration: Rs.75000/- per month

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

*Memorandum of Interest*

Save and except Mr. Jagdish R Bhatt, none of the other Directors of the Company is, in anyway, concerned or interested in the resolution set out at item no.8 of the notice.

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

**ITEM 9**

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

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

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

*Memorandum of Interest*

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

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

**ITEM 10**

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

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

*Memorandum of Interest*

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

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

**ITEM 11**

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

*Memorandum of Interest*

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

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

#### Item 12

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

#### *Memorandum of Interest*

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

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

#### Item 13

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

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

#### *Memorandum of Interest*

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

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

#### Item 14

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

#### *Memorandum of Interest*

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

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

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

Place: Chennai  
 Date: 21.02.2007

sd/-  
**Priti Venkatesan**  
 Company Secretary