

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. Bharat M Jain	Whole time Director
Mr. A Damodaran	Director
Mr. Harisharanlal Trivedi	Director
Mr. Ravikant M Choudhary	Director
Mr. A. Subramanian	Director
Mr. Kishore Kumar Sahoo	Company Secretary

BANKERS / FI's

LIC Housing Finance Limited
ICICI Home Finance Company Limited
Indian Overseas Bank
Kotak Mahindra Bank
Vijaya Bank
Allahabad Bank
ICICI Bank Ltd.
HDFC Bank Ltd.

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 India Inc. passed through worst ever economic crisis successfully. The economic sentiments of India Inc. are now positive as most sectors are registering growth and the capital market is gaining each passing day. In addition there are serious global challenges such as high resources consumption, pollution, Climate change, Population growth, demographic and geo political changes and corporate social responsibilities. The businesses being the integral part of the Society have critical role to play in ensuring that the growth is effective, inclusive and broad based. The step-up in the performance of the Indian Economy during the year had significant growth in the real estate industry.

Your Company is in Real Estate Sector, the real estate industry in India was significantly affected by the global economic slowdown. Although the situation has improved considerably during the year. Environmentally sustainable growth is the key to meeting out the demand for the industry. The demand from the residential segment increased rapidly during the year and your Company expects this trend to continue during 2010-11. Your Company's focus on residential developments has been a significant source to cater the need of market and to maximise its profitability.

It is my opinion that your Company is going to reap the benefits of rising residential demand and your Company's ability and competency to meet the rising demand. Your Company has certain residential development projects in pipeline which will meet out the rising residential demand and the benefits of these projects shall accrue to you in the coming years.

Your Directors wishes to place on record its sincere thanks to Indian Overseas Bank, Allahbad Bank, Kotak Mahindra Prime Ltd., Vijaya Bank, ICICI Home Finance Company Ltd, LIC Housing Finance Company Ltd and Chennai Metropolitan Development Authority and Corporation of Chennai and related departments of Tamil Nadu for having supported us on all our efforts and endeavours.

Thank You



(Kamal Lunawath)
Managing Director

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Thursday the 31st day of March, 2011 at "Arihant Escapade", Devraj Nagar, No-48, Okkium Thoraipakkam village, 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, 2010 and Audited profit and loss account for the period from 01.10.2009 to 30.09.2010, 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. Ravikant Choudhary, 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, 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 re-appointment of Mr. Kamal Lunawath as Managing Director of the Company on the terms and conditions as contained in the explanatory statement annexed to

this Notice 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."

8. 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, 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 re-appointment of Mr. Vimal Lunawath as Whole time Director of the Company on the terms and conditions as contained in the explanatory statement annexed to this Notice 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."

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 257 and all other applicable provisions of the Companies Act., 1956 or any statutory modification(s) or re- enactment thereof, Mr. A Subramanian, who was appointed as an additional director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose appointment determines on the date of the present Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of Articles of Association of the Company."

By Order of the Board
For Arihant Foundations & Housing Limited

Sd/-
(Kishore Kumar Sahoo)
Company Secretary

Place: Chennai
Date: 12.02.2011

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 25.03.2011 to 31.03.2011 (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 24.03.2011. 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 24.03.2011.
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. Kamal Lunawath was initially appointed as Managing Director of the Company by the Board of Directors at its meeting held on 04th November, 2005 for a period of five years. The appointment was also approved by the Shareholders of the Company at their Annual General Meeting held on 24th March, 2006. The tenure of his office expires on 3rd November, 2010. The Board wants to retain Mr. Kamal Lunawath as Managing Director and he was re-appointed by the Board at its meeting held on 29th October, 2010 for a further period of five years with effect from 01.11.2010 subject to the approval of the Shareholders of the Company on the terms and conditions, the details of which are as under:

Terms and conditions of Re-appointment

- a. **Tenure of re-appointment:** for a period of 5 years with effect from 01.11.2010
- b. **Details of remuneration and perquisites:**
 - i) Consolidated Gross Salary: Rs.75,000/- per month including Basic Salary and other allowances, there will be no separate dearness allowance.
 - ii) Commission: equivalent to 3% of net profit of the Company subject to ceiling specified under the Companies Act, 1956.
 - iii) Housing: House Rent Allowance may be provided by the Company subject to the ceiling of 60% of Basic Salary.
- c. **Perquisites:**
 - i) Car for use on Company's business will be considered as perquisites and use of car for private purpose shall be billed by the Company.
 - ii) Club Fees - Fees of clubs including admission fees subject to a maximum of two clubs. This will not include life membership fees.
 - iii) Personal Medical: Reimbursement of all medical expenses / premium amounts of any Medclaim policy etc for Self and family or as per the rules of the Company whichever is higher.

iv) Medical Reimbursement – Domiciliary at Rs.15,000/- p.a., for the financial Year.

v) Leave travel Allowance – To the extent actual expenses incurred for Self and Family.

vi) Contributions to Provident Fund, Superannuation fund, Annuity fund as per the rules of the Company, to the extent these are not taxable under the Income Tax Act, 1961, either singly or put together.

vii) Gratuity: The gratuity shall be payable not exceeding half month's salary for each completed year of service

viii) Annual Leave: Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment of Managing Director or on ceasing to be Managing Director shall be made on a pro rata basis at the rate of a two and a half days leave for every completed month of service. Leave accumulated and not availed of may be encashed at the end of the tenure as per the rules of the Company.

d. Minimum Remuneration

The aforesaid remuneration be deemed as payment of minimum remuneration comprising Salary and perquisites not exceeding the limit specified in Section I and in the event of inadequacy of profit, Section II (A). of Part II of Schedule XIII to the Companies Act, 1956.

MEMORANDUM OF INTEREST: Except Mr. Kamal Lunawath as appointee and Mr. Vimal Lunawath, relative of the appointee Director, none of the Director is concerned or interested in the aforesaid terms and conditions.

Pursuant to Section 302 of the Companies Act, 1956 An abstract of the aforementioned terms and conditions of re-appointment was also circulated to all the Shareholders of the Company within 21 days from 29.10.2010.

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

Item no. 8

Mr. Vimal Lunawath was initially appointed as Whole time Director of the Company by the Board of Directors at its meeting held on 04th November, 2005 for a period of five years. The appointment was also approved by the Shareholders of the Company at their Annual General

Meeting held on 24th March, 2006. The tenure of his office expires on 3rd November, 2010. The Board wants to retain Mr. Vimal Lunawath as Whole time Director and he was re-appointed by the Board at its meeting held on 29th October, 2010 for a further period of five years with effect from 01.11.2010 subject to the approval of the Shareholders of the Company on the terms and conditions, the details of which are as under:

Terms and conditions of Re-appointment

a. **Tenure of re-appointment:** for a period of 5 years with effect from 01.11.2010

b. Details of remuneration and perquisites:

i) Consolidated Gross Salary: Rs.75,000/- per month including Basic Salary and other allowances, there will be no separate dearness allowance.

ii) Commission: equivalent to 3% of net profit of the Company subject to ceiling specified under the Companies Act, 1956.

iii) Housing: House Rent Allowance may be provided by the Company subject to the ceiling of 60% of Basic Salary.

c. Perquisites:

i) Car for use on Company's business will be considered as perquisites and use of car for private purpose shall be billed by the Company.

ii) Club Fees - Fees of clubs including admission fees subject to a maximum of two clubs. This will not include life membership fees.

iii) Personal Medical: Reimbursement of all medical expenses / premium amounts of any Medclaim policy etc for Self and family or as per the rules of the Company whichever is higher.

iv) Medical Reimbursement – Domiciliary at Rs.15,000/- p.a., for the financial Year.

v) Leave travel Allowance – To the extent actual expenses incurred for self and Family.

vi) Contributions to Provident Fund, Superannuation fund, Annuity fund as per the rules of the Company, to the extent these are not taxable under the Income Tax Act, 1961, either singly or put together.

vii) Gratuity: The gratuity shall be payable not exceeding half month's salary for each completed year of service.

viii) Annual Leave: Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment of Whole time Director or on ceasing to be Whole time Director shall be made on a pro rata basis at the rate of a two and a half days leave for every completed month of service. Leave accumulated and not availed of may be encashed at the end of the tenure as per the rules of the Company.

d. Minimum Remuneration

The aforesaid remuneration be deemed as payment of minimum remuneration comprising Salary and perquisites not exceeding the limit specified in Section I and in the event of inadequacy of profit, Section II (A) of Part II of Schedule XIII to the Companies Act, 1956.

MEMORANDUM OF INTEREST: Except Mr. Vimal Lunawath as appointee and Mr. Kamal Lunawath, relative of the appointee Director, none of the Director is concerned or interested in the aforesaid terms and conditions.

Pursuant to Section 302 of the Companies Act, 1956 An abstract of the aforementioned terms and conditions of re-appointment was also circulated to all the Shareholders of the Company within 21 days from 29.10.2010.

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

Item 9

Pursuant to provision of Section 260 of the Companies Act, 1956 and Article 96 of the Articles of Association of the Company, The Board of Directors of the Company at its meeting held on 01.10.2010 has appointed, Mr. A Subramanian as an additional Director of the Company to act as an Independent Director of the Company.

In terms of Provisions of Section 260 of the Companies Act, 1956, Mr. A Subramanian would held office up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. A Subramanian for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Memorandum of Interest

Save and except Mr. A Subramanian, being the appointee, 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 has recommended the resolution set out at item no.9 of the notice for your approval

By Order of the Board
For Arihant Foundations & Housing Limited

Sd/-
(Kishore Kumar Sahoo)
Company Secretary

Place: Chennai
Date: 12.02.2011

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 18th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September, 2010.

FINANCIALS PARTICULARS	(Rs.in Lakhs)	
	2009-10	2008-09
Total Income	14505.01	16014.66
Total Expenditure	13223.78	14972.75
Profit before Interest and Depreciation	1281.23	1041.91
Interest	908.89	647.42
Depreciation	56.72	58.85
Profit before Tax	315.62	335.64
Provision for tax	105.56	57.35
Profit after Tax	210.06	278.29
APPROPRIATIONS		
Transfer to General reserve	--	27.83
Proposed Dividend	74.80	70.50
Balance profit carried forward	135.26	179.96

PERFORMANCE

The Company's total Income is Rs.145 crores during the financial year 2009-10 as against Rs.160 crores in the previous year 2008-09. The Profit after tax (PAT) for the financial year is Rs.2.10 crores compared to previous year profit of Rs.2.80 crores. On consolidated basis, the total income of your Company and its subsidiaries stands at Rs.145.59 crores and consolidated profit after tax (PAT) stood at Rs.2.11 crores. The earning per Share (EPS) stands at Rs.2.88 (Basic) and Rs.2.44 (diluted) considering the total equity capital of Rs.7.48 crores (74,80,000 equity shares of Rs.10/- each) as on 30th September, 2010. The previous year's impact of recession had a considerable bearing on the Company's performance. With stringent market condition, competition and the strict funding from Banks and Financial Institutions, your Company has made a profit of Rs.2.10 crores during the financial year. However there are certain projects have been identified by your Company which are residential developments, will earn substantial profits for the Company in the coming 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.

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
ARIHANT AMARA Residential Complex	Poonamallee High Road, Chennai	1,45,000
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 Residential Complex	Arumbakkam, Chennai	1,05,400
NEW PROJECT INITIATIVES		
ARIHANT - Jashn (Mixed development)	Egmore Chennai	36,831
Green Wood Plotted development) Partnership with Unitech Ltd.	Thazambur Chennai	39.665 Acres

DIVIDEND

Your directors pleased to recommend final dividend for the financial year ended 30th September 2010, @ 10% i.e. Rs.1.00 per equity share on paid up equity shares of Rs.10 each 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 24th March,2011 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 Company has outstanding fixed deposits of Rs.62,50,213 as on 30.09.2010, which is 0.42 % of aggregate of paid up capital and free reserves of the Company.

SUBSIDIARY COMPANIES AND IT'S ACCOUNTS

There are four subsidiaries of your Company as on 30th September, 2010. 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. As required under Section 212(1) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss account, Director's Report and Auditor's Report of the Subsidiary Companies have been attached to the Annual Accounts of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on consolidated financial statements, 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.

CHANGES IN CAPITAL STRUCTURE**Issued and Paid up Share Capital:**

On 16th March, 2010, your Company allotted 430000 equity shares of Rs.10/- each to "Persons forming part of Promoter Group."

upon conversion of 430000 convertible warrants (out of total 1550000 convertible warrants originally allotted on 05.08.2009 to persons forming part of Promoter Group and Body Corporate) on a preferential basis at a total exercise price of Rs.89/- (including premium of Rs.79/-) in term of Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. The issued and paid-up capital of the Company enhanced from Rs.70,50,000 equity shares of Rs.10/- each to 74,80,000 equity shares of Rs.10/- each.

REPORT ON CORPORATE GOVERNANCE

Your Company ensures good corporate governance by implementing and complying with the polices, 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 accounts, point no.9.

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 Article 101 of the Articles of Association of the Company, Mr. A Damodaran, Mr. Harisharanlal Trivedi and Mr. Ravikant Choudhary, 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;
- 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 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, 2010, 5628820 (Fifty Six Lakhs Twenty Eight Thousands Eight Hundred and Twenty only) shares have been dematerialised, representing 75.25% 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. During the year 430000 equity shares allotted upon conversion of 430000 convertible warrants. The in- principle approval for listing of these shares granted by BSE on 20.10.2010 and by NSE on 09.11.2010 respectively. The Company had made a request to Madras Stock Exchange Ltd 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)

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 as on 30.09.10 amount.(Rs.)	Due date for transfer to IEPF.
2002-03	15-04-2004	60,760.00	14-05-2011
2004-05	13-04-2006	1,10,509.20	12-04-2013
2005-06	28-03-2007	91,512.00	27-04-2014
2006-07	25-04-2008	1,93,944.00	25-05-2015
2007-08	30-03-2009	65,257.00	30-04-2016
2008-09	05-04-2010	1,34,939.00	24-04-2017

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) (VIMAL LUNAWATH)
Managing Director Director

Place: Chennai
Date: 29.11.2010

REPORT ON CORPORATE GOVERNANCE**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company endeavor 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 Seven Directors as on 30.09.2010.

The break up of the total composition of the Board as on 30.09.2010 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.	Sri. Col. A.L. Jayabhanu	Whole time Director	Executive
4.	Mr. Bharat M Jain	Director	Executive
5.	Sri. A. Damodaran	Director	Non-Executive & Independent
6.	Sri. Harisharanlal Trivedi	Director	Non-Executive & Independent
7.	Mr. Ravikant M Choudhary	Director	Non-Executive & Independent
8.	Mr. Dilip G Surana**	Director	Non-Executive & Independent

* Represents Promoter Group;

** Resigned from Directorship w.e.f 05.05.2010

The Company has complied with clause 49 (1A) of the Listing Agreement having maximum number of Non-Executive Directors with a maximum of fifty percentage.

(II) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST AGM AND DETAILS OF OTHER DIRECTORSHIPS AS ON 30.09.2010

Sl. No.	Name of the Directors	No. of Directorship held in other Public Limited Companies	No. of Membership / Chairmanship of Board, Committee of other Public Limited Companies	No. of Board Meetings Attended	Whether Attended last A.G.M
1.	Kamal Lunawath	5	3	8	Yes
2.	Vimal Lunawath	5	1	8	No
3.	Col. A.L Jayabhanu	-	-	8	Yes
4.	A .Damodaran	1	-	8	Yes
5.	Harisharanlal Trivedi	-	-	5	No
6.	Dilip Surana	1	1	3	No
7.	Ravikant M Choudhary	3	3	8	No
8.	Bharat M Jain	-	-	8	Yes

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

During the Financial Year 2009 to 2010 (from 01.10.2009 to 30.09.2010) 8 Board meetings were held on 21.10.2009, 28.12.2009, 28.01.2010, 17.02.2010, 16.03.2010, 05.05.2010, 02.08.2010 and 16.08.2010.

3. AUDIT COMMITTEE

(I) Composition, name of members and Chairman:

The Committee presently consists of 4 members viz, Mr.Ravikant Choudhary, Mr. A Damodaran, Mr. Dilip Surana and Mr. Harisharanlal Trivedi who are Non-executive Independent Directors of the Company. The Chairman of the Committee is Mr. Ravikant Choudhary.

(II) No. of meetings and attendance:

There were five meetings held during the year 2009-10 (from 01.10.2009 to 30.09.2010) on 28.12.2009, 28.01.2010, 16.03.2010, 05.05.2010 and 02.08.2010. All five meetings were attended by the members except Mr. Harisharanlal Trivedi and Mr. Dilip Surana who have attended only two meetings.

Mr. Dilip Surana resigned from Directorship with effect from 05.05.2010, consequent to which his membership from the Audit Committee vacates with immediate effect.

(III) Brief description of terms of reference:

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

4. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee on 28.01.2010 comprising of Mr. A. Damodaran, Mr. Ravikant Choudhary and Mr. Harisharanlal Trivedi under the Chairmanship of Mr. A Damodaran.

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

The details of remuneration paid to all the directors are given below:

- Executive Directors (Managing/ Whole-time Directors)
The remuneration of the Managing Director/ whole-time Directors include basic salary, allowance and perquisites as determined by the Board.

The gross value of the fixed components of the remuneration, as explained above, paid to the whole time functional Directors, during the financial year 2009-10 is given below :

Name of the Directors	Salaries and Allowances	Other Benefits.
Mr. Kamal Lunawath Managing Director	Rs.75,000/- per month. + 3% commission	Company Car
Mr. Vimal Lunawath Whole time Director	Rs.75000/- per month.	Company Car
Col. A.L Jayabhanu Whole time Director	Rs.75,000/- per month.	Company Car
Mr. Bharat Jain Whole time Director	Rs.1,00,000/- per month (w.e.f 17.02.2010)	Company Car

- Non- Executive Directors
The details of Remuneration / Sitting fees paid to non executive directors during the financial year 2009-10 are as under:

Name of the Director	Designation	Remuneration /Sitting fees paid (Rs.)	No. of equity shares of Rs.10/- each held
Mr. Ravikant M Choudhary	Director	24000	--
Mr. Harisharanlal Trivedi	Director	10000	--
Mr. A Damodaran	Director	16000	--
Mr. Dilip Surana	Director	6000	--

Notes:

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

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

The Committee presently consists of 3 members viz., Mr. Ravikant Choudhary, Mr. Kamal Lunawath

and Mr. Harisharanlal Trivedi. The Chairman of the Committee is Mr. Ravikant Choudhary.

During the financial year (01.10.2009 to 30.09.2010), Five meetings of Share transfer and Shareholders./ Investors Grievance Committee were held on 16.11.2009, 30.01.2010, 16.03.2010, 30.04.2010 and 17.05.2010. All five meetings were attended by all members except Mr. Harisharanlal Trivedi, who have not attended any meeting.

- Mr. Kishore Kumar Sahoo, Company Secretary is the Compliance Officer.
- No. of shareholders' complaints received during the period 01-10-2009 to 30-09-2010 1
- No. of complaints not solved to the satisfaction of the Shareholders ---
- No. of pending complaints as on 30.09.2010 ---

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.

6. GENERAL BODY MEETINGS

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

A.G.M	Date	Time	Venue
15th AGM	28.03.08	10.30A.M	"Days Inn', Deccan Plaza, Door No.36, Royapettah, Chennai- 600014
16th AGM	20.03.09	10.00 A.M	Arihant Escapade, Devaraj Nagar 48, Okkium Thoraipakkam, Chennai 600097.
17th AGM	26.03.10	10.00 A.M	Arihant Escapade Devaraj Nagar 48, Okkium Thoraipakkam Chennai 600097.

b) Whether any special resolutions passed in the last AGM: No

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.

7. DISCLOSURES

a) There are related party transactions i.e. transactions of the Company with its Key Management Personnel and their relatives, Subsidiary Companies, Partnership Firms, Joint Venture and Associates.

Key Management Personnel

1. Mr.Kamal Lunawath
2. Mr.Vimal Lunawath
3. Mr. A L Jayabhanu
4. Mr. Bharat Jain

Group / Associated entities

1. Vaikunt Housing Ltd
2. Arihant Griha Ltd
3. Varenya Constructions Ltd
4. Transperent Heights Real Estate Ltd
5. Arihant Unitech Realty Projects Limited
6. Escapade Real Estate Private Limited
7. Arihant Hospitality (Chennai) Private Limited
8. North Town Estates Private Limited
9. Arihant Indo African Infra Developers and Builders Private Limited
10. Hills and Vales Real Estate Private Limited
11. Heirloom Real Estate Private Limited
12. Arihant Foundations
13. Arihant Foundations & Housing
14. Arihant Heirloom

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

Sl No.	Description	100% Subsidiaries Amount (Rs.)	Associates Joint Ventures Amount (Rs.)	Key management Personnel Amount (Rs.)	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 Amount (Rs.)
1.	Purchase Of Goods	Nil	Nil	Nil	Nil
2.	Sale of Goods	Nil	Nil	Nil	Nil
3.	Purchase of fixed assets	Nil	Nil	Nil	Nil
4.	Sale of fixed assets	Nil	Nil	Nil	Nil
5.	Rendering of Services	Nil	10506899.00	Nil Nil	Nil
6.	Receiving of Services	Nil	985000.00	Nil	Nil
7.	Agency arrangements	Nil	Nil	Nil	Nil
8.	Leasing or Hire Purchase arrangements	Nil	Nil	Nil	Nil
9.	Transfer of Research & Development	Nil	Nil	Nil	Nil
10.	Licence agreements	Nil	Nil	Nil	Nil
11.	Funds received	Nil	92114354.00 (22724968.00)	159039073.63 (83858729.60)	12959726.00 (5713373.00)
12.	Funds granted	283386823.50 (346769261.00)	187283950.10 (276031228.10)	Nil	2066549.00
13.	Remuneration paid			4584395.00 (3821558.00)	
14.	Investments in Optionally redeemable Convertible debentures	Nil	80734500.00 (38622100.00)	Nil	Nil
15.	Guarantees & Collaterals recd.	156000000.00 (135000000.00)	48852752.00 (250000000.00)	Nil	Nil
16.	Management contracts including for deputation of employees	Nil	Nil	Nil	Nil

* figures in bracket indicates the balances of the previous year.

a) 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.

b) 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.

c) 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.

Mr. Kishore Kumar Sahoo, Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

d) 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- 2.

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 one month of the close of every quarter 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 financial results are also published in the news papers and details and date of publications are as under:

Quarter/ Year Ended	Name of English daily and date of publication	Name of Regional daily and date of publication
30.09.2009	The Financial Express 30.12.2009	Maalai Sudar (TAMIL) 30.12.2009
31.12.2009	The Financial Express 30.01.2010	Maalai Sudar (TAMIL) 29.01.2010
31.03.2010	Business Standard 07.05.2010	Maalai Sudar (TAMIL) 06.05.2010
30.06.2010	Business Standard 04.08.2010	Maalai Sudar (TAMIL) 04.08.2010

a) The Quarterly un-audited financial results and audited Annual results are also posted on the Company's web site at: www.arihantfoundations.com, investors section. The financial results for the previous two years yet to be posted.

b) No presentation is made to institutional investors or to the analyst. Management Discussion and Analysis Report forms part of the Annual report for year 2009-10, given as an Annexure I to the Director's Report 2009-10.

9. GENERAL SHAREHOLDER INFORMATION

- i. Number of Annual
General Meeting : 18th Annual General Meeting
- Date & Time : 31.03.2011, 09.30 a.m
- Venue : Arihant Escapade
Devaraj Nagar, No. 48
Okkium, Thoraipakkam
Village, Chennai - 97

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 30.09.2010	Chairman/ member of the Committee of Board of other Public Limited Companies on which he was a Director as on 30.09.2010	Share Held
Mr. A Damodaran	29.06.1936	12.06.1995	Town and Country Planning Retired Chief Planner, CMDA, Chennai	B.E (Civil) M. SC. (Eng.)	Ind Bank Housing Ltd, Honorary Director	1	Nil
Mr. Ravikant Choudhary	04.06.1963	30.12.2005	Securities management Stock Broking	Commerce Graduate	Arihant Securities Ltd. Arihant Stock Brokers Ltd, Sambhav Energy Ltd	3	Nil
Mr. Harisharanlal Trivedi	10.02.1949	31.03.2005	Financing and Liaison	Law Graduate	Nil	Nil	Nil
Mr. Kamal Lunawath	13.02.1973	04.11.2005	Strategic Planning & Management 18 years of experience in the business of real estate and construction.	Commerce Graduate	Vaikunt Housing Ltd ArihantGriha Ltd, Varenya Constructions Ltd, Transparent Heights Real EstateLtd, ArihantUnitech Realty Projects Ltd	3	534100
Mr. Vimal Lunawath	29.03.1974	04.11.2005	15 years of experience in the business of real estate and construction.	Commerce Graduate	Vaikunt Housing Ltd, ArihantGriha Ltd, Varenya Constructions Ltd, Transparent Heights Real EstateLtd, ArihantUnitech Realty Projects Ltd	1	481400
Mr. A Subramanian	02.02.1945	01.10.2010	30 years of experience in financial management	Chartered Accountant	Nil	Nil	140

iii. Financial Calendar : October to September

iv. Book Closure date : 25.03.2011 to 31.03.2011
(both the days inclusive)

v. Listing on Stock

Exchanges The Madras Stock Exchange Ltd
"Exchange Building"
11, Second Line Beach, Chennai-1
Mail to :- mseed.@ md3.vsnl.net.in.

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Website:- www.bseindia.com

National Stock exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex
Bandra (E), Mumbai- 400051
Website: www.nseindia.com

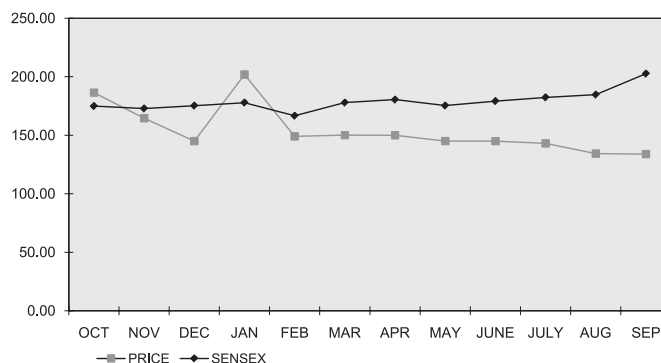
vi. Stock code/ Symbol : 531381
Bombay Stock Exchange Ltd : Arihant Found
Madras Stock Exchange Ltd : AFD
National Stock Exchange of India Ltd : ARIHANT

ISIN for dematerialised shares : INE413D01011

vii. Market price data – High/Low during each month of the financial year 2009-10 (from 01.10.2009 to 30.09.2010) 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 2009	186.4	140.65	17493.17	15805.2
November 2009	164.5	132	17290.48	15330.56
December 2009	145	121.8	17530.94	16577.78
January 2010	201.85	132.1	17790.33	15982.08
February 2010	149	124.25	16669.25	15651.99
March 2010	150	119	17793.01	16438.45
April 2010	149.95	129.95	18047.86	17276.8
May 2010	145	110.1	17536.86	15960.15
June 2010	144.9	95	17919.62	16318.39
July 2010	143	126	18237.56	17395.58
August 2010	134.3	115	18475.27	17819.99
September 2010	133.8	113.05	20267.98	18027.12

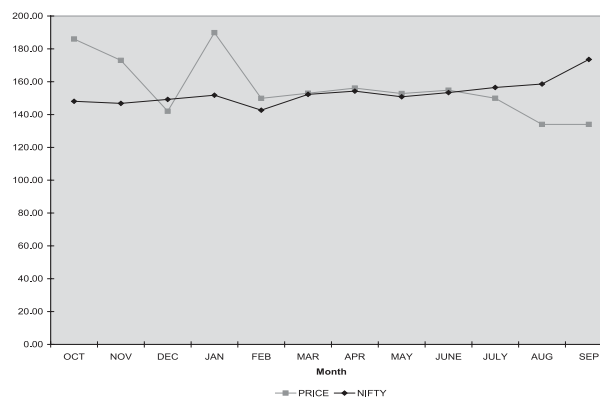
Stock Performance of the Company in comparison with BSE Sensex for the Financial Year 2009-10:



Market price data – High/Low during each month of the financial year 2009-10 (from 01.10.2009 to 30.09.2010) and performance in comparison to NSE Nifty index during the said financial year downloaded From NSE website:

Month	National Stock Exchange of India Ltd		NSE Nifty Index	
	High	Low	High	Low
October 2009	186	153.05	5181.95	4687.5
November 2009	173	133.05	5138	4538.5
December 2009	142	120	5221.85	4943.95
January 2010	189.9	130.8	5310.85	4766
February 2010	149.85	122	4992	4692.35
March 2010	153	116.5	5329.55	4935.35
April 2010	156.1	122.75	5399.65	5160.9
May 2010	152.8	106.9	5278.7	4786.45
June 2010	154.8	92.3	5366.75	4961.05
July 2010	149.9	122.05	5477.5	5225.6
August 2010	134	113.75	5549.8	5348.9
September 2010	134	113.3	6073.5	5403.05

Stock Performance of the Company in comparison with NSE Nifty for the Financial Year 2009-10:



ix. Registrar and Share transfer Agent:-

Cameo Corporate Services Limited.
Subramanian Building, No.1 Club House Road,
Anna Salai, Chennai-2.
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

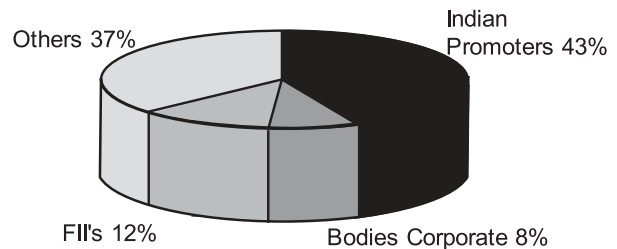
All valid transfer deeds received from the shareholders/ investors are registered with the approval of the share transfer and Shareholders/Investors Grievance Committee constituted by the Board of Directors of the Company and the share certificates after endorsement are generally returned by registered 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 30.9.2010

Range of Shares	No. of Share holders	%	No. of Shares	%
1 to 100	1301	63.25	68915	0.92
101 to 500	411	19.98	109615	1.47
501 to 1000	80	3.89	63251	0.85
1001 to 2000	70	3.4	107905	1.44
2001 to 3000	48	2.33	123574	1.65
3001 to 4000	17	0.83	60713	0.81
4001 to 5000	25	1.22	121408	1.62
5001 to 10000	40	1.94	332130	4.44
10001 and above	65	3.16	6492489	86.8
Total	2057	100	7480000	100

xii. Shareholding pattern as on 30.9.2010.

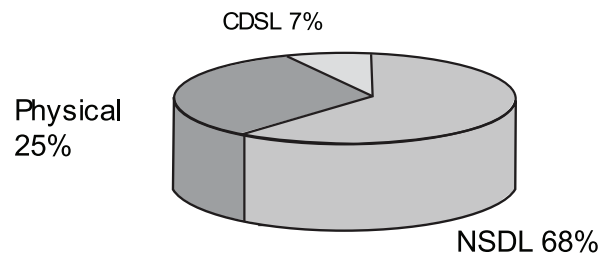
Sl. No.	Category	No. of Shares	% of Paid up Capital
1.	Indian Promoter's (including Person acting in concert).	32,46,700	43.41
2.	Bodies Corporate	5,80,288	7.75
3.	FII's	8,77,306	11.73
4.	Others	27,75,706	37.11
	TOTAL	74,80,000	100.00



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 30.09.2010, 56,28,820 shares have been dematerialised, representing 75.25% of the Subscribed capital. The Company's shares are the most liquid and actively traded shares on BSE & NSE.

Demat / Physical status of Shares (% to paid up capital) as on 30.09.2010



Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial 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 GDR s / ADR s/ warrants or any convertible instruments, conversion date and likely impact on equity.

The Company had allotted on 5th August, 2009, 1550000 convertible warrants to Persons forming part of Promoter Group and Body Corporate on preferential basis at a total exercise price of Rs.89/- (including premium of Rs.79/-). During the Financial Year 2009-10, 430000 convertible warrants (out of total 15,50,000 convertible warrants) were converted in to 430000 fully paid up equity shares of Rs.10/- each. These shares were allotted to Persons forming part of Promoter Group. Consequent to which the paid up equity capital of the Company enhanced from 70,50,000 equity shares of Rs.10/- each to 74,80,000 equity shares of Rs.10/- each. There are 11,20,000 outstanding convertible warrants, the cut-off date for conversion of these warrants in to fully paid up equity is 4th February, 2011. Upon conversion of 11,20,000 convertible warrants in to fully paid up equity, the equity base will be enhanced from 74,80,000 equity shares to 86,00,000 equity shares.

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-2.
Ph: 28460390.

For other matters:

Registered office:
271 (Old 182), Poonamallee High Road,
"Ankur Manor" 1st Floor,
Off. McNichols Road, Kilpauk, Chennai-10.
Website:- www.arihantfoundations.com

Corporate Office:

New No.3 (Old No.25),
Ganapathy Colony, 3rd Street
Off. Cenotaph Road, Teynampet,
Chennai- 600018
Email: 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. 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. V Ragavan, Manager- Finance was placed before the Board of Directors at its meeting held on 29th November, 2010.

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with Clause 49 sub clause (ID) of the Listing Agreement with Stock Exchanges, I hereby confirm that, all the Directors and Senior management Personnel of the Company affirmed compliance to their respective codes of Conduct as applicable to them for the financial year ended 30.09.2010.

For ARIHANT FOUNDATIONS & HOUSING LTD

Sd/-
(Kamal Lunawath)
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development

Indian Real Estate industry has grown with time. The main reason for the accelerated growth can be contributed to the fact that the industry is very flexible in nature. The development has caused higher aspirations for better standards of living and a good quality of life. The increase in the income of people, degree of urbanization, and their purchasing power are the factors which enhance the demand in Realty sector.

Opportunities

With residential developments spreading in all directions, real estate in India is touching new heights. However, the growth also depends on the policies adopted by the government to facilitate investments mainly in the economic and industrial sector. The new stand adopted by Indian government regarding foreign direct investment (FDI) policies has encouraged an increasing number of countries to invest in Indian Properties. Moreover, it is expected to be a positive and healthy sign for the real estate sector. The revival is expected to be driven by infrastructure growth, which in turn, can accelerate real estate activities both in the residential as well as commercial spaces. Chennai's industrial cluster are growing and this growing trend will have an ample opportunities for both residential and commercial spaces. Your Company focusing to cater the opportunity of budgeted housing to sustain its growth

Threats

Generation of demand for projects: The factors that influence a customer satisfaction on the property is not merely restricted to quality alone, but there are other external factors such as proximity to urban areas, amenities such as schools, roads, water supply, electricity and other infrastructure which is beyond developers control.

Increasing raw material prices: As the revenues from Sale of Units are pre determined, adverse changes in the price of any raw material directly affect the profitability of the Developers.

Interest rates: unfavourable changes in the interest rate affects adversely both the developer and the Customer.

Execution and timely delivery of the Project: The Company is dependant on various Contractors, Sub- Contractors and Specialist agencies to construct and develop its projects. Delay on their part has a substantial bearing on the Company.

Outlook

It has been seen that, the affordable housing segment is set to play an important role in India's real estate sector on the back of substantial demand. Affordable housing will be a key factor in driving the sector. Your Company focusing on the affordable housing segment to cater the market demand, which in turn maximise the profitability of the Company.

Risks and Concern

The Company is exposed to various risks:

Operational risk being the risk pertaining to non-completion and delivery of projects within the scheduled time will have impact of additional cost of construction and maintenance, appointment and retention of quality contractors and increasing raw material prices. Your Company resolve these issues in a regular interval and initiate remedial measures to mitigate the risk.

Policy and regulatory risk: Any changes in government polices and regulations affect the real estate industry immediately. An unfavourable changes in the government polices and regulations can adversely impact the performance of the Company.

Apart from the above, the Company is exposed to other risks such as credit risk, market risk and interest rate risk. These risks are monitored and mitigated under the oversight of senior management personnel of the concerned department by way of careful fund utilisation and planning.

Financial performance with respect to operational performance

The Company's total Income is Rs.145 crores during the financial year 2009-10 as against Rs.160 crores in the previous year 2008-09. The Profit after tax (PAT) for the financial year is Rs.2.10 crores compared to previous year profit of Rs.2.80 crores. On consolidated basis, the total income of your Company and its subsidiaries stands at Rs.145.59 crores and consolidated profit after tax (PAT) stood at Rs.2.11 crores.

The earning per Share (EPS) stands at Rs.2.88 (Basic) and Rs.2.44 (diluted) considering the total equity capital of Rs.7.48 crores (74,80,000 equity shares of Rs.10/- each) as on 30th September, 2010. The Board has recommended final dividend of 10% (Rs.1/- per share) for the financial year end, 30.09.2010.

Your Company is one of the few Companies in the real estate development industry in India with the experience of successfully serving consumers as well as businesses.

During the year, your Company has faced price realisation challenge as there was demand for budget homes. Selling was difficult as the customers were looking for further price reduction and hence postponing the decision to buy and/or going for a bargain which also resulted in lower selling price. Your Company felt it is better to sell the properties at a lower price than to carry it in inventory. All these factors though resulted in top line turnover, has hurt the bottom line.

Review of Projects:

The Project "Villa Viviana" 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 is progressing well in its 1st phase of construction of Villas.

The Project "Arihant Unitech Realty Projects" 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. There is a proposal for development and sell of 252 plots of different sizes in its 1st phase for which the Company has obtained layout approval and other necessary approvals. It will be launched soon.

During the year your Company has launched

1. "Arihant Frangipani" a residential complex containing 332 flats of 2 BHK and 3 BHK category. The Project is located at Chennai sub-urban. This project is your Company's response to budget housing.
2. "Arihant Panache" a residential complex containing 72 flats of 2 BHK and 3 BHK category having high end value. The project is located at Chennai city.
3. "North Town Estates" a joint venture between your Company and Unitech Ltd on a 50:50 partnership to develop Binny land of 70 acres owned by PVP Ventures Ltd.

Your company has necessary approvals in place for Arihant Frangipani & Arihant Panache. Both the projects work has started. We expect the revenue to accrue to your company over the next three years.

Future Projects in pipeline:

Your company has identified two land banks on Joint Venture. One such project is going to come in Mugappair West, in the city of Chennai.

The second proposal is at Nandambakkam in Chennai City.

Internal Control System and their Adequacy

The internal control systems are supplemented by periodic review by the Management. The Audit Committee of Directors 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, 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 II

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. 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 fall under the purview of Section 192A of the Companies Act, 1956, which require passing of the resolution by postal ballot

(VI) Audit Qualifications
The Company always strives to present an unqualified financial statement. 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.

AUDITORS' 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 2010, 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.

We state that no investor complaints were pending for a period exceeding one month against the Company as certified by the Registrars and Share Transfer Agents of the Company based on the records maintained by them.

For B. P Jain & Co.,
Chartered Accountants

Devendra Kumar Bhandari
Partner
Membership no. 208862

Place: Chennai
Date: 29.11.2010

AUDITOR'S REPORT

To
The Members,
Arihant Foundations & Housing Limited

1. We have audited the attached balance sheet of M/s Arihant Foundations And Housing Limited ("the Company") as at 30th September 2010, and also the annexed profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;
 - iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

v) On the basis of written representations received from the directors, as on 30th September 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 balance sheet, of the state of affairs of the Company as at 30th September 2010 and

(b) In the case of the profit and loss account, of the loss of the Company for the year ended 30th September 2010.

(c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For B.P.JAIN & CO.
 CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
 Partner
 Membership No.: 208862

Place: Chennai
 Date: 29.11.2010

ANNEXURE

Re: M/S ARIHANT FOUNDATIONS AND HOUSING LIMITED

Referred to in paragraph 3 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 during the year loans, secured or unsecured to 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 : (14)
Maximum amount involved
in the transaction Rs. 50,08,87,227/-
Closing balance of the loan is Rs. 47,27,36,523/-
- (b) The rate of interest and other terms and conditions of loans given by the company, secured and unsecured are not prima facie prejudicial to the interest of the company.
- (c) The receipt of principal and interest amounts is also regular from parties.
- d) Where the over due amount is more than Rs 1 lakh, reasonable steps have been taken by the company for recovery of principal and interest.
- 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 : (11)
Maximum amount involved in
the transaction Rs. 20,94,82,766/-
Closing balance of the loan is Rs. 20,50,34,430/-
- (f) 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 payment of principal and interest amounts is also regular to the parties
- (iv) 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 and machinery equipment and other assets for the sale of finished stocks.
- (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) The Company has accepted fixed deposits and in our opinion and according to the information and explanation given to us, the directives issued by the Reserve Bank of India and provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and rules framed there under, where applicable, have been duly complied with. We are informed that no order has been passed by the company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. The company has filed annual return of deposits for the year 2010.
- (vii) In our opinion the company has an internal audit system commensurate with size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
- (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:

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

Income tax A.Y.	Nature of due	Amount	Pending before Authority
2004-05	Regular Regular	13,71,638 1,96,01,764	CIT Appeals Appellate Tribunal
2005-06	Regular Regular	53,23,956 1,13,75,018	CIT Appeals Appellate Tribunal
2006-07	Regular	9,20,226	CIT Appeals
2007-08	Regular	65,65,350	CIT Appeals

(x) The company has no accumulated losses as at September 30, 2010 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 has filed contempt of court petition vide petition 384/2004 against HUDCO for not following the order of High Court. HUDCO has filed a suit in the Debt Recovery Tribunal).

(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.

(xiii) The provision of any special statute applicable to a chit fund / mutual benefit fund / societies are not applicable to the company.

(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.

(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.

(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.

(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.

(xviii) According to the information and explanations given to us the Company has allotted the equity shares on preferential basis by converting the convertible equity warrants to the parties covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The company has not issued any debentures during the year hence question of having security or registering a charge with the Registrar of Companies does not arise during the year.

(xx) The company has not raised the public issue during the year; accordingly, clause 4(xx) of the Order is not applicable to the Company.

(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.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date: 29/11/2010

**ARIHANT FOUNDATIONS & HOUSING LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER 2010**

	SCHEDULE NO	AMOUNT AS ON 30.09.2010 (Rs.)		AMOUNT AS ON 30.09.2009 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	74800000.00		70500000.00	
(B) RESERVES & SURPLUS	II	1446907653.12		1409408700.05	
			1521707653.12		1479908700.05
(2) LOAN FUNDS					
(A) SECURED LOANS	III	763786573.76		545468954.86	
(B) UNSECURED LOANS	IV	555034520.60	1318821094.36	453332853.60	998801808.46
(3) DEFFERED TAX LIABILITY					
			4434243.00		
TOTAL			2844962990.48		2478710508.51
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
a) GROSS BLOCK	V	165134727.60		173879205.60	
Less: DEPRECIATION		29992795.10		26754369.69	
Net Block			135141932.50		147124835.91
(2) INVESTMENTS	VI		102150423.00		60038023.00
(3) CURRENT ASSETS, LOANS & ADVANCES					
(i) CURRENT ASSETS					
a) INVENTORIES	VII	740583625.85		606425423.85	
b) SUNDRY DEBTORS	VIII	832482488.57		761519959.26	
c) CASH & BANK BALANCE	IX	107453434.89		37195362.42	
(ii) LOANS & ADVANCES	X	1640172584.60		1623734513.14	
		3320692133.91		3028875258.67	
LESS: CURRENT LIABILITIES AND PROVISIONS					
a) CURRENT LIABILITIES	XI	692595834.36		740173460.65	
b) PROVISIONS	XII	20451164.57		17205148.42	
		713046998.93	2607645134.98	757378609.07	2271496649.60
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF					
	XIII		25500.00		51000.00
TOTAL			2844962990.48		2478710508.51
Significant accounting policies and notes forming part of accounts					
	XVIII				

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

Chartered Accountants

sd/-
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/-
Kishore Kumar Sahoo
Company Secretary

ARIHANT FOUNDATIONS & HOUSING LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30.9.2010

	SCHEDULE NO	AMOUNT AS ON 30.09.2010 (Rs.)	AMOUNT AS ON 30.09.2009 (Rs.)
I. INCOME			
(A) INCOME FROM OPERATIONS	XIV	1397865916.56	1497525765.60
(B) OTHER INCOME		52635599.22	103939896.80
	TOTAL	1450501515.78	1601465662.40
II. EXPENDITURE			
(A) CONSTRUCTION EXPENSES	XV	1269910628.87	1435353142.08
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	XVI	52467096.16	61921200.17
(C) INTEREST AND FINANCE CHARGES	XVII	90888981.97	64742242.86
(D) DEPRECIATION		5672695.71	5885365.64
		1418939402.71	1567901950.75
PROFIT AFTER DEPRECIATION		31562113.07	33563711.65
PROVISION FOR TAXATION		10555660.00	5735198.00
CURRENT TAX		6121417.00	--
DEFFERRED TAX		4434243.00	--
PROFIT AFTER TAX		21006453.07	27828513.65
PROPOSED DIVIDEND		7480000.00	7050000.00
PAYMENT OF DIVIDEND (Previous Year Refer Note 11)		430000.00	--
TRANSFERRED TO GENERAL RESERVE			2782851.37
BALANCE CARRIED FORWARD TO BALANCE SHEET		13096453.07	17995662.29
Earning Per Share (Basic)		2.88	3.95
Earning Per Share (Diluted)		2.44	3.95
Refer note no. 8 of Schedule XVIII			
Significant accounting policies and notes forming part of accounts	XVIII		

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

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/-
Kishore Kumar Sahoo
Company Secretary

CHENNAI
29.11.2010

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (Rs.)		AMOUNT AS ON 30.09.2009 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL AUTHORISED				
1,00,00,000 EQUITY SHARES OF RS.10/- EACH		100000000.00		100000000.00
ISSUED, SUBSCRIBED & PAID UP				
74,80,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	74800000.00			
70,50,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP			70500000.00	
		74800000.00		70500000.00
SCHEDULE - II				
RESERVES & SURPLUS				
BALANCE AS PER LAST BALANCE SHEET	88308751.98			
GENERAL RESERVE	--		85525900.61	
ADD : ADDITIONS DURING THE YEAR			2782851.37	
		88308751.98		88308751.98
PROFIT & LOSS ACCOUNT BALANCE	838412448.07		820416785.79	
ADD : ADDITIONS DURING THE YEAR	13096453.07		17995662.29	
		851508901.14		838412448.08
SECURITY PREMIUM				
OPENING BALANCE	404500000.00		404500000.00	
Add : Shares Forfeited	43700000.00		--	
Addition During the year	33970000.00			
		482170000.00		404500000.00
1120000 CONVERTIBLE WARRANTS OF RS. 89/- EACH (RS.22.25 PAID UP)		24920000.00		34487500.00
TRANSFER OUT OF AMOUNT COLLECTED ON FORFEITED SHARE WARRANTS				43700000.00
		1446907653.12		1409408700.06
SCHEDULE - III				
SECURED LOAN				
BANKS	187835750.52		132916713.65	
OTHERS	546403209.24		383004627.21	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relevant projects and directors personal guarantee)	29547614.00		29547614.00	
		763786573.76		545468954.86
SCHEDULE - IV				
UNSECURED LOANS				
(A) FIXED DEPOSITS	6250313.00		6093410.00	
(B) DIRECTORS	159039073.60		83858729.60	
(C) INTERCORPORATE DEPOSITS	161436577.00		116907853.00	
(D) UNSECURED LOANS - OTHERS	228308557.00		246472861.00	
		555034520.60		453332853.60

SCHEDULE - V FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01.10.09	ADDITIONS DURING 01.10.09 to 30.09.10	DELETIONS DURING 01.10.09 to 30.09.10	BALANCE AS AT 30.09.10	BALANCE AS ON 01.10.09	FOR THE PERIOD 01.10.09 to 30.09.10	DELETIONS DURING 01.10.09 to 30.09.10	TOTAL AS ON 30.09.10	AS ON 30.09.2009	AS ON 30.09.2010
LAND	17931721.00	--	--	17931721.00	--	--	--	--	17931721.00	17931721.00
BUILDINGS	96557477.00	--	--	96557477.00	9041556.37	1569626.50	--	10611182.87	87515920.63	85946294.13
VEHICLES	20146837.63	8212007.00	17680730.00	10678114.63	4302699.20	1448644.28	2434270.30	3317073.19	15844138.42	7361041.44
PLANT & MACHINERY	17959963.97	685245.00	--	18645208.97	6564806.29	1324765.47	--	7889571.76	11395157.68	10755637.21
FURNITURE & FIXTURES	21216937.00	39000.00	--	21255937.00	6779038.82	1329659.46	--	8108698.28	14437898.18	13147238.72
BOOKS	66269.00	--	--	66269.00	66269.00	--	--	66269.00	--	--
TOTAL	173879205.60	8936252.00	17680730.00	165134727.60	26754369.69	5672695.71	2434270.30	29992795.10	147124835.91	135141932.50
Previous Year Values	169035372.60	8654074.00	3810241.00	173879205.60	22368370.93	5885365.64	1499366.88	26754369.69	146667001.67	147124835.91

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

SCHEDULE - VI	AMOUNT AS ON 30.09.2010 (Rs.)		AMOUNT AS ON 30.09.2009 (Rs.)	
INVESTMENTS				
LONG TERM INVESTMENTS				
TRADE INVESTMENTS				
SHARES IN COMPANIES - UNQUOTED				
(i) Arihant Unitech Realty Projects Ltd. (500000 Equity Shares of Rs.10 each fully PaidUp)	5000000.00		5000000.00	
(ii) Escapade Real Estate Pvt. Ltd (1100000 Equity Shares of Rs.10/- each fully paid up)	11000000.00		11000000.00	
(iii) Arihant Indo African Infra Developers & Builders Pvt. Ltd. (203274 Equity shares of Rs. 10/- each fully Paid up)	2032740.00		2032740.00	
(iv) Heirloom Real Estate Pvt. Ltd. (2500 Equity shares of Rs. 10/- each fully Paid up)	25000.00		25000.00	
(v) Hills & Vales Real Estate Pvt. Ltd (2500 Equity shares of Rs. 10/- each fully Paid up)	25000.00		25000.00	
(vi) North Town Estates Pvt. Ltd. (25000 Equity shares of Rs. 10/- each fully Paid up)	250000.00		250000.00	
DEBENTURES				
ARIHANT INDO AFRICAN INFRA DEVELOPERS & BUILDERS PVT. LTD (13%, 807345 Optionally Redeemable convertible debentures of Rs. 100/- each)	80734500.00			
(13%, 386221 Optionally Redeemable convertible debentures of Rs. 100/- each)			38622100.00	
WHOLLY OWNED SUBSIDIARY COMPANIES INVESTMENTS IN SUBSIDIARY COMPANIES				
ARIHANT GRIHA LTD. (50000 Equity shares of Rs. 10/- each fully Paid)	500000.00		500000.00	
VARENIA CONSTRUCTIONS LTD. (50000 Equity Shares of Rs. 10/- each fully paid)	500000.00		500000.00	
TRANSPARENT HEIGHTS REAL ESTATE LTD. (50000 Equity shares of Rs. 10/- each fully paid)	500000.00		500000.00	
VAIKUNT HOUSING LTD. (500000 Equity shares of Rs. 1/- each fully Paid)	500000.00		500000.00	
QUOTED (FULLY PAID AT COST)				
Happy Homes Profin Ltd. (44800 equity shares of Rs. 10/- each Fully Paid Up)	1.00		1.00	
Indotech Transformers Ltd. (1391 equity shares of Rs. 130/- each Fully Paid up) (Market Value Rs. 339821.30)	180830.00		180830.00	
Tata Consultancy Services Ltd (3600 equity shares of Rs. 1/- each fully paid up) (Market Value Rs. 3337020)	902352.00		902352.00	
		102150423.00		60038023.00
Aggregate Amount of Quoted Investment		1083183.00		1083183.00
Un-Quoted Investment		101067240.00		58954840.00

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (Rs.)		AMOUNT AS ON 30.09.2009 (Rs.)	
	SCHEDULE VII INVENTORIES & WORK IN PROGRESS (At cost taken, valued and certified by the management) STOCK OF CONSTRUCTION RAW MATERIAL FINISHED STOCK WORK IN PROGRESS	2325389.00 218106881.94 520151354.91	 740583625.85	2527642.00 304486917.93 299410863.92
SCHEDULE VIII SUNDRY DEBTORS (UNSECURED & CONSIDERED GOOD) DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS LESS THAN SIX MONTHS	417886500.24 360595988.33	 832482488.57	304122530.84 457397428.42	 761519959.26
SCHEDULE IX CASH & BANK BALANCE (A) CASH BALANCE ON HAND (B) BALANCE WITH SCHEDULED BANKS (C) FIXED DEPOSITS WITH SCHEDULED BANK	4932897.21 90693792.02 11826745.66	 107453434.89	5620456.63 20347916.85 11226988.94	 37195362.42
SCHEDULE X LOANS & ADVANCES UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND (A) SECURITY DEPOSITS (B) ADVANCE FOR EXP./CONTRACTORS (C) OTHER DEPOSITS (D) PREPAID EXPENSES (E) ADVANCE FOR PURCHASE OF LAND (F) ADVANCE TAX	532341525.18 719305518.93 283306789.27 289530.50 59451565.00 45477655.72	 1640172584.60	531916525.18 750072577.69 290237712.27 205569.00 25451565.00 25850564.00	 1623734513.14
SCHEDULE XI CURRENT LIABILITIES (A) ADVANCE FROM CUSTOMERS & PROJECTS (B) OUTSTANDING LIABILITIES (C) RENTAL DEPOSITS (D) SUNDRY CREDITORS FOR SUPPLIERS (E) INVESTOR EDUCATION PROTECTION FUND (F) OTHER LIABILITIES	281010148.98 340344866.40 24507438.00 36648810.98 55010.00 10029560.00	 692595834.36	167818528.98 497658691.18 24507438.00 42790747.49 55010.00 7343045.00	 740173460.65

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (Rs.)		AMOUNT AS ON 30.09.2009 (Rs.)	
SCHEDULE - XII				
PROVISIONS				
(A) PROVISION FOR TAXATION	11283537.73		8933346.73	
(B) PROVISION FOR GRATUITY	350481.00		--	
(B) PROVISION FOR DIVIDEND	8817145.84		8271801.69	
		20451164.57		17205148.42
SCHEDULE - XIII				
MISCELLANEOUS EXPENDITURE				
(A) PRELIMINARY EXPENSES	31000.00		36500.00	
(B) DEFERRED REVENUE EXP	20000.00		40000.00	
	51000.00		76500.00	
LESS: WRITTEN OFF	25500.00		25500.00	
		25500.00		51000.00
SCHEDULE - XIV				
INCOME FROM OPERATION				
(A) SALES	657282364.00		891100341.75	
(B) CLOSING STOCK	2325389.00		2527642.00	
(C) FINISHED GOODS	212106881.94		304486917.93	
(D) WORK IN PROGRESS	526151281.62		299410863.92	
		1397865916.56		1497525765.60
SCHEDULE - XV				
(a) MATERIAL	175904521.22		226591272.20	
(b) LABOUR & SUB CONTRACT EXP.	85332960.63		163211394.54	
(c) OTHER EXPENSES	533150080.13		792943078.76	
		794387561.98		1182745745.46
(B) LAND		475523188.20		252607396.62
		1269910750.17		1435353142.08

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (Rs.)		AMOUNT AS ON 30.09.2009 (Rs.)	
SCHEDULE - XVI				
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES				
A. ADMINISTRATIVE EXPENSES				
AUDIT FEES	661800.00		337080.00	
BANK CHARGES	89785.08		93624.17	
DIRECTORS REMUNERATION	4584395.00		3821558.00	
DONATION	548191.00		674195.00	
ELECTRICITY CHARGES	454619.00		445488.00	
FILING, LEGAL & OTHER FEES	3240161.50		4349331.00	
GRATUITY	350481.00		--	
MISCELLANEOUS EXPENSES	5771387.33		6590453.50	
INSURANCE	66293.00		468980.00	
OFFICE MAINTENANCE	332927.00		214141.00	
LOSS ON SALE OF ASSETS	1776059.71		570874.12	
PRINTING & STATIONERY	822685.50		640893.00	
RENT	3426450.00		11582912.00	
REPAIRS & MAINTENANCE OF BUILDING	16974311.48		20977813.23	
SHARE REGISTRAR EXPENSES	42656.00		32505.00	
STAFF SALARY	4940488.00		4379179.00	
STAFF WELFARE	393155.00		233568.50	
SUBSCRIPTION & PERIODICALS	22915.00		16886.00	
TELEPHONE & POSTAGE	1062170.56		930106.65	
TRAVELLING, CONVEYANCE & FUEL	5090325.00		4019266.00	
		50651256.16		60378854.17
B. SALES PROMOTION				
ADVERTISMENT EXPENSES	703176.00		601569.00	
BUSINESS PROMOTION	1107461.00		915277.00	
		1810340.00		1516846.00
C. DEFERED REVENUE EXPENDITURE				20000.00
D. PRE-OPERATIVE EXPENSES				5500.00
		52467096.16		61921200.17
SCHEDULE XVII				
INTEREST & FINANCIAL CHARGES				
INTEREST	90888981.97		64742242.86	
		90888981.97		64742242.86

SCHEDULE –XVIII

A. SIGNIFICANT ACCOUNTING POLICIES**1. BASIS OF ACCOUNTING**

a) The financial statements have been prepared under the historical cost conversion in accordance with the generally accepted accounting principles and provisions.

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 followed by the Institute of Chartered Accountants of India.

2. FIXED ASSETS AND DEPRECIATION

a) The fixed assets are stated at cost less accumulated depreciation, cost includes all related expenses incurred up to the date the Assets is put to use.

b) Depreciation on fixed asset 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/-

c) Fixed assets acquired under hire purchase agreement are recorded at their cash values and finance charges thereon related to period are charged to revenue account. The vendors have lien on these Assets.

3. RECOGNITION OF INCOME

The revenue is recognized on the "Percentage of Completion Method" of accounting of projects subject to percentage of confirmation of sales relating to each project.

4. SUNDRY DEBTORS

Represents value of sales less amount received.

5. VALUATION OF INVENTORIES

a) Work in progress

Work-in-progress comprises direct cost of project and valued at cost less cost of sales. Sizeable interest free deposits paid to land owners have been treated as part of project cost.

b) Finished stock

Finished stock consist of unsold stock in trade at the end of financial year.

6. INVESTMENTS

The long term investments are carried at cost. The decline other than temporary, will reduced from carrying amount to recognize decline.

7. EMPLOYEE BENEFIT

a) Provident Fund Plan

The company does not fall within the purview of Provident fund Act.

b) Employees State Insurance / Pension Fund scheme. The company does not fall within the purview of Employees State insurance / Pension fund scheme

c) Defined Gratuity obligation Provision for Gratuity liability has been made for the year as per the provisions of Gratuity Act. The Gratuity will be accounted as and when paid.

8. TAXES ON INCOME

The provision is made for taxation on proportionate period basis for the year ended 30.09.2010.

9. CONTINGENT LIABILITIES 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) Chennai Metropolitan Development Authority:-
The Company has built all properties in accordance to plan except minor deviations which are within permissible limits.

iii) Contingent assets are neither recognized nor disclosed.

10) BORROWING COST

As the Company has borrowed funds for the projects, interest has been accordingly charged to respective projects for which borrowing was made.

B. NOTES FORMING PART OF ACCOUNTS**1. SHARE CAPITAL AND SHARE WARRANTS**

During the year on 16.03.2010, the Company has allotted 430000 fully paid up shares on preferential basis at Rs.89/- each (including premium of Rs.79/-) to persons forming part of promoter group. These shares were allotted against conversion of 430000 convertible equity warrants (out of total 15,50,000 convertible equity warrants originally allotted on 05.08.2009). The said issue of shares resulted in to increase in Promoters holding from 39.95% to 43.41%. Earning per share has been adjusted on account of increase in equity share capital due to issue of aforementioned shares during the financial year. Balance 11,20,000 convertible equity warrants, right to exercise conversion option is available up to 04th February, 2011.

Pursuant to the issue of aforementioned shares, the paid up share capital of the Company increased from Rs.7.05 crores to Rs.7.48 crores.

2. LIABILITIES AND ASSETS

Sundry Debtors, Sundry Creditors and loans and advances are subject to confirmation.

3. SECURED LOANS

Nature of Security.

Term Loans / Project loans from Banks and Financial Institutions are secured by hypothecation of fixed assets, current assets and mortgage of certain lands and projects of the Company and its Subsidiaries. The said loan further secured by personal guarantees of Managing Director and whole time Director.

4. REMUNERATION TO AUDITORS

(Including Service Tax)

	30.09.2010 (Rs)	30.09.2009 (Rs)
i) Statutory Audit fees	3,30,900	1,68,540
ii) In other capacity Tax audit fees	1,65,450	1,12,360
Income Tax representation	1,65,450	56,180

5. MANAGERIAL REMUNERATION

PARTICULARS	(Rs. In lakhs)	
	30.09.2010	30.09.2009
Managing Directors Remuneration (Including dearness and all other allowances)	9.00	9.00
Commission to Managing Director (3% of Net Profit)	10.84	11.22
Whole time director's Remuneration	26.00	18.00
Total	45.84	38.22

Calculation of net profit in accordance with Section 349 of the Companies Act, 1956 for the purpose of commission to Managing Director:

PARTICULARS	(Rs. In lakhs)	
	30.09.2010	30.09.2009
Gross Income	7099.18	16014.65
Less:-Direct Cost	5293.27	14353.53
Administrative Overheads (Excluding Directors Remuneration)	1444.44	1287.27
Net Profit for calculation commission	3614.65	373.85
Commission @3% Rounded to	10.84	11.22

6. REPORT ON JOINT VENTURE AND ASSOCIATES

Name of Joint Venture and Associates	Purpose	Nature of Concern
1) Arihant Unitech Realty Project Limited	Development of Residential Township	Equity participation 50:50 Investment in equity Rs 50,00,000/-
2) Escapade Real Estate Private Limited	Development of Residential Township of 45 acres.	Equity participation 50:50 Investment in equity Rs 1,10,00,000/-
3) Arihant Indo African Infra Developers and Builders Pvt Ltd.	Development of Residential and Commercial Complex.	Equity Participation (26%) i) Investment in Equity Rs. 20,32,740/- ii) Optionally redeemable convertible debentures. Rs.8,07,34,500
4) North Town Estates Private Limited	Development of Township	Details of Joint Ventures: JV Partners Stake on Gross Receipts Land Owner PVP Venture Ltd (Formerly SSI Ltd) 43% Developer: Unitech Limited Arihant Foundation & Housing Ltd. 57%
5) Arihant Foundations, Partnership Firm	Residential Apartment	4%
6) Arihant Foundations and Housing, Partnership Firm	Residential Apartment	3%
7) Arihant Heirloom	Residential Apartments	49.39%

7. UNCLAIMED DIVIDEND

Financial Year	Date of Payment	Unpaid Dividend as on 30/09/2010	Due date of Transfer to IEPF
2002-03	15/04/2004	60760.00	14/05/2011
2003-04	-	NIL	N.A.
2004-05	13/04/2006	110509.20	12/04/2013
2005-06	28/03/2007	91512.00	27/04/2014
2006-07	25/04/2008	193944.00	25/05/2015
2007-08	30/03/2009	65257.00	30/04/2016
2008-09	05/04/2010	134939.00	24/04/2007

8. EARNING PER SHARE as required by Accounting Standard 20:

I) Basic Earning Per Share	30.09.2010	30.09.09
a) Weighted average number of shares considered for calculation (in lakhs)	72.84	70.50
b) Net Profit after tax (in lakhs)	210.06	278.29
c) Basic Earning per share (b) / (a) in Rs.	2.88	3.95
d) Face value per share (Rs)	10	10

II) Diluted Earning Per Share	30.09.2010	30.09.09
a) Weighted average number of shares considered for calculation (in lakhs)	86.00	70.50
b) Net Profit after tax (in lakhs)	210.06	278.29
c) Diluted Earning per share (b) / (a) in Rs	2.44	3.95
d) Face value per share (Rs)	10	10

- 9) Additional information require to be given pursuant to Part II of the Schedule VI to the Companies Act. 1956.

a) Conservation of Energy :

For the purpose of conservation of energy, 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.

Particulars	Rs. in Lakhs For the year Ended	
	30.09.2010	30.09.2009
b) Expenditure in foreign currency		
Travelling	1,184	Nil
c) Imported and indigenous material consumed		
Imported	Nil	Nil
Indigenous	10605.67	8556.01

d) Quantitative Information

Quantitative and other disclosures as require by the paragraph 3(ii) of Schedule VI to the companies Act 1956 are not provided. The company is engaged in the business of real estate development. The company is in the preparation of obtaining an exemption with regard to the aforementioned disclosures.

10. DISCLOSURE AS PER CLAUSE 13.5A OF CHAPTER XIII OF SEBI (DIP) GUIDLINES

Utilisation of fund received by the Company through issue (Private placement) of equity share by converting the share-warrant into equity shares:

During the financial year, the company has allotted 430000 equity shares upon conversion of 430000 convertible warrants (out of total of 15,50,000 convertible warrants, originally allotted on 05.08.2009). These shares were allotted to the "persons forming part of promoters group". The share were issued at a total exercise price of Rs.89/- (including premium of Rs.79/-). The said shares were allotted on 16.03.2010 upon receipt of balance amount of Rs.2,87,02,500/- (75% of total exercise price of Rs.89/-). The total fund amount of Rs.2,87,02,500/- has been utilized in Company's Project.

11. DIVIDEND FOR PREVIOUS YEAR

The provision for dividend for the previous year end 30.09.2009 was Rs.70,50,000/- (10% of the paid up capital Rs.7,05,00,000/-). On 16.03.2010, 430000 convertible equity warrants were converted in to 4,30,000 fully paid up equity shares resulting the increase in the paid up capital of the Company from Rs.7.05 crores to 7.48 crores. The Record date for the payment of final dividend was 18.03.2010. As per SEBI guidelines, the new shares shall rank pari passu with the existing shares in all respect including dividend. As on record date the paid up capital of the Company was Rs.7.48 crores and the dividend was paid 10% of the paid up capital amounting to Rs.74,80,000/-.

12. Previous year figures have been regrouped/ rearranged wherever necessary in the balance sheet.

13. SCHEDULE TO ACCOUNTS

Schedule I to XVIII form an integral part of the balance sheet and profit & loss account and are duly authenticated.

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

Chartered Accountants

sd/-
Dvendra 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/-
Kishore Kumar Sahoo
Company Secretary

CHENNAI
29.11.2010

CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2010

	Rs.	Rs.
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items		31562113.07
Add: Adjustments for :		
Depreciation	5672695.71	
Loss on Sale of Fixed Assets	1776059.71	
Miscellaneous Expenditure Writtenoff	25500.00	
Interest and Finance Charges	90888981.97	
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes		129925350.46
Add: Adjustments for Working Capital Changes		
Increase In Trade and Other Receivables	(87400600.77)	
Decrease in Inventories	(134158202.00)	
Decrease in Current Liabilities	(44331610.14)	
	<hr/>	<hr/>
Cash from Operations before Extraordinary items		(135965062.45)
Less : Income Tax Paid		--
Cash from Operations before Extraordinary items		<hr/>
Extraordinary items		--
Cash Flow from Operating Activities		<hr/>
B. CASHFLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(8936252.00)	
Sale of Fixed Assets	6781000.00	
Investment in the Shares & Debentures	(42112400.00)	
	<hr/>	
Net Cash used in Investing Activities		(44267652.00)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of Loans taken	320019285.90	
Proceeds from Issue of convertible Warrants	28702500.00	
Dividend paid	(7342017.01)	
Interest & Finance Charges	(90888981.97)	
	<hr/>	
Net Cash From Financing Activities		(250490786.92)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		70258072.47
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		37195362.42
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		107453434.89

For and on behalf of board of directors

For **ARIHANT FOUNDATIONS & HOUSING LIMITED**

sd/-
Kamal Lunawath
Managing Director

sd/-
Vimal Lunawath
Whole Time Director

sd/-
Kishore Kumar Sahoo
Company Secretary

Chennai
29.11.2010

AUDITOR'S CERTIFICATE

We have examined the above cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September 2010. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with stock exchanges and is based on and in agreement with corresponding profit & loss account and Balance Sheet of the Company covered by our report of November 29, 2010 to the members of the Company

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

Chartered Accountants
sd/-

Devendra Kumar Bhandari
Partner
Membership No.: 208862

Date : 29.11.2010
Place : Chennai

**ADDITIONAL INFORMATION AS REQUIRED UNDER
PART IV SCHEDULE VI TO THE COMPANIES ACT, 1956**

Balance Sheet Abstract and company's General Business Profile

(Rs. in thousands)

I. Registration Details

Registration No. 2 2 2 9 9State Code 1 8Balance Sheet Date 3 0 . 0 9 . 2 0 1 0

II. Capital raised during this year (Rupees in thousands)

Public Issue

Rights Issue

 N I L N I L

Bonus Issue

Private Placement

 N I L 4 3 0

III. Position of Mobilisation and Deployment of funds (Rupees in thousands)

Total Liabilities

Total Assets

 2 8 4 4 9 6 2 2 8 4 4 9 6 2

Source of Funds

Paid up Capital

Reserves & Surplus

 7 4 8 0 0 1 4 4 6 9 0 7

Secured Loan

Unsecured Loan

 7 6 3 7 8 7 5 5 5 0 3 5

Application of Funds

Net Fixed Assets

Investments

 1 3 5 1 4 2 1 0 2 1 5 0

Net Current Assets

Miscellaneous Exp.

 2 6 0 7 6 4 5 2 5

Accumulated Losses

 N I L

IV. Performance of the Company (Rupees in thousands)

Turnover

Total Expenditure

 1 4 5 0 5 0 1 1 4 1 8 9 3 9

Profit Before Tax

Profit After Tax

 3 1 5 6 2 2 1 0 0 6

Earnings Per Share (Rs.)

Divident Rates (%)

 2 . 8 8 1 0

v. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No.

 N I L**Product Description**

1. Development of Property and Construction of Commercial Complex and Residential Flats.

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

S No.	Name of Subsidiary Company	Financial Year of the Subsidiary Company ended on	Interest of the Company in the Subsidiary Companies at the end of their respective financial years		Net aggregate of Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of Arihant Foundations & Housing Limited which are			
					Dealt with in the accounts of the Company amounted to	Not dealt with in the accounts of the 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 subsidiary's financial year ended	For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited
1.	Varenya Constructions Limited	31.03.2010	50000	100%	Nil	Nil	0.37	(-)4.03
2.	Transperent Heights Real Estate Limited	31.03.2010	50000	100%	Nil	Nil	0.43	(-)17.68
3.	Arihant Griha Limited	31.03.2010	50000	100%	Nil	Nil	(-) 0.17	(-)5.43
4.	Vaikunt Housing Ltd	31.03.2010	500000	100%	Nil	Nil	0.14	(-)1.91

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

Sd/-
Kamal Lunawath
Managing Director

Sd/-
Vimal Lunawath
Director

Sd/-
Kishore Kumar Sahoo
Company Secretary

Place : Chennai
Date : 29.11.2010

VARENIA CONSTRUCTIONS LIMITED

Regd Office: No.3, Ganapathy Colony, 3rd Street, Off
Genotaph Road, Teynampet, Chennai- 600018

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 4th Annual Report to the Shareholders together with the Audited Accounts for the period ended 31st March, 2010.

FINANCIAL

For the financial year end 31.03.2010, your Company has profit after tax of Rs. 37,303/-.

DIVIDEND

Your Directors have not recommended any dividend for the period ended 31.03.2010.

DIRECTORS

There is no change in the Directorship during the period. Mr. Kamal Lunawath, Mr. Vimal Lunawath and Mr. Abhishek Chandak, first Directors are continuing as Directors of the Company.

STATUTORY AUDITORS

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 4th Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 4th Annual General Meeting till the conclusion of next Annual General Meeting.

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

There were no particulars to be furnished in this Report as required under Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption. There were no earnings in foreign currency during the year and also there were no expenditure in foreign currency.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The Company has no employee of the category mentioned in sub-section (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:

- 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;
- 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.

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. 3 (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.
- ii) Deferred Tax is not recognised in consideration of prudence.

For and on behalf of the Board of Directors
VARENIA CONSTRUCTIONS LIMITED

Sd/-
 (Kamal Lunawath)
 Director

Sd/-
 (Vimal Lunawath)
 Director

Date: 26.08.2010
 Place: Chennai

AUDITOR'S REPORT

To
The Members of Varenva Constructions Limited.

1. We have audited the attached balance sheet of M/s Varenva Constructions Limited ("the Company") as at 31st March 2010, the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;
 - iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except AS-15 and AS-22

v) On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 balance sheet, of the state of affairs of the Company as at 31st March 2010; and

(b) In the case of the profit and loss account, of the loss of the Company for the year ended 31st March 2010.

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that day.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date: 26/08/2010

Annexure**Re: M/S VARENYA CONSTRUCTIONS LIMITED**

Referred to in paragraph 3 of our report of even date,

(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) During the year the company has not disposed off any part of the fixed assets, as such there is no effect on the going concern status of the company.

c) No substantial part of fixed assets has been disposed of during the year. As such there is no affect on the going concern status of the company.

(ii) a) The company has no inventory hence the related compliances with respect to inventory is not required to be maintained.

b) The company does not have any inventory, so the adaptation of a method to physically verify the inventory by the management not require.

c) The company does not have any inventory, so the requirement of maintaining proper record of inventory does not arise.

(iii) (a) The company has granted loan or advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The details are as follows:-

No of parties are two (2)	
Maximum amount involved in the transaction during the year is	Rs. 11,71,000/-
Year end balance of the loans is	Rs. 11,71,000/-

(b) The aforesaid loans were interest free and did not carry and other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company.

(c) During the year, in respect of the aforesaid loans or advance, there has been no recovery towards principal, in the absence of any terms we are unable to comment on the regularity of recovery of principal amount.

(iv) (d) The company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The details are as follows:-

No of parties are two (2)	
Maximum amount involved in the transaction during the year is	Rs. 15,98,77,298/-
Year end balance of the loan is	Rs. 15,75,30,834/-

(e)The aforesaid loans were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;

(f) The company is regular in repaying the principal amount as stipulated.

(iv) In our opinion and according to the information and explanations given to us, the company does not have inventory, hence clause 4 (iv) of the order in respect of inventory is not applicable. As far as fixed assets are concerned in our opinion there is an adequate control procedure commensurate with the size and nature of business for the purchase and sale of fixed assets.

(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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under 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) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investors Education and Protection Fund, Wealth tax and Service Tax is not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years hence the clause 4(x) of the order is not applicable to the company. The company was incorporated in September 2006.
- (xi) The Company has not defaulted in repayment of dues to a financial institution, Bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (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.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (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.
- (xvii) Since the company has no investments. Clause 4 (xvii) of the order is not applicable.
- (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.
- (xix) The company has not issued any debentures during the year hence question of having security or registering a charge with the register of companies does not arise during the year.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4(xx) of the Order is not applicable to the Company.
- (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.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date: 26/08/2010

VARENIA CONSTRUCTIONS LTD
BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

PARTICULARS	SCHEDULE NO.	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) CAPITAL	I	500000.00		500000.00	
			500000.00		500000.00
(2) LOAN FUNDS					
(A) SECURED LOAN	II			149950735.00	
(B) UNSECURED LOANS	III	157530831.00	157530831.00	291063.00	150241798.00
TOTAL			158030831.00		150741798.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
A. GROSS BLOCK		154660080.00		139629449.00	
LESS : DEPRECIATION		--		--	
NET BLOCK			154660080.00		139629449.00
(2) INVESTMENTS					--
(3) CURRENT ASSETS, LOANS & ADVANCES					
I) CURRENT ASSETS					
A) INVENTORIES		--		--	
B) SUNDRY DEBTORS	IV			400000.00	
C) CASH & BANK BALANCE	V	138010.00		9196517.97	
II) LOAN & ADVANCES	VI	2229973.00		935942.00	
		2367983.00		10532459.97	
LESS : CURRENT LIABILITIES AND PROVISIONS					
A) CURRENT LIABILITES	VII	175847.00		644529.00	
			2192136.00		9887930.97
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			8500.00		17000.00
(5) PROFIT & LOSS A/C			1170115.00		1207418.03
TOTAL			158030831.00		150741798.00
Significant accounting policies and notes forming part of accounts	VIII				

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 26.08.2010
Place : Chennai

For and on behalf of the Board of Directors
For **VARENIA CONSTRUCTIONS LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

VARENYA CONSTRUCTIONS LTD
PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2010

PARTICULARS (Rs.)	SCHEDULE NO. (Rs.)	AMOUNT AS ON 31.03.2010	AMOUNT AS ON 31.03.2009
INCOME			
(A) INCOME FROM OPERATION		--	139629449.00
(B) OTHER INCOME		1268327.00	1055056.97
TOTAL		1268327.00	140684505.97
EXPENDITURE			
(A) DIRECT EXPENSES		--	139629449.00
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES		1231024.00	1453504.00
(C) INTEREST AND FINANCE CHARGES		--	4850.00
(D) DEPRECIATION		--	--
		1231024.00	141087803.00
PROFIT AFTER DEPRECIATION		37303.00	(403297.03)
PROVISION FOR TAXATION		--	--
PROFIT AFTER TAX		37303.00	(403297.03)
BALANCE CARRIED FORWARD			
TO BALANCE SHEET		37303.00	(403297.03)
Significant accounting policies and notes forming part of accounts	VIII		

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 26.08.2010
Place : Chennai

For and on behalf of the Board of Directors
For **VARENYA CONSTRUCTIONS LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

VARENIA CONSTRUCTIONS LTD**SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET**

PARTICULARS	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL				
50000 Equity shares of Rs. 10/- each		500000.00		500000.00
ISSUED & SUBSCRIBED & PAID UP				
(50,000 Equity shares of Rs. 10/- each				
fully paid up)	500000.00		500000.00	
		500000.00		500000.00
SCHEDULE - II				
SECURED LOAN				
BANKS	--		149950735.00	
(Secured against Mortgage of Property in relevant				
projects and Directors personal Guarantees)		--		149950735.00
SCHEDULE III				
UNSECURED LOANS				
(A) DIRECTORS	10000.00		10000.00	
(B) INTERCORPORATE DEPOSITIS	157520831.00		281063.00	
		157530831.00		291063.00
SCHEDULE IV				
SUNDRY DEBTORS				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD				
MORE THAN SIX MONTHS	--		--	
LESS THAN SIX MONTHS	--		400000.00	
		--		400000.00
SCHEDULE V				
CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	93070.00		93070.00	
(B) BALANCE WITH SCHEDULED BANKS	44940.00		9103447.97	
		138010.00		9196517.97
SCHEDULE VI				
LOAN & ADVANCES				
UNSECURED CONSIDERED GOOD TO				
BE RECEIVED IN CASH OR KIND				
(A) ADVANCE FOR EXP./CONTRACTORS	2229973.00		935942.00	
		2229973.00		935942.00
SCHEDULE VII				
CURRENT LIABILITIES				
(A) SUNDRY CREDITORS	175847.00		644529.00	
		175847.00		644529.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 26.08.2010
Place : Chennai

For and on behalf of the Board of Directors
For **VARENIA CONSTRUCTIONS LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

SCHEDULE –VIII**A. SIGNIFICANT OF ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

a) The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

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 followed by the Institute of Chartered Accountants of India.

2. FIXED ASSETS

The company has acquired fixed assets (Land) during the period. Cost of acquisition is inclusive of purchase price, levies, incidental expenditure and any directly attributed cost to bring the assets to use. All interest cost of acquisition of this assets has been capitalised.

B. NOTES FORMING PART OF ACCOUNTS**1. LIABILITIES AND ASSETS**

Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 26.08.2010
Place : Chennai

2. REMUNARETION TO AUDITORS(Excluding Service Tax)

	31.03.2010 (Rs)	31.03.2009 (Rs.)
Statutory Audit Fees	15000	15000

3. RELATED PARTY DISCLOSURS

Name of the Party	Nature of Transaction	Amount Involved (Rs)
Arihant Foundation and Housing Ltd	Loan Taken	15,75,20,831
Kamal Lunawath	Loan Taken	10000
Red Stone Realtors Pvt. Ltd	Loan Given	7,71,000/-
Vimal Lunawath	Loan Given	4,00,000

4. Previous Years figures have been regrouped wherever necessary in balance sheet.

5. SCHEDULE TO ACCOUNTS

Schedule I to VIII form an Integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

For and on behalf of the Board of Directors
For **VARENIA CONSTRUCTIONS LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

VARENYA CONSTRUCTIONS LTD
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	37303.00
Add : Adjustment for :	
Interest Received	(418,327.00)
Miscellaneous Expenditure Written off	8500.00
Operating Profit Before Working Capital Changes	(372524.00)
Add : Adjustment for Working Capital	
Decrease in current assets	(894030.97)
Increase in Current Liabilities	(468682.00)
Net Cash from Operations	(1735236.97)
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Purchase of Land	(15030631.00)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	157239768.00
Redemption of Secured Loan	(149950735.00)
Interest Paid	418327.00
Net Cash from Financing Activities	7707360.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(9058507.97)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9196517.97
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	138010.00

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

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

Date : 26.08.2010
Place : Chennai

For and on behalf of the Board of Directors
For **VARENYA CONSTRUCTIONS LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

AUDITOR'S REPORT

To
The Members of M/s TRANSPERENT HEIGHTS REAL ESTATE LIMITED.

1. We have audited the attached balance sheet of M/s TRANSPERENT HEIGHTS REAL ESTATE LTD ("the Company") as at 31st March 2010, the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to the above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 and profit and loss account dealt with by this report are in agreement with the books of account;

d) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except AS-15 and AS-22.

e) In our opinion, the Cess is not payable under section 44I A Since the company does not have any profit during the year.

On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2010; and
- (ii) In the case of the profit and loss account, the loss of the Company for the year ended 31st March 2010.
- (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

For B.P.JAIN & CO.
 CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
 Partner
 Membership No.: 208862

Place: Chennai
 Date : 24.08.2010

ANNEXURE

Re: M/S TRANSPERENT HEIGHTS REAL ESTATES LIMITED

Referred to in paragraph 3 of our report of even date,

- (i) a) The Company has no fixed assets hence the related compliances with respect to fixed asset is not required to be maintained.
- b) The company has no fixed assets hence the question of verification of fixed assets by the management does not arise.
- c) As the company does not own any fixed assets, the question of disposed ff of substantial part of fixed assets during the year does not arise. As such there is no affect on the going concern status of the company.
- (ii) a) The Company has no inventory, hence the related compliances with respect to inventory is not required to be maintained.
- b) As the company has no inventory the adaptation of procedure for physical verification of inventory commensurate with the nature and size of its business is not require to be followed by the management.
- c) As the company has no inventory, the necessity of maintaining proper records of inventory is not required.
- (iii) (a) The Company has granted loans and advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved in the transaction during the year is Rs 12,60,000/- (No of parties – 1) and the closing balance of the loan amount is Rs 12,60,000/-.
- (b) The above mentioned loans are interest free and other terms and conditions of the loan given by the company secured or unsecured are not prejudicial to the interest of the company.
- (c) During the year there has been no recovery of principal and interest in respect of aforesaid loan. In the absence of any terms and conditions of such loans
- we are unable to comment on the regularity recovery of principal and interest amount.
- (d) The company has not taken any reasonable steps to recover the over due amount of principal and interest thereof which is more than rupees one lakh.
- (e) The company has taken unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved in the transaction during the year is Rs 2,80,25,653/- (No of parties – 1) and the closing balance of the loan amount is Rs 2,36,21,096/-.
- (f) The aforesaid loans were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;
- (g) The company is regular in repaying the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion, and according to information and explanations given by the management, contracts and arrangements referred 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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) Since the Authorised and paid up capital of the company is less than Rs.50 Lakh, the company is not necessary to have an Internal Audit System.

- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, Provident Fund, Investor Education and protection Fund, Income Tax, Wealth Tax, Service Tax, Cess, Sales Tax, TNGST, Excise duty and other material statutory dues during the year with the appropriate authorities are not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The company was incorporated in September 2006. So the clause 4(x) of the Order is not applicable.
- (xi) The Company has not availed any loan from Banks and Financial institutions and company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund/nidhi/mutual fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (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.
- (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.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not taken any term loans from Banks. Hence question of application of loans for the purpose for which it is borrowed does not arise.
- (xvii) Since the company has no investments, clause 4 (xvii) of the order is not applicable.
- (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.
- (xix) The Company has not issued any debentures during the year hence question of having security or registering a charge with the Registrar of Companies does not arise during the year.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (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.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No. 208862

Place : Chennai
Date : 02/09/2010

TRANSPARENT HEIGHTS REAL ESTATE LTD
BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

PARTICULARS	SCHEDULE NO	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) CAPITAL	I	500000.00	500000.00	500000.00	500000.00
(2) LOAN FUNDS					
(A) SECURED LOAN		--		--	
(B) UNSECURED LOANS	II	23621096.00	23621096.00	37227456.00	37227456.00
TOTAL			24121096.00		37727456.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS			--		--
(2) INVESTMENTS			--		--
(3) CURRENT ASSETS, LOANS & ADVANCES					
I) CURRENT ASSETS					
A) INVENTORIES		--		--	
B) SUNDRY DEBTORS	III	882000.00		660000.00	
C) CASH & BANK BALANCE	IV	136646.00		157149.00	
II) LOAN & ADVANCES	V	18306750.00		32000000.00	
		19325396.00		32817149.00	
LESS : CURRENT LIABILITIES AND PROVISIONS					
A) CURRENT LIABILITES	VI	211301.00		143629.00	
		211301.00	19114095.00	143629.00	32673520.00
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			4000.00		8000.00
(5) PROFIT & LOSS A/C			5003001.00		5045936.00
TOTAL			24121096.00		37727456.00
Significant accounting policies and notes forming part of accounts	VII				

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.2010
Place : Chennai

For and on behalf of the Board of Directors
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

TRANSPARENT HEIGHTS REAL ESTATE LTD
PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2010

PARTICULARS	SCEDULE No.	AMOUNT AS ON 31.03.2010 (Rs.)	AMOUNT AS ON 31.03.2009 (Rs.)
INCOME			
(A) INCOME FROM OPERATION		--	--
(B) OTHER INCOME		1500000.00	660000.00
		<hr/>	<hr/>
		1500000.00	660000.00
		<hr/>	<hr/>
EXPENDITURE			
(A) CONSTRUCTION EXPENSES		--	--
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES		1457065.00	2428532.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		<hr/>	<hr/>
		1457065.00	2428532.00
		<hr/>	<hr/>
PROFIT AFTER DEPRECIATION		42935.00	(1768532.00)
PROVISION FOR TAXATION		--	--
PROFIT AFTER TAX		42935.00	(1768532.00)
BALANCE FORWARD TO BALANCE SHEET		42935.00	(1768532.00)
Significant accounting policies and notes forming part of accounts	VII		

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

Date : 02.09.2010

Place : Chennai

For and on behalf of the Board of Directors
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-

Kamal Lunawath

Director

sd/-

Vimal Lunawath

Director

TRANSPARENT HEIGHTS REAL ESTATE LTD

SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL (50,000 Equity shares of Rs. 10/- each fully paid up)		500000.00		500000.00
ISSUED, SUBSCRIBED & PAID UP (50,000 Equity shares of Rs. 10/- each fully paid up)	500000.00		500000.00	
		500000.00		500000.00
SCHEDULE - II				
UNSECURED LOANS				
(A) INTERCORPORATE DEPOSITS	23621096.00		37227456.00	
		23621096.00		37227456.00
SCHEDULE - III				
SUNDRY DEBTORS				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	882000.00		--	
LESS THAN SIX MONTHS	--		660000.00	
		882000.00		660000.00
SCHEDULE - IV				
CASH & BANK BALANCE				
A) CASH BALANCE ON HAND	29641.00		29641.00	
B) BALANCE WITH SCHEDULED BANKS	107005.00		127508.00	
C) FIXED DEPOSITS WITH SCHEDULED BANK	--		--	
		136646.00		157149.00
SCHEDULE V				
LOANS & ADVANCES				
UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) ADVANCE FOR EXPENSES	16806750.00		30500000.00	
(B) ADVANCE TAX	1500000.00		1500000.00	
		18306750.00		32000000.00
SCHEDULE - VI				
CURRENT LIABILITIES				
A) OUTSTANDING LIABILITIES	143661.00		86738.00	
B) SUNDRY CREDITORS EXPENSES	67640.00		56891.00	
		211301.00		143629.00

As per our attached report of even date

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

Date : 02.09.2010

Place : Chennai

For and on behalf of the Board of Directors

For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-

Kamal Lunawath

Director

sd/-

Vimal Lunawath

Director

SCHEDULE-VII**A SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements requires estimates/assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimate are recognized in the period in which the results are known / materialised.

B. NOTES FORMING PART OF ACCOUNTS**1. REMUNERATION TO AUDITORS (Excluding Service Tax)**

	31.03.2010	31.3.2009
	(Rs.)	
Statutory Auditors		
Audit Fees	15000	15000

2. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount involved (Rs.)
Arihant Foundation and Housing Ltd	Loan Received	2,36,21,096
Vimal Lunawath	Loan Given	12,60,000

3. Previous years figures have been regrouped wherever necessary in balance sheet.

4. SCHEDULE TO ACCOUNTS

Schedule I to VII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.2010
Place : Chennai

For and on behalf of the Board of Directors
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

TRANSPARENT HEIGHTS REAL ESTATE LTD
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	42935.00
Add : Adjustments for	
Miscellaneous Expenditure Written Off	4000.00
Operating Profit Before Working Capital Changes	46935.00
Add : Adjustment for Working Capital changes	
Decrease in current assets	13471250.00
Increase in current liabilities	67672.00
Net Cash from Operations	13585857.00
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Net Cash used in Investing Activities	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	--
Redemption of Unsecured Loan	(13606360.00)
Net Cash from Financing Activities	(13606360.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(20503.00)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	157149.00
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	136646.00

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

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

Date : 02.09.2010
Place : Chennai

For and on behalf of the Board of Directors
For **TRANSPARENT HEIGHTS REAL ESTATE LTD.**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED

Regd Office: No.3, Ganapathy Colony, 3rd Street, Off
Genotaph Road, Teynampet, Chennai- 600018

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 4th Annual Report to the Shareholders together with the Audited Accounts for the period ended 31st March, 2010.

FINANCIAL

For the financial year end 31.03.2010, your Company has incurred a net loss of Rs.17,257/-.

DIVIDEND

Your Directors have not recommended any dividend for the period ended 31.03.2010.

DIRECTORS

There is no change in the Directorship during the period. Mr. Kamal Lunawath, Mr. Vimal Lunawath and Mrs. Preethi Lunawath, first Directors are continuing as Directors of the Company.

STATUTORY AUDITORS

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 4th Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 4th Annual General Meeting till the conclusion of next Annual General Meeting.

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

There were no particulars to be furnished in this Report as required under Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption. There were no earnings in foreign currency during the year and also there were no expenditure in foreign currency.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The Company has no employee of the category mentioned in sub-section (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:

- 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;
- 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.

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. 3 (d), 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.
- ii) Deferred Tax is not recognised in consideration of prudence.

For and on behalf of the Board of Directors
ARIHANT GRIHA LIMITED

Sd/-
(Kamal Lunawath)
Director

Sd/-
(Vimal Lunawath)
Director

Date: 31.08.2010
Place: Chennai

AUDITOR'S REPORT

To
The Members of M/s Arihant Griha Limited.

1. We have audited the attached balance sheet of M/s Arihant Griha Limited ("the Company") as at 31st March 2010, the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to the above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 and profit and loss account dealt with by this report are in agreement with the books of account;

d) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except AS 15 and AS 22.

e) In our opinion, the Cess is not payable under section 441 A since the company does not have any profit during the year.

On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2010; and
- (ii) In the case of the profit and loss account, the loss of the Company for the year ended 31st March 2010.
- (iii) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date : 31/08/2010

Annexure**Re: M/S M/S ARIHANT GRIHA LIMITED**

Referred to in paragraph 3 of our report of even date,

(i) (a) The Company has no fixed assets hence the related compliances with respect to fixed asset is not required to be maintained.

(b) The company has no fixed assets hence the question of verification of fixed assets by the management does not arise.

(c) As the company does not own any fixed assets, the question of disposed of substantial part of fixed assets during the year does not arise. As such there is no affect on the going concern status of the company.

(ii) (a) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.

(b) As the company has no inventory the adaptation of procedure for physical verification of inventory commensurate with the nature and size of its business is not require to be followed by the management.

(c) As the company has no inventory, the necessity of maintaining proper records of inventory is not required.

(iii) (a) The Company has not granted advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 hence the related compliances with respect to loans and advances not applicable.

(b) The company has taken unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. The details are as follows:-

No of parties are three (3)
Maximum amount involved in
the transaction during the year is Rs. 21,13,88,626/-
Year end balance of such loans is Rs. 8,84,41,559/-

(c) In our opinion the rates of interest and other terms and conditions of loan are not prima facie prejudicial to the interest of the company.

(d) The company is regular in repaying the principal amount as stipulated.

(iv) In our opinion and according to the information and explanations given to us the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.

(v) (a) In our opinion, and according to information and explanations given by the management, contracts and arrangements referred in section 301 of the Companies Act 1956 have been entered in the register required to be main tainted 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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.

(vii) The Authorized and paid up capital of the company is less than Rs.50 Lacs, and the average turnover is less than Rs.5 crores, hence the company is not necessary to have an Internal Audit System.

(viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the company is regular in depositing undisputed statutory dues of income Tax, Cess, VAT and any material statutory dues during the year with appropriate statutory authorities. Statutory payment of Provident Fund, Investor Education & Protection Fund, Wealth tax and Service Tax is not applicable.

(b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.

- (x) The company has been registered for a period of less than five years. The company was incorporated in September 2006; hence the Clause 4 (x) of the CARO is not applicable.
- (xi) The Company has not availed any loans from Banks and Financial institutions and company has not issued any debentures. Hence the clause 4 (xi) of the order is not applicable.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund/nidhi/mutual fund/society. Accordingly, clause 4(xiii) of the Order is not applicable
- (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.
- (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.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not taken any term loans from Banks. Hence question of application of loans for the purpose for which it is borrowed does not applicable.
- (xvii) The company has no investments, hence clause 4 (xvii) of the order is not applicable.
- (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.
- (xix) The Company has not issued any debentures during the year hence question of having security or registering a charge with the Registrar of Companies does not arise during the year.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (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.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No. 208862

Place: Chennai
Date: 31/08/2010

ARIHANT GRIHA LIMITED
BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

PARTICULARS	SCHEDULE	AMOUNT AS ON		AMOUNT AS ON	
		31.03.2010 (Rs.)		31.03.2009 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) CAPITAL	I	500000.00		500000.00	
			500000.00		500000.00
(2) LOAN FUNDS					
(A) SECURED LOAN		--		--	
(B) UNSECURED LOANS	II	88441559.00	88441559.00	211238322.00	
					211238322.00
TOTAL			88941559.00		211738322.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS			--		--
(2) INVESTMENTS			--		--
--					
(3) CURRENT ASSETS, LOANS & ADVANCES					
I) CURRENT ASSETS					
A) INVENTORIES		--		--	
B) SUNDRY DEBTORS	III	600000.00		600000.00	
C) CASH & BANK BALANCE	IV	29007.00		42132.00	
II) LOAN & ADVANCES	V	87325754.00		210103254.00	
					210745386.00
LESS : CURRENT LIABILITIES AND PROVISIONS					
A) CURRENT LIABILITES	VI	124486.00		109591.00	
		124486.00	87830275.00		210635795.00
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			8500.00		17000.00
(5) PROFIT & LOSS A/C			1102784.00		1085527.00
TOTAL			88941559.00		211738322.00
Significant accounting policies and notes forming part of accounts	VII				

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 31.08.2010
Place : Chennai

For on behalf of the board of directors
For **ARIHANT GRIHA LIMITED**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED
PROFIT & LOSS A/C FOR THE PERIOD 31.03.2010

PARTICULARS	Shedule No.	AMOUNT AS ON 31.03.2010 (Rs.)	AMOUNT AS ON 31.03.2009 (Rs.)
INCOME			
(A) INCOME FROM OPERATION		--	--
(B) OTHER INCOME		985000.00	600000.00
TOTAL		985000.00	600000.00
EXPENDITURE			
(A) DIRECT EXPENSES		--	--
(B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES		1002257.00	1142677.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		1002257.00	1142677.00
PROFIT AFTER DEPRECIATION		(17257.00)	(542677.00)
PROVISION FOR TAXATION		--	--
PROFIT AFTER TAX		(17257.00)	(542677.00)
BALANCE FORWARD TO BALANCE SHEET		(17257.00)	(542677.00)
Significant accounting policies and notes forming part of accounts	VII		

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 31.08.2010
Place : Chennai

For and on behalf of the board of directors
For **ARIHANT GRIHA LIMITED**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED

SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL		500000.00		500000.00
50000 EQUITY SHARES OF RS. 10/- EACH				
ISSUED, SUBSCRIBED & PAID UP				
50000 EQUITY SHARE OF RS. 10/- EACH				
FULLY PAID UP	500000.00		500000.00	
		500000.00		500000.00
SCHEDULE - II				
UNSECURED LOANS				
(A) DIRECTORS	--		17200.00	
(B) INTERCORPORATE DEPOSITS	88441559.00		211206122.00	
		88441559.00		211223322.00
SCHEDULE - III				
SUNDRY DEBTORS				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD				
MORE THAN SIX MONTHS	600000.00		--	
LESS THAN SIX MONTHS			600000.00	
		600000.00		600000.00
SCHEDULE -IV				
CASH & BANK BALANCE				
A) CASH BALANCE ON HAND	3440.00		3440.00	
B) BALANCE WITH SCHEDULED BANKS	25567.00		38692.00	
		29007.00		42132.00
SCHEDULE -V				
LOAN & ADVANCES				
UNSECURED CONSIDERED GOOD TO BE				
RECEIVED IN CASH OR KIND				
(A) SECURITY DEPOSITS	87325754.00		2010016854.00	
(B) ADVANCE FOR EXP. / CONTACTORS	--		86400.00	
		87325754.00		2010103254.00
SCHEDULE -VI				
CURRENT LIABILITIES				
(A) ADVANCE FROM PROJECTS & CUSTOMERS	--		--	
(B) OUTSTANDING LIABILITIES	58314.00		0.00	
(C) SUNDRY CREDITORS	66172.00		109591.00	
		124486.00		109591.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 31.08.2010
Place : Chennai

For and on behalf of the board of directors
For **ARIHANT GRIHA LIMITED**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

SCHEDULE-VII**A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements requires estimates/assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimate are recognized in the period in which the results are known / materialized.

3. INTEREST ON DEBT CHARGED BY THE PARENT COMPANY

The parent company has charged interest on the debt given by it. However the companies Board of Directors have not agreed on the same. The matter is under consideration of the Board. If the Board agrees to the aforementioned, there will be outflow of Rs. 5.12 crores.

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 31.08.2010
Place : Chennai

B. NOTES FORMING PART OF ACCOUNTS**1. REMUNERATION TO AUDITORS (Excluding Service Tax)**

	31.03.10 (Rs.)	31.03.09 (Rs.)
Statutory Auditors		
Audit Fees	15000/-	15,000/-

2. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount involved (Rs.)
(i) Kamal Lunawath	Loan Received	17200
(ii) Arihant Foundation and Housing Ltd	Loan Received	88409359
(iii)Vimal Lunawath	Loan Received	15000

3. Previous years figures have been regrouped wherever necessary in balance sheet.

4. SCHEDULE TO ACCOUNTS

Schedule I to VII form an integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

For and on behalf of the board of directors
For **ARIHANT GRIHA LIMITED**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	(17257.00)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	8500.00
Interest and Finance Charges	--
Operating Profit Before Working Capital Changes	(8757.00)
Add : Adjustment for :	
Decrease in current Assets	(122777500.00)
Increase in current liabilities	(14895.00)
Net Cash from Operations	(122783638.00)
B. CASH FLOW FROM INVESTMENT ACTIVITIES	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	--
Redemption of Unsecured Loan	(122796763.00)
Net Cash from Financing Activities	(122796763.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(13125.00)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42132.00
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	29007.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 31.08.2010
Place : Chennai

For and on behalf of the board of directors
For **ARIHANT GRIHA LIMITED**

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

AUDITOR'S REPORT

To
The Members, Vaikunt Housing Limited.

1. We have audited the attached balance sheet of M/s Vaikunt Housing Limited ("the Company") as at 31st March 2010, and also the annexed profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;
 - iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except AS 7, AS 15 and AS 22.
 - v) On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 balance sheet, of the state of affairs of the Company as at 31st March 2010; and
 - (b) In the case of the profit and loss account, of the loss of the Company for the year ended 31st March 2010.
 - (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date: 24.08.2010

Annexure

Re: M/S VAIKUNT HOUSING LIMITED

Referred to in paragraph 3 of our report of even date,

(i) a) The Company has no fixed assets hence the related compliance with respect to fixed assets is not require to be maintained.

b) The company has no fixed assets. Hence the question of verification of fixed asset by the management does not arise.

c) As the company does own any fixed assets, the question of disposed of substantial part of fixed assets during the year does not arise. As such there is no affect on the going concern status of the company.

(ii) a) The company has no inventory; hence the related compliance with respect to inventory is not required to be maintained.

b) The company does not have any inventory, so the adaptation of a method to physically verify the inventory by the management not require.

c) The company does not have any inventory, so the requirement of maintaining proper record of inventory does not arise.

(iii) (a) The Company has granted loan or advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The details are as follows:-

No of party is one (1)
Maximum amount involved in
the transaction during the year is Rs. 857000/-
Year end balance of the loan is Rs 857000/-

(b) The rate of interest and other terms and conditions of the loan given by the company, secured and unsecured are not prima facie prejudicial to the interest of the company.

(c) The receipt of principal and interest amount is also regular from party.

(d) Where the overdue amount is more than Rs 1 lakh, reasonable steps have been taken by the company for recovery of principal and interest.

(e) The company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The details are as follows:-

No of parties are four (4)
Maximum amount involved in the
transaction during the year is Rs.1,55,84,281/-
Year end balance of the loan is Rs 1,55,84,281/-

(f) In our opinion, the rates of interest and other terms and conditions of loans taken are not, prima facie, prejudicial to the interest of the company.

(g) The company is regular in repaying the principal amount as stipulated and the loans do not carry any interest.

(iv) In our opinion and according to the information and explanations given to us, the company has an adequate internal control procedure commensurate with the size and nature of the business for the purchase of stores and materials, plant and machinery equipment and other assets and for the sale of finished stock.

(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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.

- (vii) The company is having paid up capital and reserves of less than Rs.50 lacs and the average turnover is less than Rs.5 crores for a period of three consecutive financial years immediately preceding the financial year, the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues including, Income Tax, Service Tax, Cess, Sales tax, VAT, Excise duty and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident fund, Investor Education and protection fund, Wealth Tax is not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company does not have any accumulated losses nor has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to a financial institution, Bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiii) of the order is not applicable.
- (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.
- (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.
- (xvii) Since the company has no investments. Clause 4 (xvii) of the order is not applicable.
- (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.
- (xix) The company has not issued any debentures during the year hence question of having security or registering a charge with the Registrar of Companies does not arise during the year.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4(xx) of the Order is not applicable to the Company.
- (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.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date: 24//08/2010

VAIKUNT HOUSING LIMITED
BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

	SCHEDULE NO	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	500000.00	500000.00	500000.00	500000.00
(2) LOAN FUNDS					
(A) SECURED LOANS		--	--	--	--
(B) UNSECURED LOANS	II	15584281.00	15584281.00	11561230.00	11561230.00
TOTAL			16084281.00		12061230.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS			--	--	--
(2) INVESTMENTS			--	--	--
(3) CURRENT ASSETS, LOANS & ADVANCES					
(i) CURRENT ASSETS					
A) INVENTORIES	III	--	--	--	--
B) SUNDRY DEBTORS	IV	5608791.26	4634828.26	4634828.26	4634828.26
C) CASH & BANK BALANCE	V	74161.04	67004.04	67004.04	67004.04
(ii) LOANS & ADVANCES	VI	9822826.00	7912462.00	7912462.00	7912462.00
		15505778.30	12614294.30	12614294.30	12614294.30
LESS: CURRENT LIABILITIES AND PROVISIONS					
A) CURRENT LIABILITIES	VII	2406713.60	3552130.60	3552130.60	3552130.60
B) PROVISIONS		271293.00	271293.00	271293.00	271293.00
		2678006.60	12827771.70	3823423.60	3823423.60
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			--	--	8790870.70
(5) PROFIT AND LOSS ACCOUNT			3256509.30	--	3270359.30
TOTAL			16084281.00		12061230.00
Significant accounting policies and notes Forming part of accounts	XII				

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

For and on behalf of board of directors
For **Vaikunt Housing Limited**

sd/-
Devendra Kumar Bhandari
Partner, Membership No.: 208862
CHENNAI
24.08.2010

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

VAIKUNT HOUSING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31.03.2010

PARTICULARS	Schedule No.	AMOUNT AS ON 31.03.2010 (Rs.)	AMOUNT AS ON 31.03.2009 (Rs.)
INCOME			
I. INCOME			
(A) INCOME FROM OPERATIONS	VIII	--	51487405.00
(B) OTHER INCOME		1650000.00	--
TOTAL		1650000.00	51487405.00
II. EXPENDITURE			
A) CONSTRUCTION EXPENSES	IX	--	50284535.33
B) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	X	1636150.00	1393824.00
C) INTEREST AND FINANCE CHARGES	XI	--	--
D) DEPRECIATION		--	--
		1636150.00	51678359.33
PROFIT AFTER DEPRECIATION		13850.00	(190954.33)
PROVISION FOR TAXATION		--	--
PROFIT AFTER TAX		13850.00	(190954.33)
BALANCE CARRIED FORWARD TO BALANCE SHEET		13850.00	(190954.33)
Significant accounting policies and notes Forming part of accounts	XII		

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

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

CHENNAI
24.08.2010

For and on behalf of board of directors
For **Vaikunt Housing Limited**

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

**VAIKUNT HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET**

	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL 100,00,000 EQUITY SHARES OF RS.1/- EACH		<u>10000000.00</u>		<u>10000000.00</u>
ISSUED, SUBSCRIBED & PAID UP 500000 EQUITY SHARES OF RS.1/- EACH FULLY PAID UP	<u>500000.00</u>	<u>500000.00</u>	<u>500000.00</u>	<u>500000.00</u>
SCHEDULE - II				
UNSECURED LOAN				
(A) INTERCORPORATE DEPOSITS	<u>15534281.00</u>		<u>11361230.00</u>	
(B) UNSECURED LOANS OTHERS	<u>50000.00</u>		<u>200000.00</u>	
		<u>15584281.00</u>		<u>11561230.00</u>
SCHEDULE - III				
INVENTORIES & WORK IN PROGRESS WORK IN PROGRESS (AT COST, TAKEN VALUED AND CERTIFIED BY THE MANAGEMENT)	<u>--</u>	<u>--</u>	<u>-</u>	<u>-</u>
SCHEDULE - IV				
SUNDRY DEBTORS (UNSECURED & CONSIDERED GOOD) DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	<u>5608791.26</u>		<u>2134828.26</u>	
LESS THAN SIX MONTHS	<u>--</u>		<u>2500000.00</u>	
		<u>5608791.26</u>		<u>4634828.26</u>
SCHEDULE - V				
CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	<u>40800.00</u>		<u>40800.00</u>	
(B) BALANCE WIT SCHEDULED BANK	<u>33361.04</u>		<u>26204.04</u>	
		<u>74161.04</u>		<u>67004.04</u>
SCHEDULE - VI				
UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) ADVANCE FOR EXP/CONTRACTORS	<u>9822826.00</u>		<u>7412462.00</u>	
(B) ADVANCE TAX	<u>--</u>		<u>500000.00</u>	
		<u>9822826.00</u>		<u>7912462.00</u>

VAIKUNT HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 31.03.2010 (Rs.)		AMOUNT AS ON 31.03.2009 (Rs.)	
SCHEDULE - VII				
CURRENT LIABILITIES				
(A) ADVANCE FROM CUSTOMERS	--		--	
(B) OUTSTANDING LIABILITIES	--		116824.00	
(C) SUNDRY CREDITORS FOR SUPPLIERS	<u>2406713.60</u>		<u>3435306.60</u>	
		2406713.60		3552130.60
SCHEDULE - VIII				
INCOME FROM OPERATIONS				
(A) SALES	--		51487405.00	
(B) WORK IN PROGRESS	--		--	
		--		51487405.00
SCHEDULE - IX				
CONSTRUCTION EXPENSES				
(A) MATERIAL	--		19437721.61	
(B) LABOUR & SUB CONTRACT EXP	--		27420356.13	
(C) OTHER EXPENSES	--		<u>3426457.59</u>	
		--		50284535.33
SCHEDULE - X				
ADMINISTRATIVE EXPENSES				
BANK CHARGES	254.00		1685.00	
FILING, LEGAL & OTHER FEES	--		39326.00	
OTHER PROJECT EXPENSES	53487.00		50716.00	
PRINTING & STATIONERY	--		8500.00	
STAFF SALARY	1543881.00		1237348.00	
TELEPHONE & POSTAGE	<u>38528.00</u>		<u>56249.00</u>	
		1636150.00		1393824.00
		<u>1636150.00</u>		<u>1393824.00</u>
SCHEDULE XI				
INTEREST & FINANCIAL CHARGES				
INTEREST	--	--	--	--

SCHEDULE –XII**A. SIGNIFICANT OF ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

a) The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountant of India and as per the provisions of the Companies Act, 1956.

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 followed by the Institute of Chartered Accountants of India.

2. RECOGNITION OF INCOME

The revenue is recognized on the "Completed project method" of accounting.

3. TAXES ON INCOME

The provision is made for taxation on proportionate period basis for the year ended 31.03.2010.

B. NOTES FORMING PART OF ACCOUNTS**1. LIABILITIES AND ASSETS**

Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.

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

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

CHENNAI
24.08.2010

2. REMUNERATION TO AUDITORS(Excluding Service Tax)

31.03.2010 31.03.2009

Statutory Audit Fees 15000 15000

3. RELATED PARTY DISCLOSURES

Name of the Party	Nature of Transaction	Amount Involved (Rs)
Arihant Foundation and Housing Ltd	Loan received	15409281
Arihant Foundation	Existing Loan	1,25,000
Arihant Foundation and Housing	Loan given	8,57,000
Kamal Lunawath	Existing Loan	50,000

4. Previous Years figures have been regrouped wherever necessary in balance sheet.

5. SCHEDULE TO ACCOUNTS

Schedule I to XII form an Integral part of the Balance Sheet and Profit and Loss Account and are duly authenticated.

For and on behalf of board of directors
For **Vaikunt Housing Limited**

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

VAIKUNT HOUSING LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	(13850.00)
Add : Adjustment for :	--
Interest Paid	--
Operating Profit Before Working Capital Changes	<u>(13850.00)</u>
Add : Adjustment for :	
Increase in current assets	(2884327.00)
Decrease in Current Liabilities	(1145417.00)
Net Cash from Operations	<u>(4015894.00)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Net cash used in investing activities	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	4023051.00
Net Cash from Financing Activities	<u>4023051.00</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	7157.00
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	67004.04
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	74161.04

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

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

CHENNAI
24.08.2010

For and on behalf of board of directors
For **Vaikunt Housing Limited**

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

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

1. We have examined the attached Consolidated Balance Sheet of Arihant Foundations & Housing Limited and its subsidiaries as at 30th September, 2010 and the Consolidated Profit and Loss account and the consolidated Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that, the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Arihant Foundations and Housing Limited and its subsidiaries included in the consolidated financial statements.

4. We report that on the basis of information and according to the explanation given to us, and on the consideration of the separate audit report of individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the attached consolidated financial statements, read with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Arihant Foundations & Housing Limited group as at 30th September 2010,
- b) In the case of consolidated Profit and Loss Account of the consolidated results of operations of the Arihant Foundations & Housing Limited group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Arihant Foundations and Housing Limited group for the year ended on that date.

For **B.P.JAIN & CO.**
CHARTERED ACCOUNTANTS

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

Place: Chennai
Date: 29.11.2010

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2010

SCHEDULE NO	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs.	AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.
I SOURCES OF FUNDS		
(1) SHARE HOLDER'S FUNDS		
(A) SHARE CAPITAL I	74800000.00	70500000.00
(B) RESERVES & SURPLUS II	1436375243.82	1398799460.19
	1511175243.82	1469299460.19
(2) LOAN FUNDS		
(A) SECURED LOANS III	763786573.76	695419689.86
(B) UNSECURED LOANS IV	840212287.60	713650924.60
(3) DEFFERED TAX LIABILITY	4434243.00	1409070614.46
TOTAL	3119608348.18	2878370074.65
II APPLICATION OF FUNDS		
(1) FIXED ASSETS		
a) GROSS BLOCK V	319794807.60	313508654.60
Less: DEPRECIATION	29992795.10	26754369.69
Net Block	289802012.50	286754284.91
(2) INVESTMENTS VI	100150423.00	58038023.00
(3) CURRENT ASSETS, LOANS & ADVANCES		
(i) CURRENT ASSETS		
a) INVENTORIES VII	740583625.85	606425423.85
b) SUNDRY DEBTORS VIII	839573279.83	767814787.52
c) CASH & BANK BALANCE IX	107831258.93	46658165.43
(ii) LOANS & ADVANCES X	1757857887.60	1874686171.14
	3445846052.21	3295584547.94
LESS: CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES XI	695514181.96	744623339.78
b) PROVISIONS XII	20722457.57	17476441.42
	716236639.53	762099781.20
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF XIII	46500.00	93000.00
TOTAL	3119608348.18	2878370074.65

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

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

CHENNAI
29.11.2010

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

sd/-
Kamal Lunawath
Managing Director

sd/-
Vimal Lunawath
Wholetime Director

sd/-
Kishore Kumar Sahoo
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30.9.2010

	SCHEDULE NO	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs	AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs
I. INCOME			
(A) INCOME FROM OPERATIONS	XIV	1397865916.56	1688642619.60
(B) OTHER INCOME		58038926.22	106254953.77
TOTAL		1455904842.78	1794897573.37
II. EXPENDITURE			
(A) CONSTRUCTION EXPENSES	XV	1269910750.17	1625267126.41
(B) COST OF FIXED ASSETS SOLD			--
(C) ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	XVI	57793592.16	68339737.17
(D) INTEREST AND FINANCE CHARGES	XVII	90888981.97	64747092.86
(E) DEPRECIATION		5672695.71	5885365.64
		1424266020.01	1764239322.08
PROFIT AFTER DEPRECIATION		31638822.77	30658251.29
CURRENT TAX		6121417.00	
DEFERRED TAX		4434243.00	
PROVISION FOR TAXATION		10555660.00	5735198.00
PROFIT AFTER TAX		21083162.77	24923053.29
PROPOSED DIVIDEND		7480000.00	7050000.00
PAYMENT OF DIVIDEND(Previous Year)		430000.00	
Transfer to General Reserve			2782851.37
BALANCE CARRIED FORWARD TO BALANCE SHEET		13603162.77	15090201.93
Earning Per Share (Basic)		2.89	3.54
Earning Per Share (Diluted)		2.45	3.54

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

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

CHENNAI
29.11.2010

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

sd/-
Kamal Lunawath
Managing Director

sd/-
Vimal Lunawath
Wholetime Director

sd/-
Kishore Kumar Sahoo
Company Secretary

CONSOLIDATED SCHEULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.	
SCHEDULE - I				
SHARE CAPITAL		100000000.00		100000000.00
AUTHORISED				
100,00,000 EQUITY SHARES OF RS.10/- EACH				
ISSUED, SUBSCRIBED & PAID UP				
74,80,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	74800000.00			
70,50,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP			<u>70500000.00</u>	
		74800000.00		70500000.00
SCHEDULE - II				
RESERVES & SURPLUS				
BALANCE AS PER LAST BALANCE SHEET	88308751.98			
GENERAL RESERVE	--		85525900.61	
ADD : ADDITIONS DURING THE YEAR		88308751.98	<u>2782851.37</u>	
				88308751.98
PROFIT & LOSS ACCOUNT BALANCE	827803207.77		812713006.29	
ADD : ADDITIONS DURING THE YEAR	13173284.07		<u>15090201.93</u>	
		840976491.84		827803208.21
SECURITY PREMIUM				
OPENING BALANCE	404500000.00		404500000.00	
ADD SHARES FORFEITED	43700000.00		-	
ADDITION DURING THE YEAR	33970000.00	482170000.00		404500000.00
15,50,000 CONVERTIBLE WARRANTS OF RS. 89/- EACH (RS. 22.25 PAID UP)		24920000.00		34487500.00
950000 CONVERTIBLE WARRANTS PAID RS.46/-PER				--
TRANSFER OUT OF AMOUNT COLLECTED ON FORFEITED WARRANTS		--		43700000.00
		1436375243.82		<u>1398799460.19</u>
SCHEDULE - III				
SECURED LOAN				
BANKS	187835750.52		282867448.65	
OTHERS	546403209.24		383004627.21	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relavent projects and directors personal guarantee)	29547614.00		29547614.00	
		763786573.76		695419689.86
SCHEDULE - IV				
UNSECURED LOANS				
(A) FIXED DEPOSITS	6250313.00		6093410.00	
(B) DIRECTORS	159049073.60		83885929.60	
(C) INTERCORPORATE DEPOSITS	446554344.00		376983724.00	
(D) UNSECURED LOANS - OTHERS	228358557.00		<u>246687861.00</u>	
		840212287.60		713650924.60

SCHEDULE - V FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01.10.09	ADDITIONS DURING 01.10.09 to 30.09.10	DELETIONS DURING 01.10.09 to 30.09.10	BALANCE AS AT 30.09.10	BALANCE AS ON 01.10.09	FOR THE PERIOD 01.10.09 to 30.09.10	DELETIONS DURING 01.10.09 to 30.09.10	TOTAL AS ON 30.09.10	AS ON 30.09.2009	AS ON 30.09.2010
LAND	157561170.00	15030631.00	--	172591801.00	--	--	--	--	157561170.00	172591801.00
BUILDINGS	96557477.00	--	--	96557477.00	9041556.37	1569626.50	--	1061182.87	87515920.63	85946294.13
VEHICLES	20146837.63	8212007.00	17680730.00	10678114.63	4302699.20	1448644.28	2434270.30	3317073.19	15844138.42	7361041.44
PLANT & MACHINERY	17959963.97	685245.00	--	18645208.97	6564806.29	1324765.47	--	7889571.76	11395157.68	10755637.21
FURNITURE & FIXTURES	21216937.00	39000.00	--	21255937.00	6779038.82	1329659.46	--	8108698.28	14437898.18	13147238.72
BOOKS	66269.00	--	--	66269.00	66269.00	--	--	66269.00	--	--
TOTAL	313508654.60	23966883.00	17680730.00	319794807.60	26754369.69	5672695.71	2434270.30	29992795.10	286754284.91	289802012.50
Previous Year Values	169035372.60	148283523.00	3810241.00	313508654.60	22368370.93	5885365.64	1499366.88	26754369.69	146667001.67	286754284.91

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.	
SCHEDULE - VI				
INVESTMENTS				
LONG TERM INVESTMENTS				
TRADE INVESTMENTS				
<u>SHARES IN COMPANIES - UNQUOTED</u>				
(i) Arihant Unitech Reality Projects Ltd. (500000 Equity Shares of Rs. 10 each fully Paid Up Shares)	5000000.00		5000000.00	
(ii) Escapade Real Estate Pvt. Ltd. (1100000 Equity Shares of Rs. 10/- each Fully Paid Up)	11000000.00		11000000.00	
(iii) Arihant Indo African Infra Developers & Builders Pvt. Ltd.(Share Application Money)	--			
(iv) Arihant Indo African Infra Developers & Builders Pvt. Ltd (203274 Equity Shares of Rs. 10/- each Fully Paid Up Shares)	2032740.00		2032740.00	
(v) Heirloom Real Estate Pvt. Ltd. (2500 Equity shares of Rs. 10/- each fully Paid up shares)	25000.00		25000.00	
(vi) Hills & Vales Real Estate Pvt. Ltd. (2500 Equity shares of Rs. 10/- each fully Paid up shares)	25000.00		25000.00	
(vii) North Town Estates Pvt. Ltd. (25000 Equity shares of Rs. 10/- each fully Paid up shares)	250000.00		250000.00	
<u>DEBENTURES</u>				
Arihant Indo African Infra Developers & Builders Pvt. Ltd. (13% 807345 Optionally Redeemable convertible Debentures of Rs. 100/- each)	80734500.00			
(13% 386221 Optionally Redeemable convertible Debentures of Rs. 100/- each)			38622100.00	
<u>QUOTED (FULLY PAID AT COST)</u>				
Happy Homes Profin Ltd. (44800 equity shares of Rs. 10/- each Fully Paid Up)	1.00		1.00	
Indotech Transformers Ltd. (1391 equity shares of Rs. 130/- each Fully Paid up) (Market Value Rs. 339821.30)	180830.00		180830.00	
Tata Consultancy Services Ltd. (3600 equity shares of Rs. 1/- each Fully Paid up shares (Market Value Rs.3337020)	902352.00		902352.00	
		100150423.00		58038023.00

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.	
AGGREGATE AMOUNT OF				
Quoted Investment		1083183.00		1083183.00
Un-Quoted Investment		99067240.00		56954840.00
SCHEDULE VII				
INVENTORIES & WORK IN PROGRESS				
(At cost taken, valued and certified by the management)				
STOCK OF CONSTRUCTION	2325389.00		2527642.00	
FINISHED STOCK	218106881.94		304486917.93	
WORK IN PROGRESS	520151354.91		299410863.92	
		740583625.85		606425423.85
SCHEDULE VIII				
SUNDRY DEBTORS				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	478095291.50		306257359.10	
LESS THAN SIX MONTHS	361477988.33		461557428.42	
		839573279.83		767814787.52
SCHEDULE IX				
CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	5099848.21		5787407.63	
(B) BALANCE WITH SCHEDULED BANKS	90904665.00		29643768.86	
(C) FIXED DEPOSITS WITH SCHEDULED BANK	11826745.66		11226988.94	
		107831258.93		46658165.43
SCHEDULE X				
LOANS & ADVANCES				
UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) SECURITY DEPOSITS	532341525.18		741933379.18	
(B) ADVANCE FOR EXP./CONTRACTORS	835490821.93		789007381.69	
(C) OTHER DEPOSITS	283306789.27		290237712.27	
(D) PREPAID EXPENSES	289530.50		205569.00	
(E) ADVANCE FOR PURCHASE OF LAND	59451565.00		25451565.00	
(F) ADVANCE TAX	46977655.72		27850564.00	
		1757857887.60		1874686171.14

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.	
SCHEDULE XI				
CURRENT LIABILITIES				
(A) ADVANCE FROM CUSTOMERS & PROJECTS	281010148.98		167818528.98	
(B) OUTSTANDING LIABILITIES	340546841.40		497862253.18	
(C) RENTAL DEPOSITS	24507438.00		24507438.00	
(D) SUNDRY CREDITORS FOR SUPPLIERS	39365183.58		46980173.62	
(E) INVESTOR EDUCATION & PROTECTION FUND	55010.00		55010.00	
(F) OTHER LIABILITIES	10029560.00		7399936.00	
		695514181.96		744623339.78
SCHEDULE - XII				
PROVISIONS				
(A) PROVISION FOR TAXATION	11554830.73		9204639.73	
(B) PROVISION FOR GRATUITY	350481.00		--	
(C) PROVISION FOR DIVIDEND	8817145.84	20722457.57	8271801.69	17476441.42
SCHEDULE - XIII				
MISCELLANEOUS EXPENDITURE				
(A) PRELIMINARY EXPENSES	73000.00		99500.00	
(B) DEFERRED REVENUE EXP	20000.00		40000.00	
	93000.00		139500.00	
LESS: WRITTEN OFF	46500.00		46500.00	
		46500.00		93000.00
SCHEDULE - XIV				
INCOME FROM OPERATION				
(A) SALES	657282364.00		942587746.75	
(B) RENTAL RECEIPTS	--		--	
(C) CLOSING STOCK	2325389.00		2527642.00	
(D) FINISHED GOODS	212106881.94		304486917.93	
(E) WORK IN PROGRESS	526151281.62		299410863.92	
(F) CAPITALISED TO LAND	--		139629449.00	
		1397865916.56		1688642619.60
SCHEDULE - XV				
(A) CONSTRUCTION EXPENSES				
(a) MATERIAL	175904521.22		246028993.77	
(b) LABOUR & SUB CONTRACT EXP.	85332960.63		190631750.67	
(c) OTHER EXPENSES	533150080.13		796369536.35	
		794387561.98		1233030280.79
(B) LAND		475523188.19		392236845.62
		1269910750.17		1625267126.41

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2010 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2009 (12 MONTHS) Rs.	
SCHEDULE - XVI				
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES				
A. ADMINISTRATIVE EXPENSES				
AUDIT FEES	711435.00		386724.00	
BANK CHARGES	90936.08		108020.17	
DIRECTORS REMUNERATION	4584395.00		3821558.00	
DONATION	548191.00		674195.00	
ELECTRICITY CHARGES	454619.00		445488.00	
FILING, LEGAL & OTHER FEES	3240161.50		4413947.00	
FRINGE BENEFIT TAX	--		896.00	
GRATUITY	350481.00		--	
CONSULTANCY CHARGES	--		39326.00	
CONVEYENCE	--		5000.00	
MISCELLANEOUS EXPENSES	5777665.03		6608263.50	
INSURANCE	66293.00		468980.00	
INTEREST & OTHERS	343.00		--	
OTHER PROJECT EXPENSES	53487.00		50716.00	
OFFICE MAINTENANCE	332927.00		214141.00	
LOSS ON SALE OF ASSETS	1776059.71		570874.12	
PRINTING & STATIONERY	822685.50		649393.00	
PROFESSIONAL CHARGES	17649.00		19677.00	
RENT	3426450.00		11677112.00	
REPAIRS & MAINTENANCE OF BUILDING	16974311.48		20977813.23	
SHARE REGISTRAR EXPENSES	42656.00		32505.00	
STAFF SALARY	9980338.00		10329288.00	
STAFF WELFARE	491730.00		245478.50	
SUBSCRIPTION & PERIODICALS	22915.00		16886.00	
TELEPHONE & POSTAGE	1100698.56		986355.65	
TRAVELLING, CONVEYANCE & FUEL	5090325.00		4019266.00	
		55956752.16		66761903.17
B. SALES PROMOTION				
ADVERTISEMENT EXPENSES	703176.00		616057.00	
BUSINESS PROMOTION	1107164.00		915277.00	
		1810340.00		1531334.00
C. DEFERED REVENUE EXPENDITURE		--		20000.00
D. PRE-OPERATIVE EXPENSES		26500.00		26500.00
		57793592.16		68339737.17
SCHEDULE XVII				
INTEREST & FINANCIAL CHARGES				
INTEREST	90888981.97		64747092.86	
		90888981.97		64747092.86

ARIHANT FOUNDATIONS & HOUSING LIMITED**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2010**

	Amount (Rs.)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss Before Tax and Extraordinary Items		31638944.07
Add : Adjustments for :		
Depreciation	5672695.71	
Loss on sale of Fixed assets	1776059.71	
Miscellaneous Expenditure Written Off	46500.00	
Interest Received	(418327.00)	
Interest and Finance Charges	90888981.97	
	<u>97965910.39</u>	<u>97965910.39</u>
Operating Profit Before Working capital Changes		129604854.46
Add : Adjustments for Working Capital changes		
Decrease in trade and other receivables	45069791.26	
Increase in Inventories	(134158202.00)	
Decrease in current liabilities	(45863142.14)	
Cash From operations before Tax and Extraordinary items		(134951552.88)
Less: Income Tax Paid		(5346698.42)
Cash From operations before Extraordinary items		(5346698.42)
Extraordinary Items		--
Cash flow from Operating Activities		(5346698.42)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	(23966883.00)	
sale of Fixed Assets	6781000.00	
Investment in the Shares & Debentures	(42112400.00)	
Net cash used in Investing activities		(59298283.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from loans	481282104.90	
Proceeds from Issue of convertible Warrants	28702500.00	
Redemption of Loan	(286353858.00)	
Interest Received	418327.00	
Divident Paid	(7342017.00)	
Interest & Finance Charges	(90888981.97)	
Net Cash from Financing Activities		125818074.92
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		61173093.50
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		46658165.43
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		107831258.93

For and on behalf of board of directors

For **ARIHANT FOUNDATIONS & HOUSING LIMITED**sd/-
Kamal Lunawath
Managing Directorsd/-
Vimal Lunawath
Whole Time Directorsd/-
Kishore Kumar Sahoo
Company SecretaryChennai
29.11.2010

AUDITOR'S CERTIFICATE

We have examined the above consolidated cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September 2010. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with stock exchanges and is based on and in agreement with corresponding profit & loss account and Balance Sheet of the Company covered by our report of November 29, 2010 to the members of the Company

As per our report of even date
for **B.P. Jain & Co.**
Chartered Accountants

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

Date : 29.11.2010
Place : Chennai

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 18th Annual General Meeting of the Company to be held on Thursday, 31st March 2011 and any adjournment thereof. As witness my/our hand (s) this 31st day of March 2011.

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. Thursday 31st March, 2011

Place : **Arihant Escapade**

Devaraj Nagar, 48 Okkium Thoraipakkam , Chennai - 600 097

Full name of the shareholder.....

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

.....

Folio No.....

Date.....



Signature

