

## **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 Choudhary	Director
Mr. Harisharanlal Trivedi	Director
Mr. Karan Bhasin	Director
Mr. Kishore Kumar Sahoo	Company Secretary

### **BANKERS / FI's**

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- 600006.

### **COST AUDITOR**

S. Ramachandran, Cost Accountant  
 G2, 160, MGR Street,  
 Saligramam, Chennai 600 093.

### **LEGAL ADVISOR**

K Venkatasubramanian  
 141, Luz Church Road,  
 Mylapore, Chennai- 600005

### **REGISTERED OFFICE**

271, (Old no.182), Poonamallee High Road  
 "Ankur Manor", 1st Floor, Off. McNichols Road  
 Kilpauk, Chennai- 600018

### **CORPORATE OFFICE**

No.3, Ganapathy Colony  
 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 real estate sector in India is being recognized as an infrastructure service that is driving the economic growth engine of the Country. Currently about 5% of India's GDP is contributed by the housing sector. Demand for real estate is expected to grow at a compounded annual growth rate (CAGR) of 19% until 2014. Tier- I metropolitan cities are projected to account for about 40% of this. Growing requirements of space from sectors such as education, health care and tourism provide opportunities in the real estate sector.

India's GDP had downward movement consistently in the last three quarters of 2012. In 2013, this trend will prevail - though the quantum of revision will be lower. The country's economic environment will certainly improve in 2013, with a corresponding (though lagging) gain in momentum for real estate. The most tangible benefits of economic improvements on the Indian real estate space will be seen in 2013-14.

In Chennai, Old Mahabalipuram Road and GST Road are emerging as good realty destinations as there are a significant number of under construction projects by good developers. In 2011, Chennai has witnessed the maximum supply and the city has witnessed an average of 22-33 percent unsold stock in last four years. Although, the market faced 36 percent fall in new launches.


According to a real estate research, 2012 was not a thriving year for the real estate sector and even in 2013 the real estate market is not likely to witness the graph of success. Although there is a steep rise in residential properties, the private equity sector dried up. If the land acquisition bill and the real estate regulation bill is approved, there might be a revival in the economy.

During the year under review, your Company has made an average performance in terms of Sales and Profits. In terms of operational performance, many of its projects which are large residential complexes and Township are under Joint Venture and are progressing well. Your Company will earn good profits from these projects in the year to come. Recent past your Company has launched a residential project comprising of 1,94,145 Sq ft. at Mugappair, Chennai. Another residential project is in pipeline which is located at Nandambakkam, Chennai will be launched shortly.

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

Your Directors wishes to place on record its sincere thanks to 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 endeavours and all those who work for or are associated with Arihant.

Thank You



(Kamal Lunawath)

CMD

## NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Friday the 29th day of March, 2013 at "Arihant Escapade", Devaraj Nagar, 48, Okkium, Thoraipakkam, Chennai - 600097. 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, 2012 and Audited profit and loss account for the period from 01.10.2011 to 30.09.2012, 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. A.L Jayabhanu, 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 a Special Resolution.

"RESOLVED THAT In accordance with the Provisions of Section 198, 269, 309 and 310 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 increase in the remuneration of Mr. Kamal Lunawath, Chairman and Managing Director, up to Rs.1,00,000/- per month and commission payable @1% of net profit of the company until 31.10.2015."

"RESOLVED FURTHER that the total remuneration payable to Mr. Kamal Lunawath, Chairman and

Managing Director shall not exceed the limit as prescribed under Part -II, Section - II, clause B of Schedule XIII to the Companies Act, 1956.

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

RESOLVED THAT In accordance with the Provisions of Section 198, 269, 309 and 310 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 increase in the remuneration of Mr. Vimal Lunawath, Whole time Director up to Rs.1,00,000/- per month until 31.10.2015."

"RESOLVED FURTHER that the total remuneration payable to Mr. Vimal Lunawath, Whole time Director shall not exceed the limit as prescribed under Part -II, Section - II, clause B of Schedule XIII to the Companies Act, 1956.

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

"RESOLVED THAT In accordance with the Provisions of Section 198, 269, 309 and 310 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 payment of remuneration of Rs.1,00,000/- per month to Mr. Bharat Jain, Whole time Director until 16.02.2015."

"RESOLVED FURTHER that the total remuneration payable to Mr. Bharat Jain, Whole time Director shall not exceed the limit as prescribed under Part -II, Section - II, clause B of Schedule XIII to the Companies Act, 1956.

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(Kishore Kumar Sahoo)  
Company Secretary

Place: Chennai  
Date: 13.02.2013

## 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 22.03.2013 to 29.03.2013 (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 21.03.2013. 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 21.03.2013.
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.

10. Members who have not claimed their dividend for the financial year 2004-05 to 2010-11 requested to write to the Company for the same. Details of the unclaimed dividend for the respective financial years given in the Director's Report.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**Item No.6**

Mr. Kamal Lunawath, aged 40 is a Commerce graduate and associated with the Company from its inception. He is specialized in corporate planning and strategic management. He has a decade-long experience in managing large residential and commercial building projects from concept to completion. His special interest lies in creating state-of-the-art, plug and play IT parks and integrated township projects. He was appointed as Managing Director for a further period of 5 years with effect from 01.11.2010 (first appointed on 04.11.2005). The terms of appointment was approved by the shareholders at the Annual General Meeting held on 31.03.2011.

Remuneration paid to Mr. Kamal Lunawath until the date of this notice is Rs.75,000/- per month and other perquisites.

The approval to the payment of remuneration as per the earlier term is valid for a period of 3 years and the approval to the remuneration of Mr. Kamal Lunawath will expire on 31.10.2013. It is also proposed to increase the remuneration of Mr. Kamal Lunawath up to Rs.1,00,000/- per month and commission payable at 1% of Net Profit of the Company. The total remuneration payable to Mr. Kamal Lunawath shall not exceed the limit as prescribed under Part- II, Section -II, Clause B of Schedule XIII to the Companies Act, 1956 as approved by the Remuneration Committee. Pursuant to Schedule XIII to the Companies Act, 1956, the abovementioned require prior approval of the shareholders by means of passing special resolution. Hence the Board has recommended the resolution set out at item no. 6 of the notice for your approval.

Memorandum of Interest:

Except Mr. Kamal Lunawath, Managing Director and Mr. Vimal Lunawath, relative of Mr. Kamal Lunawath, none of the Director is concerned or interested in the resolution set out at item no. 6 of the notice.

Item No.7

Mr. Vimal Lunawath, aged 39 is a Commerce graduate and associated with the Company from its inception. He specialises in designing, execution and completion of large residential complexes with a size of over 250 flats. He was appointed as Whole time Director for a further period of 5 years with effect from 01.11.2010 (first appointed on 04.11.2005). The terms of appointment was approved by the shareholders at the Annual General Meeting held on 31.03.2011.

Remuneration paid to Mr. Vimal Lunawath until the date of this notice is Rs.75,000/- per month and other perquisites.

The approval to the payment of remuneration as per the earlier term is valid for a period of 3 years and the approval to the remuneration of Mr. Vimal Lunawath will expire on 31.10.2013. It is also proposed to increase the remuneration of Mr. Vimal Lunawath up to Rs.1,00,000/- per month and the total remuneration payable to Mr. Vimal Lunawath shall not exceed the limit as prescribed under Part- II, Section –II, Clause B of Schedule XIII to the Companies Act, 1956 as approved by the Remuneration Committee. Pursuant to Schedule XIII to the Companies Act, 1956, the abovementioned require prior approval of the shareholders by means of passing special resolution. Hence the Board has recommended the resolution set out at item no. 7 of the notice for your approval

Memorandum of Interest:

Except Mr. Vimal Lunawath, Whole time Director and Mr. Kamal Lunawath, relative of Mr. Vimal Lunawath, none of the Director is concerned or interested in the resolution set out at item no. 7 of the notice.

Item No.8

Mr. Bharat Jain, 37 is a undergraduate and associated with the Company from past 8 years. He specializes in Project execution. He posses 14 years of experience in execution of Township Project, large residential complex and industrial shed. He was appointed as Whole time Director for a period of 5 years with effect from 17.02.2010. The terms of appointment was approved by the shareholders at the Annual General Meeting held on 26.03.2010.

Remuneration paid to Mr. Bharat Jain until the date of this notice is Rs.1,00,000/- per month.

The approval to the payment of remuneration is valid for a period of 3 years and the approval to the remuneration of Mr. Bharat Jain will expire on 16.02.2013. The total remuneration payable to Mr. Bharat Jain shall not exceed the limits prescribed under Part- II, Section –II, Clause B of Schedule XIII to the Companies Act, 1956 as approved by the Remuneration Committee. In order to obtain the approval of the shareholders by means of passing special resolution to the abovementioned, the Board has recommended the resolution set out at item no.8 of the notice for your approval.

Memorandum of Interest:

Except Mr. Bharat Jain, Whole time Director, none of the Director is concerned or interested in the resolution set out at item no. 8 of the notice.

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(Kishore Kumar Sahoo)  
Company Secretary

Place: Chennai  
Date: 13.02.2013

# STATEMENT REGARDING THE MANAGERIAL PERSONNEL AS PER THE SPECIAL BUSINESS CONTAINED IN THE NOTICE – Item no.6, 7 & 8

[pursuant to clause B, Section- II , Part- II of Schedule XIII to the Companies Act, 1956]

Nature of Industry	Real estate and Construction , major exposure in to residential and commercial construction, IT Parks		
Date of commencement of commercial production	Not applicable being a construction Company		
Financial Performance	Year	PAT (Rs. Lakhs)	EPS (Rs.)
	2008-09	278.28	3.95
	2009-10	210.06	2.88
	2010-11	251.55	2.93
Export Performance and net foreign exchange collaborations	Nil		
Foreign Investments Collaborators	Nil		
Information on the managerial personnel	Kamal Lunawath	Vimal Lunawath	Bharat Jain
	Mr. Kamal Lunawath aged 40 is a Commerce graduate and associated with the Company from its inception. He was appointed as Managing Director w.e.f 04.11.2005	Mr. Vimal Lunawath, aged 39 is a Commerce graduate and associated with the Company from its inception. He was appointed as Whole time Director w.e.f 04.11.2005.	Mr. Bharat Jain, aged 37 is a under graduate and associated with the Company from past 8 years. He was appointed as Whole time Director w.e.f 17.02.2010
Past Remuneration	Salary Rs.75,000/- per month and perquisites	Salary Rs.75,000/- per month.	Salary Rs.1,00,000/- per month.
Recognition or Awards	Nil	Nil	Nil
Job profile and suitability	Specialized in corporate planning and strategic management. He has a decade-long experience in managing large residential and commercial building projects from concept to completion.	Specialises in designing, execution and completion of large residential complexes.	Possess 14 years of experience in execution of Township Project, large residential complex and industrial shed.
Remuneration proposed	Salary Rs.1,00,000/- per month and commission payable @ 1% of net profit of the Company.	Salary Rs.1,00,000/- per month.	Salary Rs.1,00,000/- per month.

Comparative remuneration profile	Compared with the remuneration payable in the similar industry and ongoing projects on hand and to ensure just and proper discharge of duties, obligations and responsibilities by the managerial personnel, the remuneration is not high as compared.
Pecuniary Relationships directly or indirectly with the Company or managerial personnel	Mr. Kamal Lunawath, Managing Director and Mr. Vimal Lunawath, whole time director are brother. They are person form part of Promoter Group. Mr. Kamal Lunawath hold 7,49,100 shares in the Company and Mr. Vimal Lunawath hold 6,96,400 shares in the Company.
OTHER INFORMATION	
Reasons for inadequate profits	Economic slow down, stringent market condition and competition
Steps taken or proposed to be taken for improvement	Major initiatives have been taken for improvement of marketing strategy and changes in operational strategy according to market condition.
Expected increase in productivity and profits in measurable terms	The directors' report details the ongoing projects. The Board expects the Company to post increased profits in future years.
DISCLOSURES	Necessary disclosures have been made in "Report on Corporate Governance"

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(Kishore Kumar Sahoo)  
Company Secretary

Place: Chennai  
Date: 13.02.2013



## DIRECTORS' REPORT

Your Directors take pleasure in presenting the 20th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September, 2012.

### FINANCIALS

(Rs. in Lakhs)

PARTICULARS	2011-12	2010-11
Income	<b>14392.54</b>	13461.43
Expenditure	<b>12960.08</b>	12320.65
Profit before Interest and Depreciation	<b>1432.46</b>	1140.78
Interest	<b>820.83</b>	747.63
Depreciation	<b>56.35</b>	53.92
Profit before Tax and Exceptional items	<b>555.28</b>	339.23
Exceptional items	<b>280.04</b>	--
Profit before Tax	<b>275.24</b>	339.23
Provision for tax	<b>61.99</b>	87.68
Profit after Tax	<b>213.25</b>	251.55
Previous year provision for Dividend added back	---	74.80
<b>APPROPRIATIONS</b>		
Proposed Dividend	<b>86.00</b>	86.00
Balance profit carried forward	<b>127.25</b>	240.35

### PERFORMANCE

The Company's total Income is Rs.144 crores during the financial year 2011-12 as against Rs.135 crores in the previous year 2010-11. The Profit after tax (PAT) for the financial year is Rs.2.13 crores compared to previous year profit of Rs.2.51 crores. On consolidated basis, the total income of your Company and its subsidiaries and Joint venture stands at Rs.225.74 crores and consolidated profit after tax (PAT) stood at Rs. 4.84 crores as compared to the previous year consolidated PAT of Rs.0.90 crores recording a four times increase in the consolidated profit. The earnings per Share (EPS) basic and diluted stands at Rs.2.48 considering the total equity capital of Rs.8.60 crores (86,00,000 equity shares of Rs.10/- each) as on 30th September, 2012.

It is evident from the above performance that the Company has fetched substantial profit during the year from its JV and Associates as many of the projects of the Company is in JV and with its Associates. In the coming years the

Company also foresee good profits from its own projects and the JV Projects.

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.

#### Project details:

#### ONGOING PROJECTS

Project name	Location	Area (Sqft)
VILLA VIVIANA Township Project In association with J P Morgan India Property Fund	GST Road, Chennai	13,00,000
NORTH TOWN ESTATES Township Project In association with PVP Ventures Ltd and Unitech Ltd.	Perambur, Chennai	21,26,880
ARIHANT – FRANGIPANI Residential Complex	Pudupakkam, Chennai	2,80,000
ARIHANT - PANACHE	Arumbakkam, Chennai	1,05,400
ARIHANT – JASHN (Mixed development)	Egmore, Chennai	36,831
GREEN WOOD (Plotted development)	Thazambur, Chennai	39.665 acres

## NEW PROJECT INITIATIVE:

ARIHANT - `ESTA Residential Complex	Mugappair, Chennai	1,94,145
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## DIVIDEND

Your directors pleased to recommend final dividend for the financial year ended 30th September, 2012 @ 10% i.e. Rs.1.00 per equity share on the paid-up equity shares of Rs.10/- each for the financial year ended 30th September 2012, which if approved at the ensuing Annual General Meeting , will be paid to:

- i) all those shareholders whose name appears in the Register of Members as on 21st March 2013 and;
- ii) all those whose name appears on that date as beneficial owners as furnished by National Securities Depository Limited and Central Depository Services Limited.

## DEPOSITS

The fixed deposits have been repaid in full during the year.

## SUBSIDIARY COMPANIES AND IT'S ACCOUNTS

There are four subsidiaries of your Company as on 30th September, 2012. 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 related detailed information shall be made available to shareholder's of holding & 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 share holder's 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 share holder 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 M/s. B.P Jain & Co., Chartered Accountants 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 29.

## 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

In accordance with the relevant provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. A. L Jayabhanu and Mr. A Damodaran, 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:

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