

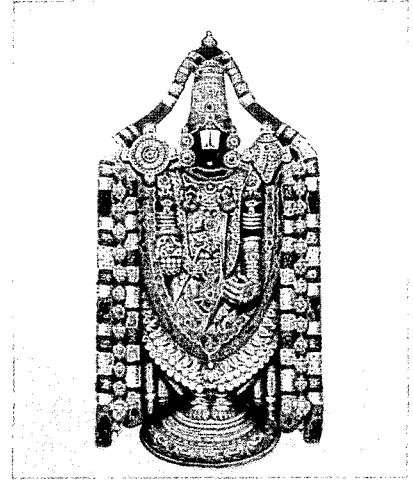
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Annual Report 2008 - 2009

17th | annual report | 2008 - 2009





(Late) Shri. Navratan Lunawath
Founder Chairman

We at "Arihant" transforming the lives through innovative changes;

We promise to achieve excellence in service, quality, reliability and customer care by building on integrity;

We look forward to work with vigour and dedication to sustain growth and enhance the value of our stake holders.

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

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

Mr. Kishore Kumar Sahoo Company Secretary

BANKERS / FI's

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

AUDITORS

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

LEGAL ADVISOR

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

REGISTERED OFFICE

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

CORPORATE OFFICE

3, Ganapathy Colony, 3rd St
Off. Cenotaph Road,
Teynampet
Chennai- 600018

REGISTRAR AND SHARE TRANSFER AGENTS

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

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Dear Shareholders,

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

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

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

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

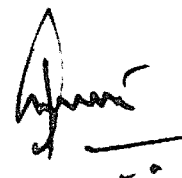
CREDAI has suggested the centre to consider the extension of dateline to March 2012 for providing tax holidays to projects irrespective of the date of approval. This will be of greater benefit to the sector and encourage developers to take up new projects and expedite ongoing projects as well.

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

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

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

Thank You



(Kamal Lunawath)
Managing Director



NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS

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

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

By Order of the Board
For Arihant Foundations & Housing Limited

Sd/-
(Kishore Kumar Sahoo)
Company Secretary

Place: Chennai
Date: 17.02.2010

NOTES:

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

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item no. 7**

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

Terms of appointment : 5 years with effect
from 17.02.2010

Remuneration : Rs.1,00,000/- per month

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

Memorandum of Interest

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

By Order of the Board
For Arihant Foundations & Housing Limited

Sd/-
(Kishore Kumar Sahoo)
Company Secretary

Place: Chennai
Date: 17.02.2010

DIRECTORS' REPORT

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

FINANCIALS

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

PERFORMANCE

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

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

DIVIDEND

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

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

DEPOSITS

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

PROJECTS

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

Project details:

ONGOING PROJECTS

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

NEW PROJECT INITIATIVES

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

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.

DIRECTORS

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

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

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- Proper and sufficient care have been taken to maintain

AUDITORS

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

INVESTOR RELATIONS

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

LISTING

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



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

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

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

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

Details of unclaimed Dividend:

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

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

PERSONNEL

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

ACKNOWLEDGEMENTS

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

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

(KAMAL LUNAWATH)
Managing Director

(VIMAL LUNAWATH)
Director

Place: Chennai
Date: 28.12.2009

ANNEXURE TO DIRECTOR'S REPORT

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

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